

The logo for Indiabulls, featuring the word "Indiabulls" in a white, serif font centered within a solid green rectangular background.

Indiabulls Financial Services Limited

Earnings Update - Q1 FY07

Unaudited Results

25th July, 2006

7/25/2006

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The Board of Directors of Indiabulls Financial Services Limited at their meeting held on 25th July, 2006 took on record the unaudited results for the quarter ended 30th June, 2006

Highlights:

- Consolidated Total Revenues up 123.6% to Rs. 2,205.6 million in Q1 FY07 from Rs. 986.3 million in Q1 FY06
- Consolidated Profit After Tax up 87.2% to Rs. 766.2 million in Q1 FY07 from Rs 409.3 million in Q1 FY06
- Consumer Finance business Loans Outstanding up 705.2% YoY to Rs 2,385.9 million (*unsecured loans: 67.5% and secured loans: 32.5%*) as on Jun 30, 2006 compared to Rs 296.3 million year ago. Annualized asset yield on Loans Outstanding is 31.0%
- The Group employee strength over 15,000 on Jun 30, 2006 (compared to over 2,400 employees as on Jun 30, 2005).
- Indiabulls branch network was 621 branches across the Group as on 30 June 2006, the largest branch office network in the private financial services sector in India.
- Indiabulls entered into a binding agreement with Oberon, a subsidiary of investment funds controlled by Farallon Capital Management LLC, on 20th June 2006 to invest Rs 6,440 million in preferential capital of the company. Upon expected closing, the consolidated net worth including preferential capital of the Company will be over Rs 24,000 million.
- Indiabulls filed a scheme of de-merger to demerge its real estate business to Indiabulls Real Estate Ltd which would be a separately traded public entity after the proposed de-merger is completed. The de-merger is expected to be completed in the third quarter of the current financial year. Upon de-merger of the real estate business, every shareholder holding one share of Indiabulls Financial Services Ltd would get one share of Indiabulls Real Estate Ltd, the demerged entity.
- Kenneth Builders Private Limited acquired 35.3 acres of prime real estate for high end residential development located in South Delhi for a total consideration of Rs 4,500 million. Kenneth Builders Private Limited is owned a 50/50 JV between DLF Universal Limited and Indiabulls Infrastructure Limited (IIL) through their wholly owned subsidiaries.

- Jupiter Mills and Elphinstone Mills valuation completed by Knight Frank & Associates, a leading international real estate consultancy company. Highlights of the valuation report are:
 - Indiabulls equity ownership in Jupiter and Elphinstone Mills SPVs estimated to be worth Rs. 26,427 million upon completion and as at 1st January 2008¹; equivalent to Rs 163 per basic share of Indiabulls Financial Services Ltd.
 - Indiabulls proportionate share of stabilized net rentals receipts in Jupiter and Elphinstone Mills SPVs estimated to be Rs 3,590 million per year in calendar year 2009, equal to Rs 22.0 in net rentals receipts per basic share of Indiabulls Financial Services Ltd
 - Upon de-merger, every shareholder would get one share of Indiabulls Real Estate Limited, the demerged entity, for each share of Indiabulls Financial Services Ltd they own.
 - Valuation exercise does not include the other real estate investments that are part of the Real Estate Business:
 - JV with DLF Universal to develop high end residential towers;
 - Development of integrated town-ship for high end sub-urban living planned in Sonapat, the National Capital Region over 150 acres that have been acquired by Indiabulls companies in the residential zone;
 - Other investments that are in the process but the transactions have not fully consummated

¹ Upon exercise of the call option available with Indiabulls Financial Services Ltd to increase its ownership in Elphinstone and Jupiter Mills SPVs to 50.5% from the current 40% ownership.

Business Segment Details

Financial Services Business:

- Revenues of Rs 2,205.6 million in Q1 FY07 from Rs. 986.3 million in Q1 FY06
- PAT of Rs. 766.2 million in Q1 FY07 from Rs. 409.3 million in Q1 FY06
- **Securities Business:** Securities business comprises of brokerage of equities, derivatives and debt capital markets; loan against shares, and IPO finance business; along with distribution of investment products such as mutual funds and insurance products.
 - Indiabulls added over 94,700 clients during the quarter to reach 331,062 clients as of Jun 30, 2006. The comparable numbers were 236,287 clients as of Mar 31, 2006 and 108,324 clients as of Jun 30, 2005.
 - Trading volumes held firm through the quarter as a larger client base offset the lower activity per client. Indiabulls continued to gain share in the retail brokerage business during the current market turmoil.
- **Consumer Finance Business:** Comprises of unsecured personal loans, secured personal loans, used two-wheeler financing, commercial vehicle financing, home loans and loans against property.
 - Outstanding loans grew 705.2% YoY to Rs 2,385.9 million as of 30th Jun 2006 from Rs 296.3 million last year, and grew 111.2% qoq from Rs 1,129.9 million as of 31st March 2006.
 - Unsecured loans constitute 67.5% and Secured loans constitute 32.5% of Loans outstanding as on Jun 30, 2006. Annualized asset yield on Loans Outstanding is 31.0%
 - Credit products offered from over 168 branches (out of total of 621 Indiabulls Group branch offices) as at 30th June 2006.

