

Indiabulls

Indiabulls Financial Services Limited

Earnings Update – Q2 FY08

Unaudited Results

October 23, 2007

Performance Review: Quarter Ended September 30, 2007: 82.1% YOY growth in Profit After Tax

The Board of Directors of Indiabulls Financial Services Limited at their meeting held on October 23, 2007, approved the unaudited results for the quarter and half year ended September 30, 2007.

Financial Highlights:**First Half FY 08 compared to First Half FY 07**

- **Consolidated Total Revenues up 91.0% to Rs. 938.2 crore in H1 FY 08 from Rs. 491.1 crore in H1 FY 07**
- **Consolidated Profit After Tax up 97.7% to Rs. 339.5 crore in H1 FY 08 from Rs. 171.7 crore in H1 FY 07**

Second Quarter FY 08 compared to Second Quarter FY 07

- **Consolidated Total Revenues up 83.2% to Rs. 495.3 crore in Q2 FY 08 from Rs. 270.4 crore in Q2 FY 07**
- **Consolidated Profit After Tax up 82.1% to Rs. 173.2 crore in Q2 FY 08 from Rs. 95.1 crore in Q2 FY 07**
- **Basic EPS up 63.4% to Rs. 8.22 in Q2 FY 08 from Rs. 5.03 in Q2 FY 07**

Business highlights

- Financing Income was Rs. 629.1 crore (67.1% of total revenues) in H1 FY 08 compared to Rs. 258.3 crore (52.6% of total revenues) in H1 FY 07
- Fees based income from loan processing, insurance distribution & advisory services of Rs. 77.1 crore or 8.2% of total revenues in H1 FY 08 compared to Rs. 17.5 crore or 3.6 % of total revenues in H1 FY 07
- Capital Markets revenues at Rs. 127.0 crore in Q2 FY 08 demonstrated increased momentum with more than 24% sequential increase driven by strong client activity
- Total outstanding & serviced loans as on September 30, 2007 were Rs. 5,621.5 crore (Secured: 60.8%; Unsecured: 39.2%) compared to a total outstanding & serviced loans of Rs 1,444.6 crore as on September 30, 2006 (increase of 289.1% yoy)
- Total consumer loans outstanding & serviced as on September 30, 2007 were Rs 3,928.1 crore as compared to Rs 504.4 crore as on September 30, 2006 (increase of 678.7% yoy)
- Small-ticket unsecured Personal Loans (STPL) represented Rs 451.62 crore or 11.5% of consumer loan portfolio as of September 30, 2007 as compared to Rs. 183.4 crore or 36.4% of consumer loan portfolio as of September 30, 2006

Business Highlights (contd.)

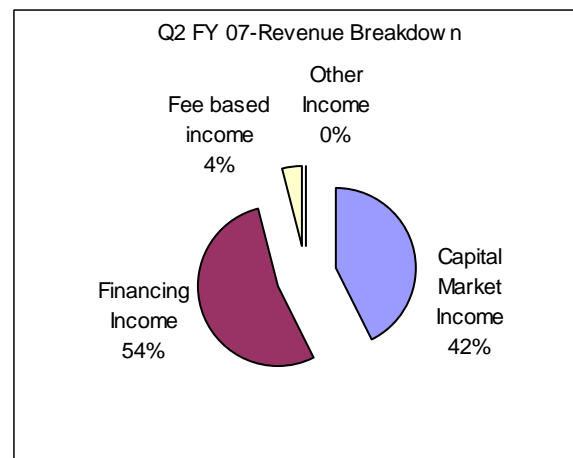
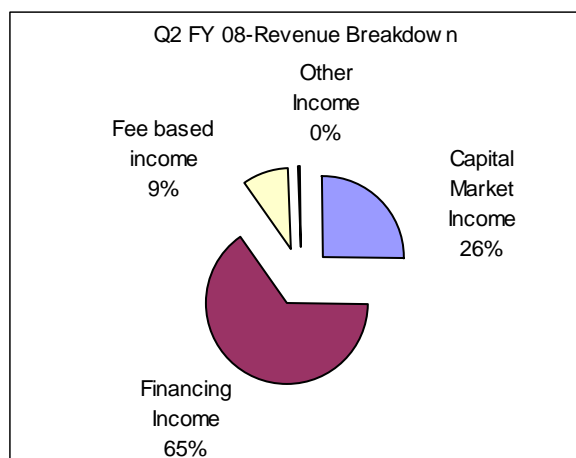
- The Company continued to show strong momentum in the Mortgage and Commercial credit businesses, with strong growth in both segments making them the largest and fastest growing Consumer loan segments, together constituting more than 72.8% of the Consumer Loan portfolio.
- Yield data:
 - Outstanding and serviced consumer loan portfolio: Average annualized yield of 23.5%
 - Outstanding and serviced total loan portfolio: Average annualized yield of 23.2%
- Delinquency & Provisions data for Consumer Finance loans:
 - Total provisions of Rs 144.5 crore or 3.7% of Rs. 3,928.1 crore consumer loans portfolio
 - Gross non performing loans where the installments are outstanding for more than 90 days as on September 30, 2007 are Rs 80.5 crore or 2.1 % of the consumer loans portfolio
 - Based on a 180 days overdue criterion, the total non performing loans as on September 30, 2007 stood at Rs 42.1 crore or 1.1% of the consumer loans portfolio (The aforesaid figure for 180 days overdue loans is included in the gross non performing loans where the installments are outstanding for more than 90 days as on September 30, 2007)
- During the quarter, CRISIL assigned the highest broker quality grading "CRISIL BQ 1" to Indiabulls Securities Ltd. ("ISL"), a 100% subsidiary of the Company. CRISIL also assigned the highest rating of "P1+" to the Rs. 1,000 crore Short Term Debt Program of the Company (enhanced from Rs.750 crore). CRISIL also assigned its highest rating "AAA (SO)" for Pass Through Certificates (in relation to loan receivables) and Credit Opinions equivalent to a rating of "AAA (SO)" in relation to Assignment of Loan Receivables programs of Indiabulls Credit Services Limited ("ICSL"), a majority owned subsidiary of the Company.
- During the quarter, the Central Government of India has notified Indiabulls Housing Finance Ltd., a 100% subsidiary of the Company, as a 'Financial Institution' for the purpose of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- The consolidated Net worth of Indiabulls Financial Services Limited stood at Rs. 3,780.4 crore as on September 30, 2007 compared to Rs. 2,503.6 crore as on September 30, 2006

