



Indiabulls Financial Services Limited

Earnings Update – Q4 FY08

Audited Results

April 24th, 2008

Indiabulls

The Board of Directors of Indiabulls Financial Services Limited at their meeting held on April 24th, 2008, approved the audited results for the quarter and year ended March 31st, 2008.

The Board has also recommended a dividend of Rs. 8.50 per share (425% on face value of Rs. 2 per share), subject to approval of the shareholders of the Company, at its ensuing Annual General Meeting.

Indiabulls Financial Services Limited results for FY 2007 are presented excluding the results of Indiabulls Securities Limited to provide for effective comparison with current period numbers. As a part of the de-merger scheme, one share of Indiabulls Securities Limited was given for every share of Indiabulls Financial Services Limited held on the record date of 8th Jan, 2008. As a part of the de-merger scheme, shares of Indiabulls Securities Limited got listed on April 02, 2008

Highlights:

Fiscal Year ended March 31, 2008 compared to Fiscal Year ended March 31, 2007

- Consolidated Total Revenues up 110.8% to Rs. 1,688.8 crore in FY 08 from Rs. 801.2 crore in FY 07.
- Consolidated Profit After Tax up 91.0% to Rs. 580.6 crore in FY 08 from Rs. 304.0 crore in FY 07
- Basic EPS up 57.5% to Rs. 22.84 in FY 08 from Rs. 14.50 in FY 07

Q4 FY 08 compared to Q4 FY 07 (YoY)

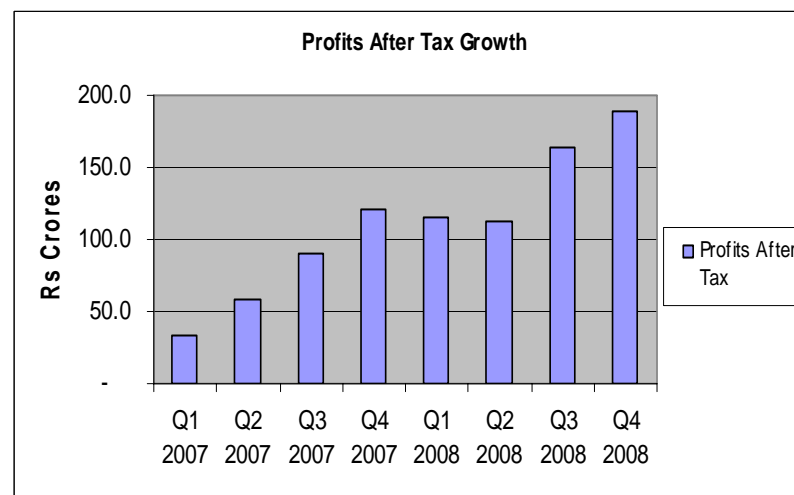
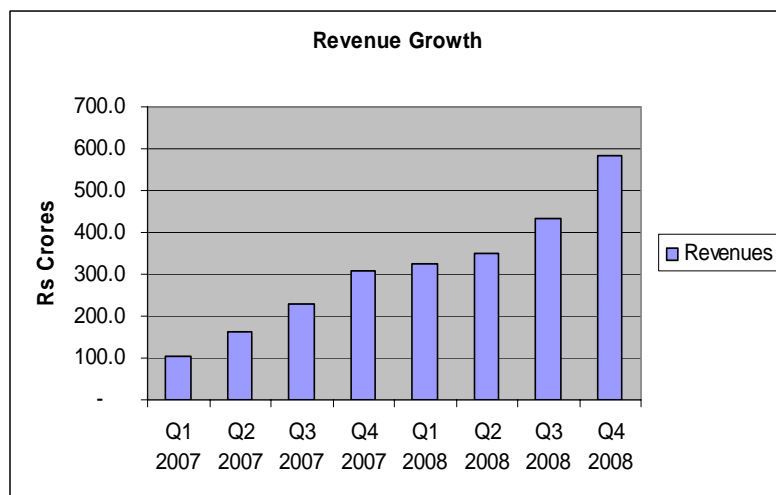
- Consolidated Total Revenues up 89.8% to Rs. 581.8 crore in Q4 of FY 08 from Rs. 306.6 crore in Q4 of FY 07
- Consolidated Profit After Tax up 56.6% to Rs. 189.3 crore in Q4 of FY 08 from Rs. 120.9 crore in Q4 of FY 07
- Basic EPS up 26.2% to Rs. 7.23 in Q4 of FY 08 from Rs. 5.73 in Q4 of FY 07

