



**Indiabulls Financial Services Limited**

*Earnings Update – Q3 FY08*

*Unaudited Results*

*January 17<sup>th</sup>, 2008*

## Indiabulls

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The Board of Directors of Indiabulls Financial Services Limited at their meeting held on January 17<sup>th</sup>, 2008, took on record the unaudited results for the quarter and nine months ended 31<sup>st</sup> December 2007.

*Consolidated pro-forma results of Indiabulls Financial Services Limited (consolidated with Indiabulls Securities Ltd group that has been Demerged now) are presented on initial few pages for effective comparison with prior period numbers. Consolidated results of Indiabulls Financial Services Limited after effect of De-merger of Indiabulls Securities Limited is presented on Page 5*

*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 8<sup>th</sup> Jan, 2008. The listing of shares of Indiabulls Securities Limited is expected in late Jan / early Feb 2008.*

### **Highlights:**

#### **First Nine months FY 08 compared to First Nine months FY 07**

- Consolidated Total Revenues up 94% to Rs. 1,599.5 crore in first 9 months FY 08 from Rs. 825.6 crore in first 9 months of FY 07
- Consolidated Profit After Tax up 108% to Rs. 589.6 crore in first 9 months FY 08 from Rs. 283.5 crore in first 9 months of FY 07
- Basic EPS up 60% to Rs. 23.67 from Rs. 14.72 in first 9 months of FY 07

#### **Q3 FY 08 compared to Q3 FY 07 (YoY)**

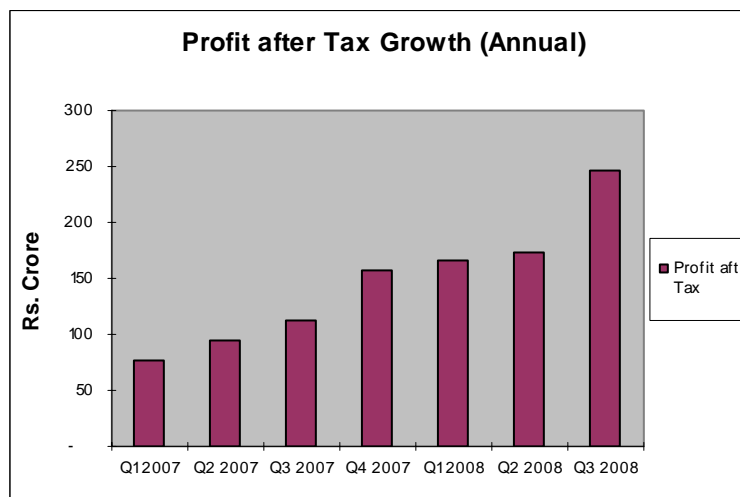
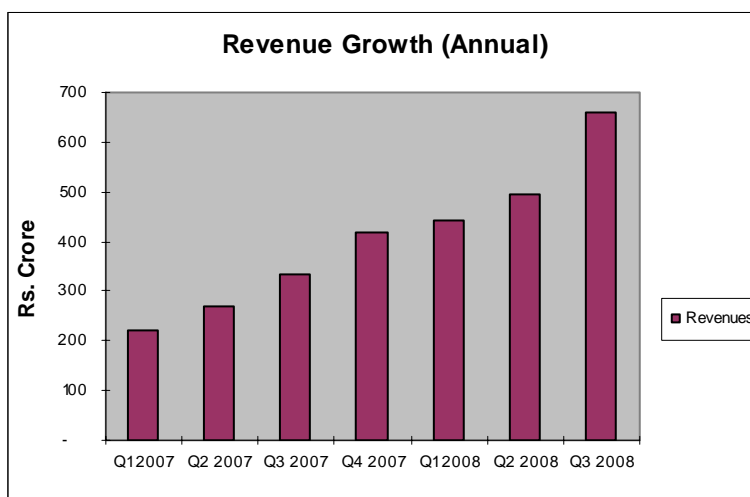
- Consolidated Total Revenues up 98% to Rs. 661.3 crore in Q3 of FY 08 from Rs. 334.5 crore in Q3 of FY 07
- Consolidated Profit After Tax up 120% to Rs. 246.4 crore in Q3 of FY 08 from Rs. 111.8 crore in Q3 of FY 07
- Basic EPS up 77% to Rs. 9.69 from Rs. 5.47 in Q3 of FY 07

