

# Indiabulls

**Indiabulls Financial Services Limited**  
**Unaudited Consolidated Financial Results for the quarter ended 31st December, 2007**  
**(Figures for the periods of current FY are post demerger and**  
**figures for periods of previous FY are pre demerger and not comparable)**

(Rupees in Crore)

Particulars	Quarter ended		9 Months ended		Year ended
	31.12.07 (Unaudited)	31.12.06 (Unaudited)	31.12.07 (Unaudited)	31.12.06 (Unaudited)	31.03.07 (Audited)
1 Income from Operations	453.46	333.77	1,125.30	823.03	1,240.95
2 Other Income	0.08	0.76	2.43	2.59	3.46
<b>3 Total Income (1+2)</b>	<b>453.54</b>	<b>334.53</b>	<b>1,127.73</b>	<b>825.62</b>	<b>1,244.41</b>
4 Expenditure					
a) Operating Expenses	14.79	25.39	32.15	62.80	84.74
b) Employees Cost	58.51	68.52	184.25	160.83	234.24
c) Administrative & Other Expenses	46.60	50.59	148.96	131.23	174.01
d) Deferred Employee Compensation Expense	-	0.23	-	0.68	2.70
e) Depreciation / Amortisation	1.81	4.72	5.30	11.57	17.69
<b>4 Total</b>	<b>121.71</b>	<b>149.45</b>	<b>370.66</b>	<b>367.11</b>	<b>513.38</b>
5 Interest and Finance Charges	101.63	18.49	183.88	43.63	67.97
<b>6 Profit before Tax (3)-(4+5)</b>	<b>230.20</b>	<b>166.59</b>	<b>573.19</b>	<b>414.88</b>	<b>663.06</b>
7 Tax expense (including Deferred Tax and Fringe Benefits Tax)	66.32	54.83	181.89	131.41	219.66
<b>8 Net Profit after Tax (6-7)</b>	<b>163.88</b>	<b>111.76</b>	<b>391.30</b>	<b>283.47</b>	<b>443.40</b>
9 Paid-up Equity Share Capital (Face Value of Rs.2 per Equity Share)	50.69	33.74	50.69	33.74	36.66
10 Paid-up Preference Share Capital	156.87	347.76	156.87	347.76	347.76
Face Value per Preference Share (Rs.)	157.39	162.00	157.39	162.00	162.00
11 Reserves excluding Revaluation Reserves	3,266.90	1,321.66	3,266.90	1,321.66	1,463.00
12 Minority Interest	92.78	405.20	92.78	405.20	345.95
13 Earnings per Share (Face Value of Rs.2 per Equity Share)-Basic (in Rs.)	6.40	5.47	15.54	14.72	22.84
-Diluted (in Rs.)	6.21	4.74	14.97	13.13	21.87
<b>14 Public Shareholding</b>					
- Number of Equity Shares	153,700,858	117,687,803	153,700,858	117,687,803	121,742,353
- Percentage of shareholding	60.65%	69.77%	60.65%	69.77%	66.43%

**Notes to Financial Results:**

- 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 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, except for the effect of discontinued operations (pursuant to the demerger of the real estate undertaking to Indiabulls Real Estate Limited and demerger of security broking and advisory services business to Indiabulls Securities Limited) for the comparative quarter and nine months of the previous year. Hence, figures for Q3 and 9 months of FY2006-07 include security broking and advisory service business and are not comparable to the figures for Q3 and 9 months of FY 2007-08 which are post demerger of security broking and advisory service business wef April 01, 2007.