Q4 FY 08 compared to Q3 FY 08(QoQ)

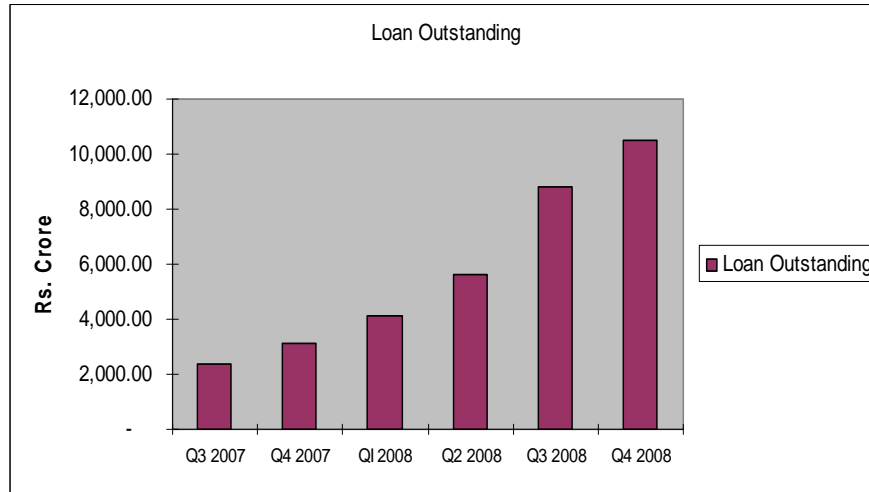
- Consolidated Total Revenues up 34.5% to Rs. 581.8 crore in Q4 FY 08 from Rs. 432.7 crore in Q3 FY 08
- Consolidated Profits After Tax up 15.5% to Rs. 189.3 crore in Q4 FY 08 from Rs. 163.9 crore in Q3 FY 08
- Basic EPS up 13.0% to Rs. 7.23 in Q4 of FY 08 from Rs. 6.40 in Q3 of FY 08

Continued Strong Growth in Revenues and Profits After Tax:

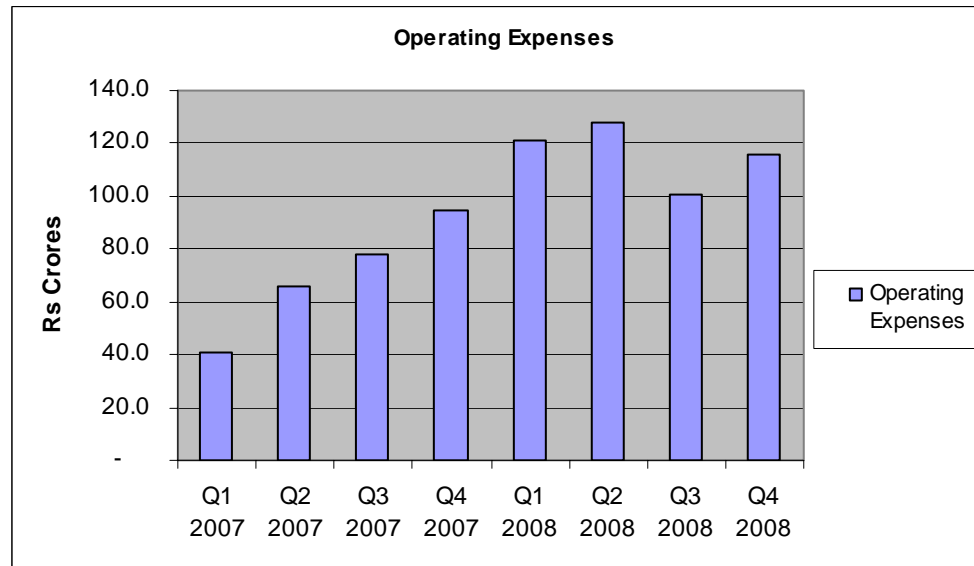
- Revenues continued their strong annual growth rate with 89.8% increase in revenues over the same period last year.
- Profits after tax growth rate was 56.6% increase in profits over prior year quarter, continuing the strong annual growth in the business. Strong profits growth was driven by strong revenue growth and improved operational efficiency



- Strong Loan portfolio growth continued as outstanding and serviced loan portfolio grew to Rs 10,441 crore



- Business continued to demonstrate strong operating leverage as operating expenses growth significantly lagged Revenue growth rate, and operating expense ratio improved to 19.9% (compared to 30.8% in the year ago quarter)