#### **Q3 FY 08 compared to Q2 FY 08(QoQ)**

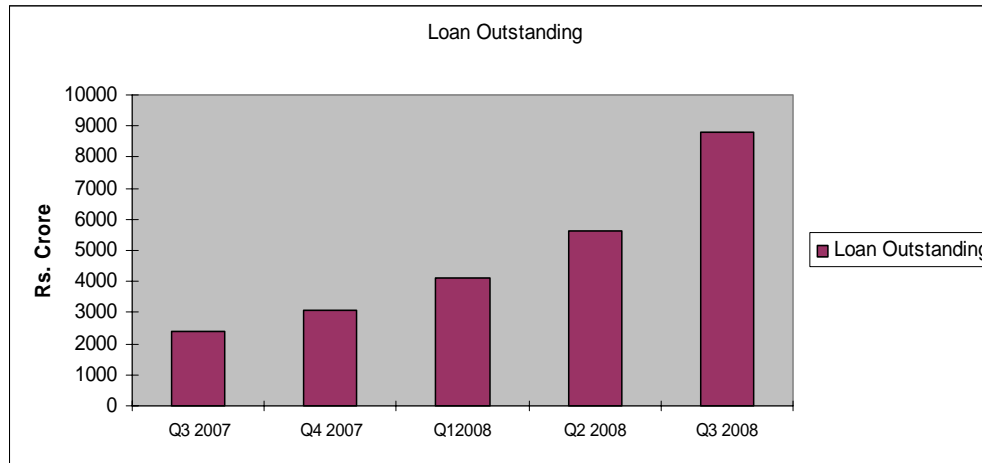
- Consolidated Total Revenues up 33% to Rs. 661.3 crore in Q3 FY 08 from Rs. 495.3 crore in Q2 FY 08
- Consolidated Profits After Tax up 42% to Rs. 246.4 crore in Q3 FY 08 from Rs. 173.2 crore in Q2 FY 08
- Basic EPS up 17.8% to Rs.9.69 from Rs. 8.22 in Q2 of FY 08

## Continued Triple Digit Growth in Revenues and Profits After Tax:

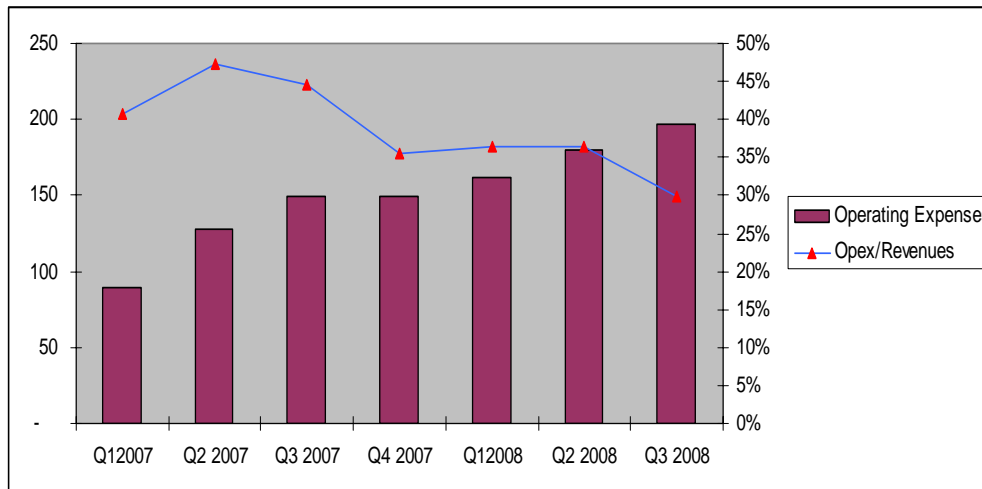
- Revenues continued their strong annual growth rate (average annual growth for last 7 quarters on YoY basis ~ 100%) with 98% increase in revenues over the same period last year.
- Profits after tax growth rate accelerated with 120% increase in profits over prior year quarter, thus significantly exceeding average annual growth rate of 88% for last 7 quarters on YoY basis. Strong profits growth was driven by strong revenue growth and improved operational efficiency.