**Indiabulls Financial Services Limited (as standalone entity)**  
**Unaudited Financial Results**  
**for the quarter ended 31st December, 2007**

(Rupees in Crore)

Particulars	Quarter ended		9 Months ended		Year ended
	31.12.07 (Unaudited)	31.12.06 (Unaudited)	31.12.07 (Unaudited)	31.12.06 (Unaudited)	31.03.07 (Audited)
1 Income from Operations	326.74	78.69	872.57	207.14	352.18
2 Other Income	0.02	1.10	2.12	1.57	1.56
<b>3 Total Income (1+2)</b>	<b>326.76</b>	<b>79.79</b>	<b>874.69</b>	<b>208.71</b>	<b>353.74</b>
4 Expenditure					
a) Employees Cost	46.71	3.78	163.69	9.79	22.00
b) Depreciation	1.57	0.30	4.44	0.86	1.25
c) Operating Expenses	10.27	0.25	20.98	1.08	1.50
d) Deferred Employee Compensation Expense	-	0.23	-	0.68	2.70
e) Administrative & Other Expenses	26.59	9.14	120.41	24.95	32.23
<b>Total</b>	<b>85.14</b>	<b>13.70</b>	<b>309.52</b>	<b>37.36</b>	<b>59.68</b>
5 Interest and Finance Charges	84.15	11.76	172.17	44.67	63.12
6 Exceptional Items	-	-	-	-	-
<b>7 Profit from Ordinary Activities before Tax (3)-(4+5+6)</b>	<b>157.47</b>	<b>54.33</b>	<b>393.00</b>	<b>126.68</b>	<b>230.94</b>
8 Tax expense (including Deferred Tax and Fringe Benefits Tax)	52.32	18.03	130.92	42.07	77.83
<b>9 Net Profit from Ordinary Activities after Tax (7-8)</b>	<b>105.15</b>	<b>36.30</b>	<b>262.08</b>	<b>84.61</b>	<b>153.11</b>
10 Extraordinary Items (net of tax expense Rs. NIL)	-	-	-	-	-
<b>11 Net Profit for the period (9-10)</b>	<b>105.15</b>	<b>36.30</b>	<b>262.08</b>	<b>84.61</b>	<b>153.11</b>
12 Preference Dividend for the period (Including corporate dividend tax thereon)	2.17	2.22	6.89	8.26	13.27
13 Paid-up Equity Share Capital (Face Value of Rs.2 per Equity Share)	50.69	33.74	50.69	33.74	36.66
14 Paid-up Preference Share Capital	156.87	347.76	156.87	347.76	347.76
Face Value per Preference Share (Rs.)	157.39	162.00	157.39	162.00	162.00
15 Reserves excluding Revaluation Reserves as per Balance Sheet as on March 31, 2007					959.39
16 Earnings per Share before extraordinary items (Face Value of Rs.2 per Equity Share)					
-Basic	3.64	1.89	10.47	4.69	8.39
-Diluted	3.54	1.60	10.08	4.28	8.11
Earnings per Share after extraordinary items (Face Value of Rs.2 per Equity Share)					
-Basic	3.64	1.89	10.47	4.69	8.39
-Diluted	3.54	1.60	10.08	4.28	8.11
<b>17 Public Shareholding</b>					
- Number of Equity Shares	153,700,858	117,687,803	153,700,858	117,687,803	121,742,353
- Percentage of shareholding	60.65%	69.77%	60.65%	69.77%	66.43%
<b>Items exceeding 10% of Total Expenditure</b>					
--Provision for Doubtful Loans	-	3.83	59.23	8.38	10.97
--Rent	4.19	1.37	15.16	4.68	6.39
--Retained Interest Expenses	10.57	-	10.57	-	-

**Notes to Financial Results:**

- The consolidated and standalone financial results of Indiabulls Financial Services Limited ("IBFSL", "the Company") for the Quarter ended December 31, 2007 have been reviewed by the Audit Committee and approved by the Board of Directors ("the Board") at its meeting held on January 17, 2008. The financial results pertaining to IBFSL as a standalone entity have been subjected to a Limited Review by the Statutory Auditors of the Company. Both the consolidated and standalone financial results have been submitted to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), where the equity shares of the Company are listed.
- The Scheme of Arrangement ("the Scheme") providing for amalgamation of Indiabulls Credit Services Limited ("ICSL") with the Company and the demerger of a part of the securities broking and advisory business (fee income) of the Company as a going concern, to Indiabulls Securities Limited ("ISL") and their respective shareholders and creditors under sections 391 - 394 of the Companies Act, 1956, had been sanctioned by the Hon'ble High Court of Judicature at Delhi on November 23, 2007. Upon coming into effect of the Scheme on December 24, 2007 and with effect from the Appointed Date on April 1, 2007, ICSL stands amalgamated with the Company and the securities broking and advisory business of the Company stands demerged from IBFSL and transferred to and vested in ISL on a going concern basis. In terms of the Scheme, with effect from the Appointed date on April 01, 2007:

