

# Indiabulls

## Indiabulls Financial Services Limited Unaudited Consolidated Financial Results for the quarter ended 31st December, 2006

Particulars	Quarter ended		9 Months ended		Year ended
	31.12.06	31.12.05	31.12.06	31.12.05	31.03.06
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Income from Operations	33,368	16,399	82,370	41,601	61,033
Other Income	-	36	192	186	262
<b>Total Revenue</b>	<b>33,453</b>	<b>16,437</b>	<b>82,562</b>	<b>41,787</b>	<b>61,315</b>
Operating Expenses	2,539	1,493	6,280	3,799	5,692
Employee Remuneration & Benefits	6,852	1,955	16,083	4,796	7,989
Administrative & Other Expenses	5,059	1,432	13,123	4,482	6,333
Deferred Employee Compensation Expense	23	23	68	68	90
Total Expenditure	14,473	4,903	35,554	13,155	20,104
Interest and Finance Charges	1,849	740	4,363	2,269	3,149
Depreciation	472	199	1,157	493	725
<b>Profit before Tax</b>	<b>16,659</b>	<b>10,595</b>	<b>41,488</b>	<b>25,850</b>	<b>37,337</b>
Provision for taxation (including deferred tax and fringe benefits tax)	5,483	3,426	13,141	8,552	12,001
<b>Net Profit</b>	<b>11,176</b>	<b>7,169</b>	<b>28,347</b>	<b>17,298</b>	<b>25,336</b>
Paid-up Equity Share Capital (Face Value of Rs. 2/- per share)	3,374	3,241	3,374	3,241	3,205
Paid up Preference Share Capital (Face Value of Rs. 162/- per share)	34,776	-	34,776	-	-
Reserves excluding revaluation reserves	172,696	137,383	172,696	137,383	164,809
Earnings per share (Face value of Rs.2/- per share) - Basic	4.744	3.930	14.716	10.910	15.810
- Diluted	4.744	3.840	13.127	10.640	15.230
<b>Aggregate of Public Shareholding</b>					
Number of shares	117,687,803	87,850,215	117,687,803	87,850,215	92,445,198
Percentage of holding	69.77%	54.22%	69.77%	54.22%	57.70%

Note :

- Indiabulls Financial Services Limited conducts its operations along with its subsidiaries and associate. 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 company, is 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.
- Consequent to the Scheme of Arrangement as mentioned in note no. 2 below, the investment in 96 Subsidiary/Associate companies have been transferred to IBREL and investment in IBREL has been cancelled and hence these companies have not been included in the consolidation. As a result of the same, the earnings per share and the figures in respect of the current quarter and year to date are not comparable with those of previous periods.

## Indiabulls Financial Services Limited (as standalone entity)

### Unaudited Financial Results for the quarter ended 31st December, 2006

Particulars	Quarter ended		9 Months ended		Year ended
	31.12.06	31.12.05	31.12.06	31.12.05	31.03.06
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Income from Operations	6,891	4,216	19,368	13,934	20,586
Other Income	1,086	28	1,503	87	572
<b>Total Revenue</b>	<b>7,977</b>	<b>4,244</b>	<b>20,871</b>	<b>14,021</b>	<b>21,158</b>
Operating Expenses	25	25	108	134	172
Employee Remuneration & Benefits	378	286	979	884	1,201
Administrative & Other Expenses	914	531	2,495	1,475	2,263
Deferred Employee Compensation Expense	23	23	68	68	90
Total Expenditure	1,340	865	3,650	2,561	3,826
Interest and Finance Charges	1,176	1,332	4,467	3,756	6,397
Depreciation	86	7	86	10	30
<b>Profit before Tax</b>	<b>5,433</b>	<b>2,040</b>	<b>12,668</b>	<b>7,684</b>	<b>10,905</b>
Provision for taxation (including deferred tax and fringe benefits tax)	1,803	547	4,207	2,480	3,479
<b>Net Profit</b>	<b>3,630</b>	<b>1,493</b>	<b>8,461</b>	<b>5,214</b>	<b>7,426</b>
Paid-up Equity Share Capital (Face Value of Rs. 2/- per share)	3,374	3,241	3,374	3,241	3,205
Reserves excluding revaluation reserves (as per last audited Balance Sheet)	1,888	0,920	4,690	3,510	85,115
Earnings per share (Face Value of Rs.2/- per share) - Basic	1.597	0.900	4.279	3.420	4.895
- Diluted	1.597	0.900	4.279	3.420	4.776
<b>Aggregate of Public Shareholding</b>					
Number of shares	117,687,803	87,850,215	117,687,803	87,850,215	92,445,198
Percentage of holding	69.77%	54.22%	69.77%	54.22%	57.70%
Items exceeding 10% of aggregate expenditure					
-Provision for Doubtful Assets	383	28	838	131	500
-Rent	137	121	468	358	544
-Communication Charges	58	88	176	275	353
-Office Maintenance	57	25	176	79	143
-Stamp Duty	4	21	9	112	125