- Loan portfolio growth continued to accelerate as loan portfolio grew to Rs 8,814 crore, a growth of 270% on YoY basis



- Business continued to demonstrate strong operating leverage as operating expenses growth significantly lagged Revenue growth rate, and operating expense ratio improved to 30.1% (compared to 44.7% in the year ago quarter)



## Indiabulls

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**Indiabulls Financial Services Limited results on consolidated basis after consideration of Demerger. For effective comparison, the FY 07 numbers do not include the Indiabulls Securities Limited group that has been Demerged.**

### **First Nine months FY 08 compared to First Nine months FY 07**

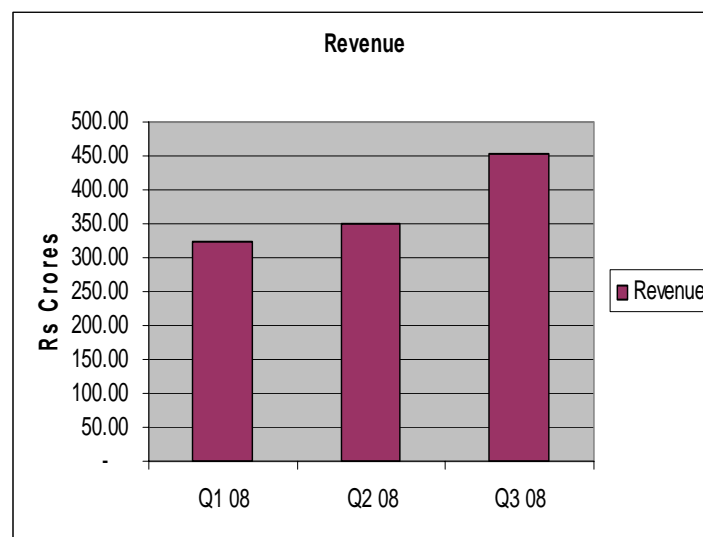
- Consolidated Total Revenues up 128% to Rs. 1,127.7 crore in first 9 months FY 08 from Rs. 494.7 crore in first 9 months of FY 07
- Consolidated Profit After Tax up 114% to Rs. 391.3 crore in first 9 months FY 08 from Rs. 183.1 crore in first 9 months of FY 07

### **Q3 FY 08 compared to Q3 FY 07**

- Consolidated Total Revenues up 98.1% to Rs. 453.5 crore in Q3 of FY 08 from Rs. 228.9 crore in Q3 of FY 07
- Consolidated Profit After Tax up 80.4% to Rs. 163.9 crore in Q3 of FY 08 from Rs. 90.9 crore in Q3 of FY 07