Second Quarter FY 2008 compared to First Quarter FY 2008 (sequential quarterly comparison)

- Consolidated Total Revenues up 11.9% to Rs. 495.3 crore in Q2 FY 08 from Rs. 442.8 crore in Q1 FY 08
- Consolidated Profits After Tax up 4.1% to Rs. 173.2 crore in Q2 FY 08 from Rs. 166.4 crore in Q1 FY 08
- Basic EPS up 13.9% to Rs. 8.22 in Q2 FY 08 from Rs. 7.21 in Q1 FY 08

Revenue Mix in Q2 FY 2008 as compared to Q2 FY 2007

- Financing Income is the dominant income driver in Q2 FY08 as brokerage and capital market related income constitutes about a quarter of total revenues



Consolidated Financials
Revenues (in Rs Crores)

	H1 FY 2008 (Unaudited)	H1 FY 2007 (Unaudited)	Growth of H1 (%) YoY	Q2 FY 2008 (Unaudited)	Q2 FY 2007 (Unaudited)	Growth of Q2 (%) YoY	FY 2007 (Audited)
Brokerage and capital market related income	229.4	213.5	7.4%	127.0	114.9	10.5%	404.1
Financing Income	629.1	258.3	143.6%	320.4	145.3	120.5%	719.2
Fee based income (loan processing, insurance and advisory fees)	77.1	17.5	341.2%	45.5	10.1	348.2%	118.2
Other Income	2.6	1.8	41.5%	2.5	0.0	12250.0%	2.9
Total Revenues	938.2	491.1	91.0%	495.3	270.4	83.2%	1,244.4

Profits (in Rs Crores except EPS)

	H1 FY 2008 (Unaudited)	H1 FY 2007 (Unaudited)	Growth of H1 (%) YoY	Q2 FY 2008 (Unaudited)	Q2 FY 2007 (Unaudited)	Growth of Q2 (%) YoY	FY 2007 (Audited)
Profits before interest and taxes	596.5	273.4	118.1%	315.2	142.7	120.9%	731.0
Interest Expense	86.3	25.1	243.2%	53.1	11.2	376.0%	68.0
Profits before taxes	510.2	248.3	105.5%	262.1	131.5	99.3%	663.0
Profits After tax	339.5	171.7	97.7%	173.2	95.1	82.1%	443.4
EPS basic (Rs.)	15.46	9.23	67.5%	8.22	5.03	63.4%	22.84

Merger / De-Merger Update:

- Company has filed the composite scheme of arrangement in High Court, Delhi in order to restructure and reorganize its business. The scheme provides for:
 - Amalgamation (merger) of Indiabulls Credit Services Limited (“ICSL”), a majority-owned subsidiary, with the Company.
 - De-merger of the Company’s securities broking and advisory business to Indiabulls Securities Limited which would be a separately traded independent entity after the proposed scheme is implemented. Upon de-merger, every shareholder holding one share of Indiabulls Financial Services Ltd would get one share of Indiabulls Securities Ltd, the de-merged entity.

Approval from shareholders for the merger of Indiabulls Financial Services Ltd with Indiabulls Credit Services Ltd and de-merger of Indiabulls Securities Ltd (composite scheme of arrangement) was received on 17th Sep, 2007 under a court convened meeting.

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 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 Consumer Finance or Securities Business, the general state of the Indian economy and the demand for credit by commercial enterprises and consumers, and the management’s ability to implement the company’s strategy. Indiabulls doesn’t undertake any obligation to update these forward-looking statements.

This document does not constitute an offer or recommendation to buy or sell any securities of Indiabulls or any of its subsidiaries or associate companies. This document also doesn’t constitute an offer or recommendation to buy or sell any financial products offered by Indiabulls.

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