Business Segment Details (continued)

Real Estate Business:

- On 26th April 2006, Kenneth Builders Private Limited acquired 34.6 acres of prime real estate for high end residential development located in South Delhi for a total consideration of Rs 4,500 million. Kenneth Builders Private Limited is owned a 50/50 JV between DLF Universal Limited and Indiabulls Infrastructure Limited (IIL) through their wholly owned subsidiaries.
- Jupiter Mills and Elphinstone Mills valuation completed by Knight Frank & Associates, a leading international real estate consultancy company. Highlights of the valuation report are:
 - Indiabulls equity ownership in Jupiter and Elphinstone Mills SPVs estimated to be worth Rs. 26,427 million upon completion and as at 1st January 2008²; equivalent to Rs 163 per basic share of Indiabulls Financial Services Ltd.
 - Indiabulls proportionate share of stabilized net rentals receipts in Jupiter and Elphinstone Mills SPVs estimated to be Rs 3,590 million per year in calendar year 2009, thus contributing Rs 22.0 in net rental receipts per basic share annually.
 - Valuation exercise does not include the other real estate investments that are part of the Real Estate Business:
 - JV with DLF Universal to develop high end residential towers;
 - Development of integrated town-ship for high end sub-urban living planned in Sonapat, the National Capital Region over 150 acres that have been acquired by Indiabulls companies in the residential zone;
 - Other investments that are in the process but the transactions have not fully consummated

² Upon exercise of the call option available with Indiabulls Financial Services Ltd to increase its ownership in Elphinstone and Jupiter Mills SPVs to 50.5% from the current 40% ownership.

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Consolidated Financials

Revenues (in Rs. Millions)

	Q1 FY07	Q1 FY06	Growth (%) YoY	Q4 FY06	FY 06
Brokerage and related income	980.32	499.29	96.3%	768.54	2,930.08
Financing Income	1,050.12	459.32	128.6 %	902.73	2,604.03
Other Income	175.15	27.72	532.9%	283.63	597.51
Total	2,205.59	986.33	123.6%	1,954.80	6,131.62

Profits (in Rs. Millions except EPS)

	Q1 FY07	Q1 FY06	Growth (%) YoY	Q4 FY06	FY 06
Profits before interest and taxes	1,307.65	690.36	89.4%	1,236.82	4,048.68
Interest Expense	139.89	54.93	154.7%	88.04	314.94
Profits before taxes	1,167.75	635.43	83.8%	1,148.77	3,733.74
Profits After tax	766.14	409.30	87.2%	803.80	2,533.71
EPS (basic) Rs.	4.202	3.011	39.5%	4.632	15.611

Business Outlook

- **Net Profit:**

- Company expects to achieve net profits after tax in the range of Rs 3,600 million to Rs 4,000 million from the Financial Services Business during the current fiscal year, based on the current business conditions. These expectations are subject to change with the change in business environment.

- **Financial Services:**

- **Securities Business:**

- Business conditions in Securities business unit continue to be challenging, with higher customer count offset by weak per customer trading revenues and volumes. Company expects business volumes to be sequentially flat to slightly down in next quarter despite the rapid growth in customer base. Company expects to continue its gains in market share through out the current Fiscal year.

- **Consumer Finance Business:**

- Consumer Finance business is expected to continue to show significant increase in loan origination volume as the company benefits from the nation-wide distribution network combined with a comprehensive product offering.
- The company expects to reach over Rs 15,000 million of various type of loans such as personal loans, commercial vehicle loans, two wheeler loans, home loans and loans against property by end of FY 2006-07.
- Indiabulls Financial Services Ltd plans to increase its ownership in Indiabulls Credit Services Ltd, the consumer finance subsidiary during the current fiscal year.

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• **Real Estate:**

- Indiabulls plans to increase its ownership in the Jupiter Mills and Elphinstone Mills real estate joint-ventures to 50.5% from current ownership of 40.0% during the current fiscal year.
- Indiabulls is also in process of undertaking new construction-development projects and is in advanced stages of closing a few transactions for this purpose.

• **New Business Initiatives:**

- Indiabulls board plans to invest approximately 5% of its consolidated net worth in the medium term towards new opportunities and business areas mainly in the area of conventional and renewable energy. These initiatives are expected to create long term business value for the company's shareholders and expected to be similar to the company's successful value creation for its shareholders in the Real Estate business.

Safe Harbor

This document contains certain forward-looking statements based on current expectations of Indiabulls management. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, and outside India, volatility in interest rates and in securities markets, new regulations and government policies that might impact the business of Indiabulls in either Financial Services or Real Estate, the general state of the Indian economy and demand for new real estate by commercial and residential users, and management's ability to implement the company's strategy. Indiabulls doesn't undertake any obligation to update these statements.

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