### Notes to Financial Results:

- The financial results of Indiabulls Financial Services Limited ("IBFSL", the Company) for the quarter ended December 31, 2006 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 31, 2007; and have been subjected to a Limited Review by the Statutory Auditors of the Company. The above financial results pertain to IBFSL as a standalone entity. The consolidated financial results have been furnished optionally to provide additional information.
- A Scheme of Arrangement ("Scheme") between the Company ("Demerged Company") and Indiabulls Real Estate Limited ("IBREL", "Resulting Company") and their respective shareholders and creditors under Sections 391 - 394 of the Companies Act, 1956, was sanctioned by the Hon'ble High Court of Judicature at Delhi on November 24, 2006. Upon coming into effect of the Scheme on December 20, 2006 and with effect from the Appointed Date on May 01, 2006, the real estate business stands demerged from IBFSL and transferred to and vested in IBREL on a going concern basis. In terms of the Scheme, with effect from the Appointed Date on May 1, 2006:
  - Certain assets comprising of Investments and loans and advances to real estate companies in the demerged undertaking aggregating to Rs. 4,627,889,740 have been transferred to IBREL, at their book values;
  - Proportional liability in respect of Share Warrants-I representing 10% of the application money amounting to Rs. 77,000,000 has been transferred to IBREL.
  - The Company's investment in IBREL amounting to Rs. 500,000 was cancelled.
  - The net adjustment for such transfer of assets, liabilities and cancellation of investments amounting to Rs. 4,551,389,740 has been adjusted out of "Securities Premium Account".
  - In terms of the Scheme, all business activities of the demerged undertaking, including all Investments and loans to real estate companies made by the Company in trust for IBREL, carried out on or after the Appointed Date are deemed to have been carried out by the Demerged Company on behalf of the Resulting Company on a going concern basis and consequently, all profits and losses of the demerged undertaking and related taxes paid are deemed to be the profits, losses and taxes of the Resulting Company. The Scheme has accordingly been given effect to in the current quarter.
  - Accordingly, assets comprising of investments and loans and advances aggregating to Rs.2,605,291,112; proportionate liability in respect of Share Warrants-I representing 10% application money and the Preference Share Capital amounting to Rs.115,100,000 and Rs.2,962,400,046 respectively, have been transferred to IBREL.
  - The Interest Income on such loans and advances to other real estate companies w.e.f. May 1, 2006, amounting to Rs. 15,873,626 (net of TDS) (including Rs.6,949,317, net of TDS recorded and disclosed as Income of the Company for the half year ended September 30, 2006) has been transferred to IBREL.
  - On August 2, 2006, the Company had issued and allotted 9,966,667 Cumulative, Redeemable, Non Convertible Preference shares and 11,500,000 Cumulative, Redeemable, Convertible Preference shares respectively at Rs. 300 per share to Oberon Limited. The preference dividend for the quarter ended September 30, 2006 @5% on the full face value of Rs. 300 had already been declared and paid by the Company. Consequent to the transfer of Preference Share Capital to IBREL, an amount of Rs. 27,763,370 being IBREL's share of proportionate dividend and corporate dividend tax on the same on the face value of Rs. 136 for the quarter ended on September 30, 2006 has been charged to IBREL.
  - The transfer of proportionate Preference Share Capital, Share Warrants-I and II has been made as per the net worth ratio between the Company and IBREL as on April 30, 2006.