Business Highlights

- Total outstanding & serviced loans as on March 31, 2008 were Rs. 10,441.0 crore compared to total outstanding & serviced loans of Rs 3,097.9 crore as on March 31, 2007 (a growth of over 237.03% yoy) ; sequentially the portfolio grew 18.5% compared to Rs 8,814.5 crore as on December 31, 2007.
- Average annualized yield on Rs 10,441.0 crore outstanding and serviced portfolio is 20.01%
- 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 loan segments. In light of deteriorating credit markets globally, the company has adopted a cautious approach and has tightened its credit policies further for fresh disbursements and as a result of that the Mortgage portfolio now stands at an average Loan to Value (LTV) of 42.73%.
- Total outstanding small ticket personal loans were Rs. 383.5 crores as on March 31, 2008 which constitutes about 3.7% of the current loan portfolio as compared to Rs. 451.9 crores as on December 31, 2007 which constituted 5.1% of the portfolio as on December 31, 2007.
- The Company believes that its strong balance sheet and liquidity provide a strong competitive advantage in the current market environment and allow it to maintain its leadership position in the financial services business. At the end of the quarter, the Company had Rs 7,217 crore of cash & cash equivalents.
- The Company substantially increased the cash it carries on its balance sheet both as a prudent measure given the global liquidity and credit crisis and to benefit from the significant growth opportunities available. This excess cash has resulted in a negative impact on Q4 2008 earnings as cash on balance sheet earned a lower interest rate than the corporate borrowing rate. This negative impact is expected to continue while the Company retains this excess liquidity, however will also allow the Company to continue to seek strong growth and benefit from the current environment.
- Subsequent to proposed annual dividend of Rs. 252.02 crore (including corporate dividend tax of Rs 36.61 crore) representing 425% on face value of Rs. 2 per company share, the Company has Rs. 3,501 crore of consolidated networth, compared to Rs. 1,871 crore of consolidated networth on 31st March 2007 (net of equity allocated to Indiabulls Securities Group and de-merged effective 1-Apr-2007).

Provisioning & NPA Performance

Indiabulls Financial Services Limited follows a combination of general and specific provision policy on its outstanding loan portfolio. General provisions are taken upfront on all consumer loans disbursed and outstanding, while specific provisions are additional and based on progressive rates on aged portfolio and on static basis. The specific provisions reflect the actual performance of the portfolio and are in addition to the upfront general provisions.

The General provisions taken upfront on various types of loans are as follows:-

Product category	Upfront general provision rate on standard assets
Loan against Commercial property	2.00%
Loan against Residential property	1.00%
New Home Loans	1.00%
Business Installment Loans	2.00%
Commercial Vehicles/Tractor Loans	2.00%
Commercial Credit	1.00%
Small Ticket Personal Loans	5.00%

The Company has written off Rs. 39.8 crore during the quarter ended March 31, 2008 as bad debts.

As at March 31, 2008:

- Total Aggregate Provisions (upfront general provisions + specific provisions) stood at Rs 139.4 crore which represents 1.3% of the loan portfolio The aggregate provisions of Rs. 139.4 crores are in addition to Rs. 39.8 crore of write off of bad debts.
- Gross NPAs of Rs 72.1 crore which represents 0.7% of the total loan portfolio.
- Provisions / NPA coverage stood at 193%
- Total delinquent consumer loans with payments outstanding for more than 180 days are Rs. 67.6 crore which represents 0.6% of the loan portfolio.

- Total delinquent consumer loans with payments outstanding for more than 360 days are Rs. 0.4 crore which represents 0.004% of the loan portfolio.

Strategic Updates

- **New Business Venture Update:**

- **Life Insurance Venture:** Indiabulls Financial Services Limited (IBFSL) has signed a joint venture agreement (formalizing the earlier MOU) with Sogecap, the insurance arm of Societe Generale (SocGen) for its upcoming life insurance venture. Sogecap will invest Rs 150 crore to subscribe to 26% of the paid up capital in the Joint Venture. IBFSL has already got approval from the Reserve Bank of India for holding 49.5% equity stake in the life insurance venture, and has also been issued R1 by IRDA, the insurance regulator, for initiating necessary regulatory approvals.
- **Commodities Exchange:** IBFSL has entered into a Memorandum of Understanding with MMTC Limited, the largest commodity trading business in India to establish a Commodities Exchange with 26% ownership with MMTC. Ministry of Commerce, Govt. of India has given its in-principle approval and the formal approval of the Forward Markets Commission is awaited.
- **Asset Management Business:** IBFSL has received formal approval from SEBI for its Asset management business and is currently preparing to launch the 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 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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