**Amalgamation**

- The Company has issued and allotted 2,56,80,708 shares amounting to Rs. 5,13,61,416 to the equity shareholders of ICSL, other than IBFSL, whose names were recorded in the register of members and records of the depository as members of ICSL, on December 24, 2007, in the ratio of 3 (three) equity shares in IBFSL of Rs. 2 each credited as fully paid up for every 10 (ten) equity shares of Rs. 10 each held by such member in ICSL (the "Share Exchange Ratio").
- The book value of investments held by IBFSL in ICSL amounting to Rs. 211,35,25,000 stands cancelled.
- All the assets and liabilities as on the Appointed Date, recorded in the books of ICSL have been recorded by the Company at their book values as appearing in the books of ICSL.
- The Reserve Fund in the books of ICSL amounting to Rs. 21,41,80,291, created as per Section 45 IC of the Reserve Bank of India Act, 1934 and outstanding as on the Appointed Date have been transferred and credited to Reserve Fund of the Company created as per Section 45 IC of the Reserve Bank of India Act, 1934.
- The Securities Premium Account in the books of ICSL amounting to Rs. 271,75,69,549 has been transferred and credited to Securities Premium Account of the Company.
- The surplus in the Profit and Loss Account of ICSL amounting to Rs. 870,900,645, as on the Appointed Date have been transferred and credited to Profit and Loss Account of the Company.
- After adjusting for the face value of shares issued as per sub-clause (a) above and the book value of net assets taken over as per sub-clause (c), after accounting for the cancellation in sub-clause (b) above and after crediting the Reserve Fund, Securities Premium Account and Profit & Loss Account as per sub-clause (d), (e) and (f) above, a net amount of Rs. 37,58,62,818 has been reduced from the opening surplus of Profit & Loss Account.

**Demerger**

- In terms of the Scheme, all business activities of the Company, relating to the security broking and advisory business, carried out on or after the Appointed Date are deemed to have been carried out by the Company on behalf of ISL on a going concern basis and consequently, all profits and losses of the Company and related taxes paid, relating to the security broking and advisory business, are deemed to be the profits, losses and taxes of ISL. The Scheme has accordingly been given effect to in the current quarter.
- The book value of investments held by IBFSL in ISL amounting to Rs. 19,71,69,757, stands cancelled.
- Assets comprising of fixed assets, investments, sundry debtors, loans and advances, security deposits and cash aggregating to Rs. 46,10,32,891, current liabilities (including general purpose liabilities) amounting to Rs. 27,21,24,467 and proportionate liability of Rs. 4,59,46,335 in respect of Preference Share Capital have been transferred to ISL and a net amount of Rs.34,00,99,912 has been adjusted against Securities Premium Account.
- On August 2, 2006, the Company had issued and allotted 9,966,667 Cumulative, Redeemable, Non Convertible Preference shares at Rs. 300 per share to Oberon Limited. The face value per share had reduced to Rs.162 per preference share on the demerger of the real estate business of the Company to Indiabulls Real Estate Limited from the appointed date of May 01, 2006 for that demerger. The preference dividend for the half year ended September 30, 2007 @ 5% on the face value of Rs. 162 had already been declared and paid by the Company. Consequent to the transfer of Preference Share Capital to ISL, an amount of Rs. 13,43,873 being ISL's share of proportionate dividend and corporate dividend tax on the same on the face value of Rs. 4.61 each for the half year ended on September 30, 2007 has been charged to ISL.
- An amount of Rs. 9,30,01,590 related to the advisory income net of expenses, for the current year, which had been recorded by the Company as the business had been run by IBFSL in trust on behalf of ISL, has been transferred to ISL.
- Consequent upon the Scheme being given effect to, by the Company, the Company had declared January 08, 2008 to be the Record Date for determining the shareholders who would be entitled to be

allotted shares of ISL, which would be a separately traded public company and would be listed on National Stock exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

