

# Indiabulls

## Indiabulls Financial Services Limited Unaudited Consolidated Financial Results for the quarter ended June 30, 2006

(Rupees in Lac)

Particulars	Quarter ended		Year ended
	30.06.06 (Unaudited)	30.06.05 (Unaudited)	31.03.06 (Audited)
Income from Operations	22,023	9,778	61,033
Other Income	33	85	282
<b>Total Revenue</b>	<b>22,056</b>	<b>9,863</b>	<b>61,315</b>
Operating Expenses	1,768	831	5,478
Employees Remuneration & Benefits	3,940	1,089	7,989
Administrative & Other Expenses	2,944	1,024	6,547
Deferred Employee Compensation Expense	23	23	90
Total Expenditure	8,675	2,967	20,104
Interest and Finance Charges	1,399	549	3,149
Depreciation / Amortisation	304	124	725
<b>Profit before Tax</b>	<b>11,678</b>	<b>6,223</b>	<b>37,337</b>
Provision for Taxation (including Deferred Tax and Fringe Benefits Tax)	4,016	2,130	12,001
<b>Net Profit</b>	<b>7,662</b>	<b>4,093</b>	<b>25,336</b>
Paid-up Equity Share Capital (Face Value of Rs.2 per Share)	3,229	2,689	3,205
Reserves excluding Revaluation Reserves	174,094	65,154	164,909
Earnings per Share (Face Value of Rs.2 per Share)-Basic (in Rs.)	4.202	3.011	15.610
-Diluted (in Rs.)	4.006	2.928	15.230
Preference Dividend - Subsidiary (including Corporate Dividend Tax)	-	62	62
<b>Aggregate of Public Shareholding</b>			
Number of Shares	98,565,230	70,658,829	92,445,198
Percentage of Holding	61.06%	52.56%	57.70%

### Note to Financial Results:

Indiabulls Financial Services Limited conducts its operations along with its subsidiaries and associates. The Consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of Consolidated Accounts as set out in the Accounting Standards (AS 21 and AS 23) issued by The Institute of Chartered Accountants of India. The financial statements of the parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, transactions and resulting unrealized gains / losses. The Investment in associate companies, are accounted on "Equity Method". The consolidated financial statements are prepared by applying uniform accounting policies. Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

## Indiabulls Financial Services Limited (as standalone entity) Unaudited Financial Results for the quarter ended June 30, 2006

(Rupees in Lac)

Particulars	Quarter ended		Year ended
	30.06.06 (Unaudited)	30.06.05 (Unaudited)	31.03.06 (Audited)
Income from Operations	5,890	4,312	20,586
Other Income	46	47	572
<b>Total Revenue</b>	<b>5,936</b>	<b>4,359</b>	<b>21,158</b>
Operating Expenses	41	40	172
Employees Remuneration & Benefits	277	277	1,201
Administrative & Other Expenses	752	411	2,363
Deferred Employee Compensation Expense	23	23	90
Total Expenditure	1,093	751	3,826
Interest and Finance Charges	2,137	810	6,397
Depreciation	28	1	30
<b>Profit before Tax</b>	<b>2,678</b>	<b>2,797</b>	<b>10,905</b>
Provision for Taxation (including Deferred Tax and Fringe Benefits Tax)	909	956	3,479
<b>Net Profit</b>	<b>1,769</b>	<b>1,841</b>	<b>7,426</b>
Paid-up Equity Share Capital (Face Value of Rs.2 per Share)	3,229	2,689	3,205
Reserves excluding Revaluation Reserves (as per last audited balance sheet)	1,098	1,374	95,115
Earnings per Share (Face Value of Rs.2 per Share)-Basic (in Rs.)	1.056	1.337	4.895
-Diluted (in Rs.)			4.776
<b>Aggregate of Public Shareholding</b>			
Number of Shares	98,565,230	70,658,829	92,445,198
Percentage of Holding	61.06%	52.56%	57.70%
Items exceeding 10% of Total Expenditure			
--Rent	177	116	544
--Communication Expenses	52	87	353
--Provision for Doubtful Assets	179	3	500