  - Consequent of the Scheme being given effect to, by the Company, the Company had declared January 09, 2007 to be the Record Date for determining the shareholders who would be entitled to be allotted shares of IBREL, which would be a separately traded public company.
  - As a result of the above, the earnings per share and the figures in respect of the current quarter and year to date are not comparable with those of previous periods.
- During the quarter, the Company had invested Rs. 1,520,000 in three new subsidiaries and Rs. 12,250,000 in an associate Company, Indiabulls Asset Reconstruction Company Limited. Investment in two of these subsidiaries being the investment in real estate Companies made in trust for IBREL and included in note 2.a) above have since been transferred to IBREL pursuant to the Scheme.
- Pursuant to the receipt of Shareholders' approval by way of a Special Resolution passed through Postal Ballot on November 2, 2006, the Board of Directors of the Company, at their meeting held on November 07, 2006, issued and allotted on a preferential basis, 7,250,000 fully paid-up Equity Shares of face value Rs. 2/- each in the Company at an issue price of Rs.417/- per Equity Share, aggregating Rs. 3,023,250,000/- to Crown Capital Limited, a SEBI-registered sub-account of Deutsche International Trust Corporation (Mauritius) Limited, a Foreign Institutional Investor (FI) registered under the SEBI (Foreign Institutional Investors) Regulations, 1995. Crown Capital Limited is a wholly-owned subsidiary of Sovereign Global Investment Limited.
- Subsequent to the end of quarter, the Board of Directors of the Company has at its meeting held on January 9, 2007, granted 25,000,000 (Twenty Five Lacs) Stock Options representing an equal number of equity shares of face value of Rs. 2 each in the Company, to the permanent employees of the Company and those of its subsidiary companies (Eligible Employees), at an exercise price of Rs. 272.60, being the closing market price on the National Stock Exchange of India Ltd., as on January 9, 2007. The Stock Options so granted, shall vest in the Eligible Employees in equal slabs of 20% per year, over a period of 5 years beginning from January 15, 2008, the first vesting date. The options granted under each of the slabs, can be exercised by the grantees within a period of one year from the relevant vesting date.
- Subsequent to end of quarter, on January 11, 2007, the promoters exercised their options in respect of the Company's Warrants I, allotted to them on August 09th, 2006, and the Company received a sum of Rs. 811,800,000 (Rs 811,800,000 in IBREL), being the balance exercise money due after the proportionate transfer of Warrants I to IBREL in terms of the Scheme of Arrangement. Consequently, the Board of Directors of the Company at their meeting held on January 13, 2007 allotted 11,000,000 Equity Shares of face value of Rs.2 each at a price of Rs. 82 (Rs. 70 in IBREL) per share to its Promoters on conversion of the said Warrants I. Consequently, the paid up equity share capital of IBFSL stands increased to Rs. 359,350,756 divided into 179,675,378 equity shares of Rs. 2 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.
- The Board of Directors of the Company at its meeting held on January 31, 2007, *inter-alia*, has declared Interim Dividend of Rs. 2 per share (100% on the face value of Rs. 2 per share) during the financial year 2006-07.
- Number of Investor Complaints received and disposed off during the quarter ended December 31, 2006:  
Opening: Nil, Received: 10, Disposed Off: 10, Pending: Nil.
- Provision for Income tax has been made at the average rate of tax applicable for the FY: 2006-07.
- 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 110001.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Mumbai  
Date : January 31, 2007

Sameer Gehlaut  
Chairman & CEO