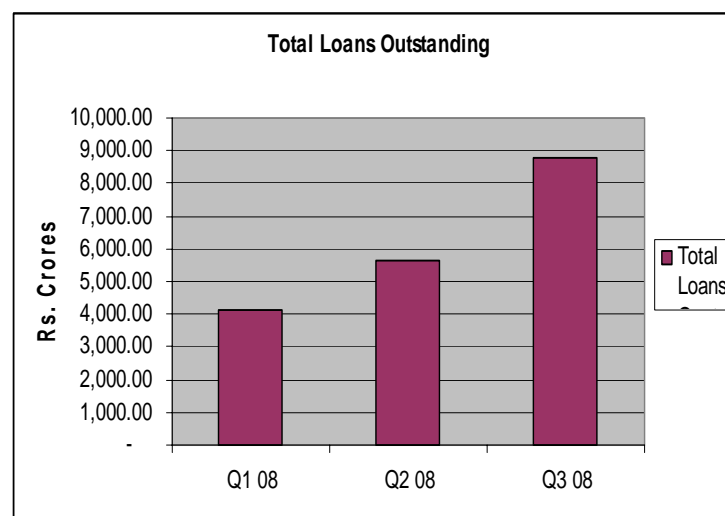
### **Q3 FY 08 compared to Q2 FY 08**

- Consolidated Total Revenues up 29.4% to Rs. 453.5 crore in Q3 FY 08 from Rs. 350.5 crore in Q2 FY 08
- Consolidated Profits After Tax up 47.0% to Rs. 163.9 crore in Q3 FY 08 from Rs. 111.5 crore in Q2 FY 08



## Business Highlights

- Total outstanding & serviced loans as on December 31, 2007 were Rs. 8,814 crore compared to total outstanding & serviced loans of Rs 2,383 crore as on December 31, 2006 (a growth of over 270% yoy)
- Addition of Rs 3,192.9 crores of loans in Q3 FY08 with 80.7% of new consumer loans comprising of mortgages and other secured loans
- Average annualized yield on Rs 8,814 crore outstanding and serviced portfolio is 20.8%
- 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.
- Total outstanding small ticket personal loans were Rs. 451.9 crores as on December 31, 2007 which constitutes 5.1% of the total portfolio.
- Mortgage portfolio stands at an average Loan to Value (LTV) of 51.4%



### 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:-

<b>Product category</b>	<b>Upfront general provision rate on standard assets</b>
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	2.00%
Small Ticket Personal Loans	5.00%

- As at December 31, 2007, the balance sheet reflected the following:
  - Aggregate provisions stood at Rs 151 crores
  - Non-Performing Assets of Rs 72.9 crores
  - Provisions / NPA ratio of 207.1%
- As of 31<sup>st</sup> December 2007, total delinquent consumer loans with payments outstanding for more than 90 days (inclusive of loans delinquent for more than 180 days) are Rs 128.9 crore or 1.46% of the loan portfolio
- As of 31<sup>st</sup> December 2007, total delinquent consumer loans with payments outstanding for more than 180 days are Rs 67.5 crore or 0.77% of the loan portfolio

### Strategic Updates

- **De-merger:** Demerger of Indiabulls Securities Limited came into effect with the filing of Delhi High Court Order with the Registrar of Companies, Delhi & Haryana on 24 December, 2007. Pursuant to the Demerger, each shareholder of Indiabulls Financial Services Limited will receive a share of Indiabulls Securities Limited. The Demerger has created a focused Securities business with the leading retail brokerage and transaction services franchise in the country. Indiabulls Securities Limited is expected to list during late January / early February, 2008
- **SARFAESI Act Notification:** Indiabulls Housing Finance Limited, a wholly owned subsidiary of Indiabulls Financial Services Limited has been notified as a 'Financial Institution' for the purpose of SARFAESI Act, 2002. This notification is being effectively used by the Company to yield positive results in speedy recoveries of delinquent mortgage loans.
- **New Business Venture Update:**
  - **Life Insurance Venture:** Indiabulls Financial Services Limited (IBFSL) has entered into an MOU with Sogecap, the insurance arm of Societe Generale (SocGen) for its upcoming life insurance joint venture. Sogecap will invest 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.
  - **Commodities Exchange:** Indiabulls Financial Services Limited 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:** Indiabulls Financial Services Limited proposes to set up an asset management company to manage mutual funds and has applied to SEBI for its approval and approval from SEBI is awaited.
- **Operating Outlook:**
  - Company expects more than 90% of its fresh consumer loan disbursements will be related to mortgage and other secured loans. The mortgages portfolio average Loan to Value (LTV) is expected to remain below 55%.
  - Company expects to generate upfront loan processing fees through the new disbursements, other fees and income to cover all origination costs, operating costs and specific provisions needed on the fresh disbursements.



### **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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