- 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 current quarter, the Promoters of the Company exercised their option to convert the 50,00,000 outstanding warrants held by them in the Company, into the underlying 50,00,000 Equity shares of face value Rs. 2 each. Consequently, the Board of Directors of the Company at their meeting held on November 24, 2007 issued and allotted an aggregate of 50,00,000 Equity shares of face value Rs. 2 each in the Company at a conversion price of Rs. 134.87 per share.
- The Company has entered into a Memorandum of Understanding with MMTCL Limited, the largest commodity trading business in India to establish a Commodities Exchange with 26% ownership with MMTCL. Whilst Ministry of Commerce, Govt of India has given its in-principle approval, the formal approval of the Forward Markets Commission is awaited.
- The Company has entered into an MOU with Sogecap, the insurance arm of Societe Generale (SocGen) for its upcoming life insurance joint venture. Sogecap will bring in Rs 150 crore to subscribe to 26% of the paid up capital in the Joint Venture. Indiabulls Financial Services Limited has already got approval from the Reserve Bank of India for the life insurance venture, and has also been issued R1 by IRDA, the insurance regulator, for initiating necessary regulatory approvals.
- During the quarter, the Company has invested Rs. 5,00,000 in one new subsidiary.

(Rupees in Crore)

	Particulars	Quarter ended		9 Months ended		Year ended
		31.12.07 (Unaudited)	31.12.06 (Unaudited)	31.12.07 (Unaudited)	31.12.06 (Unaudited)	31.03.07 (Audited)
1	<b>Segment Revenue</b>					
	Investing & Financing related activities	276.15	68.93	814.57	194.17	277.89
	Fee Income	50.61	9.78	60.12	13.46	74.76
	Others	-	1.08	-	1.08	1.09
	<b>Total</b>	<b>326.76</b>	<b>79.79</b>	<b>874.69</b>	<b>208.71</b>	<b>353.74</b>
	Less: Inter Segment Revenue	-	-	-	-	-
	<b>Income from Operations</b>	<b>326.76</b>	<b>79.79</b>	<b>874.69</b>	<b>208.71</b>	<b>353.74</b>
2	<b>Segment Results profit before Tax and Interest</b>					
	Investing & Financing related activities	108.21	44.11	335.24	113.34	157.28
	Fee Income	50.62	9.56	60.12	13.23	74.28
	Others	-	1.08	-	1.08	1.08
	<b>Total</b>	<b>158.83</b>	<b>54.75</b>	<b>395.36</b>	<b>127.65</b>	<b>232.64</b>
	(i) Less: Interest	-	-	-	-	0.03
	(ii) Other un-allocable expenditure	1.36	0.42	2.36	0.97	1.67
	(iii) net off unallocable income	-	-	-	-	-
	<b>Total Profit Before Tax</b>	<b>157.47</b>	<b>54.33</b>	<b>393.00</b>	<b>126.68</b>	<b>230.94</b>
3	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>					
	Investing & Financing related activities	1,481.42	1,012.39	1,481.42	1,012.39	1,265.82
	Fee Income	19.00	0.09	19.00	0.09	11.81
	Others	-	-	-	-	-
	Unallocable Capital Employed	1,729.16	222.03	1,729.16	222.03	66.17
	<b>Total</b>	<b>3,229.58</b>	<b>1,234.51</b>	<b>3,229.58</b>	<b>1,234.51</b>	<b>1,343.81</b>

- Number of Investor Complaints received and disposed off during the quarter ended 31st December, 2007:

Opening: Nil, Received: 23, Disposed Off: 23, Pending: Nil

- Figures for the prior periods have been regrouped and / or reclassified wherever considered necessary, except for the effect of discontinued operations (pursuant to the demerger of the real estate undertaking

to Indiabulls Real Estate Limited and demerger of security broking and advisory services business to Indiabulls Securities Limited) for the comparative quarter and nine months of the previous year.

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

For and on behalf of Board of Directors

Place : Mumbai

Gagan Banga

Date : January 17, 2008

CEO