### Notes to Financial Results:

- The financial results of Indiabulls Financial Services Limited ("IBFSL", "the Company") for the Quarter ended June 30, 2006 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 25, 2006; and have been subjected to a Limited Review by the Statutory Auditors of the Company. The above financials pertain to IBFSL as a standalone entity. The consolidated financial results have been furnished optionally to provide additional information.
- Accounting Standard (AS) 15 (Revised) - Employee Benefits, issued by The Institute of Chartered Accountants of India has become mandatory effective April 1, 2006. Provision for employee remuneration and benefits for the year ended March 31, 2006 and for the quarter ended June 30, 2006 have been made as per the revised AS-15, which does not have impact on the opening reserves and the profits for the quarter.
- During the current quarter, 1,200,000 stock options of the Company, that vested under the "Indiabulls Employees Stock Option Scheme" (Indiabulls ESOS), were exercised by the option holders and the Company has allotted 1,200,000 equity shares at an exercise price of Rs. 2 per equity share, in terms of the Indiabulls ESOS.
- The Board of Directors of the Company at its meeting held on May 1, 2006, approved the draft scheme of arrangement under Sections 391-394 of the Companies Act, 1956, as further modified by the Board of Directors at its meeting held on June 18, 2006, for the demerger of Company's undertaking, business, activities and operations pertaining to real estate development and infrastructure projects into Indiabulls Real Estate Limited, subject to various legal and statutory approvals.
- The shareholders of the Company at their Extra Ordinary General Meeting held on May 26, 2006, have approved the issue and allotment of up to 10,000,000 warrants, convertible into 10,000,000 equity shares of the Company of Rs. 2 each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of Rs. 250 per equity share of the Company, arrived at in accordance with SEBI Guidelines in this regard. Subsequently, in terms of the scheme, 10,000,000 Warrants were allotted to the promoters by the Board of Directors at its meeting held on June 9, 2006.
- During the quarter, the Company invested an amount of Rs. 190 Lacs in thirty eight new wholly owned subsidiaries. Thereafter, one of the wholly owned subsidiary Company - Nilgiri Infrastructure Limited, became a wholly owned subsidiary of Indiabulls Estate Limited, an associate of the Company.
- During the current quarter, Indiabulls Buildcon Limited (IBBL), a subsidiary of the Company, Indiabulls Properties Private Limited, Indiabulls Real Estate Company Private Limited and the Company have entered into a "Shareholders' Agreement" with FIM Limited (FIM), an FVCI. Pursuant to this Agreement, FIM has invested Rs. 1,500 Lacs in the equity of IBBL and the Company has in addition to its initial equity investment of Rs. 5 Lacs, also invested Rs. 2,661.67 Lacs in the equity of IBBL. Pursuant to the above investments, FIM's stake in IBBL is 36% and the Company's stake has come down to 64%.
- During the current quarter, the Company has invested an additional amount of Rs. 5,575.02 Lacs represented by 380,168; Optionally Convertible Debentures of Rs.1,000 each and 177,334 Equity Shares of Rs. 10 each at a premium of Rs 990, in Indiabulls Infrastructure Ltd., an associate of the Company.
- Subsequent to the quarter end, the shareholders of the Company at their Annual General Meeting held on July 17, 2006 approved the Final Dividend of Re. 0.30 per Share (15% on the face value of Rs.2 per share) for the year ended March 31, 2006, thereby absorbing a sum of Rs. 552.19 Lacs, including Corporate Dividend Tax.
- Subsequent to the quarter end, the shareholders gave their approval through postal ballot, the result of which was declared on July 20, 2006, to issue 9,966,667 cumulative, redeemable, non convertible preference shares of Rs. 300/- each; and 11,500,000 cumulative, redeemable, convertible preference shares of face value Rs. 300/- each to Oberon Limited, an affiliate of Farallon Capital Management, L.L.C., each convertible into 1 equity share of Rs. 2/- at a conversion price of Rs. 300/- per share.
- Subsequent to the quarter end, the shareholders gave their approval through postal ballot, the result of which was declared on July 20, 2006, to increase the Authorized Share Capital of the Company from Rs. 500,000,000/- divided into 250,000,000 Equity Shares of Rs. 2/- each to Rs. 12,550,000,000/- divided into 500,000,000 Equity Shares of Rs. 2/- each, 25,000,000 Preference Shares of Rs. 300/- each and 25,000,000 Preference Shares of Rs. 162/- each.
- Company's primary business segment is reflected based on principal business activities carried on by the Company. The Company operates in one reportable business segment i.e. investing and financing related activities and in one geographical segment i.e. within India.
- Number of Investor Complaints received and disposed off during the quarter ended June 30, 2006:  
Opening: Nil, Received: 8, Disposed Off: 8, Pending: Nil.
- Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary.

Registered Office: F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi 110 001.

For and on behalf of Board of Directors

Place : Mumbai  
Date : July 25, 2006

Sameer Gehlaut  
Chairman & CEO