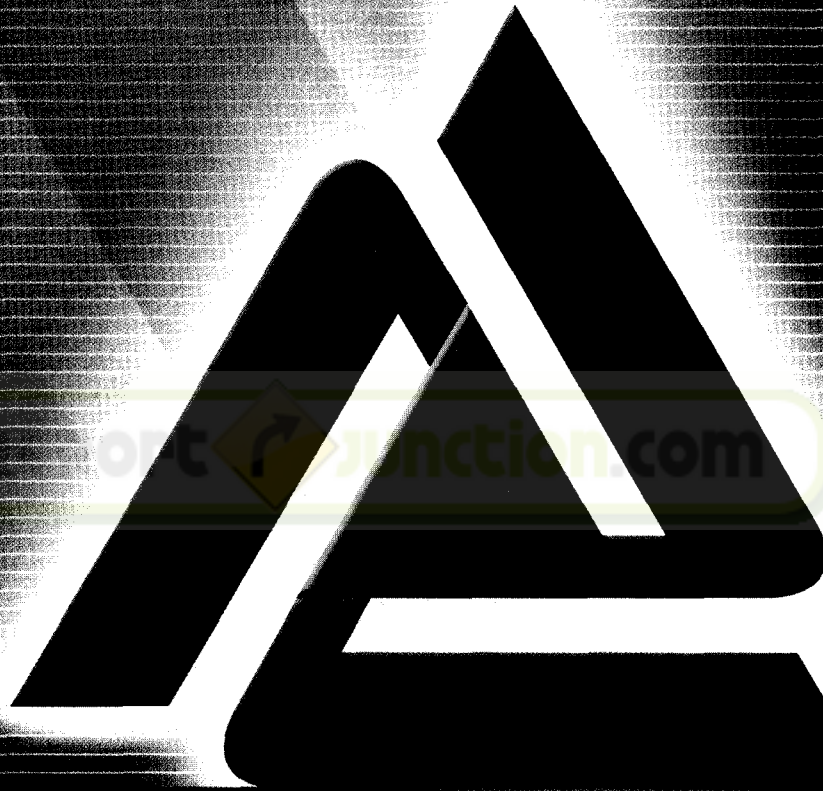


India's Financial Multiplex



Annual Report 2004 - 05

IL&FS INVESTSMART

We Make Your Money Work For You

www.reportjunction.com

Report  action.com

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oised for growth....

From a humble beginning 6 years ago to India's Financial Multiplex, a journey that has been both enterprising and enriching.

IL&FS Investsmart Limited (IIL) has risen in scope and stature to become one of India's premier financial service organisations.

The expertise garnered over these years, coupled with a robust business model and proactive management are the foundation for an exciting future.

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E*TRADE SAIF ORIX

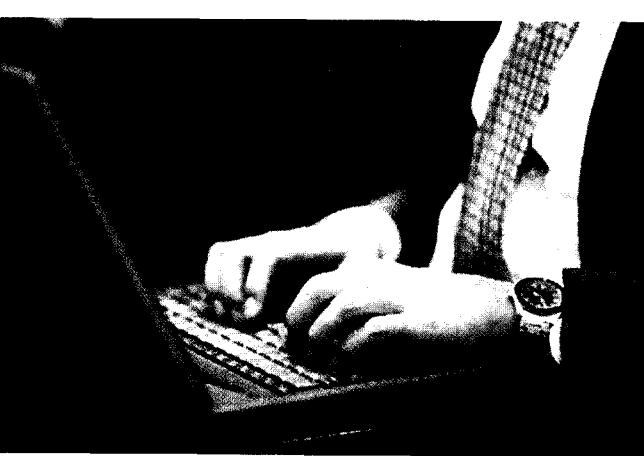
Solid institutional base and strategic global partnerships.

IL&FS Investsmart is one of India's leading financial services organization providing complete range of Financial Management Solutions for corporates and individuals. Investsmart has a strong presence across wide range of products and operates in the areas of Investment Management and Advisory Services, Merchant Banking, Project Syndication, Equity and Debt Broking and Distribution of Financial Products. The company has also recently introduced commodity broking services. IIL has an all India presence through its network of branches and channel partners across 62 cities.

IL&FS Investsmart leverages on its pedigree of IL&FS, which has the core competency of institutional and retail financial services. IL&FS is an Indian financial institution known for its innovative and pioneering initiatives in the areas of Infrastructure and Corporate Finance. ORIX Corporation, Japan, an integrated financial services group with operations worldwide also holds a stake in IIL. Strategic partnerships with global majors like E*TRADE and Softbank Asia Infrastructure Fund (SAIF) has further enhanced IIL's competitive positioning.

E*TRADE Financial through its wholly owned subsidiary E*TRADE Mauritius Limited and SAIF have recently invested in IL&FS Investsmart. SAIF is a leading Asian private equity firm headquartered in Hong Kong. U.S. - based E*TRADE is a leading financial services organization providing financial services including brokerage, banking and lending for retail, corporate and institutional customers. It has a global presence in over 12 countries.

Comprehensive range of products and services across the capital market spectrum.



RETAIL**Advisory Services****Investment Advisory & Wealth Management**

Offers a suite of advisory products, aimed at developing a partnership approach with customers which include understanding the unique financial requirements of the customers and offer investment solutions through value-added services.

IIL-PMS

A discretionary portfolio management service focusing on equities and derivatives, providing individualized portfolio management based on investor defined parameters.

iPreserve

A customized portfolio management service, designed to manage client portfolios by investing in a mix of various mutual fund schemes.

Broking / Distribution Services**Equity & Derivative Trading**

Provides personal, transparent, prompt and convenient trading through our network of experienced dealers across the country and our comprehensive website www.investsmartindia.com.

Commodity Trading

Offers single point commodity broking services through wholly owned commodities arm- IL&FS Investsmart Commodity Brokers Limited (IICBL).

Distribution of Financial Products

Leveraging on the strength of our network and customer base, we provide distribution of financial products like mutual funds, IPOs, bonds, corporate debentures, company fixed deposits, home loans and insurance.

**INSTITUTIONAL****Project Syndication**

Assisting projects in accessing long term debt funding. We provide a comprehensive suite of advisory services packaged with resource raising abilities and have gained expertise in other areas of debt funding including receivable financing, acquisition financing and refinancing.

Equity Broking

Broking relationships with institutional investors for executing equity and derivatives trades, placement of shares for listed companies and those offered under IPOs with institutional investors.

Debt Broking

Includes secondary market broking, primary market debt placements and distribution and provident fund advisory. Proprietary online platform "DebtonNet" offers online book building of debt issuances.

Merchant Banking

Offers entire gamut of Investment Banking services which includes corporate advisory services and resource raising through capital markets or private placement/syndication of equity, mergers and acquisition transactions, including management of IPOs, rights issues, buybacks etc.

Smart Update

A Monthly Review from IL&S InvestSmart

Feb 05 - Mar 05

INVESTSMART COMMODITY BROKERS LTD

GOLD - Let's dig it!!!

Gold in 2000-01, after having been valued at \$280 per ounce, has been valued at \$350 per ounce in the current market. This is a 25% increase in value. The price of gold has risen from \$280 to \$350 per ounce. This is a 25% increase in value. The price of gold has risen from \$280 to \$350 per ounce. This is a 25% increase in value.

Consumer Demand

Gold Demand: The higher the demand for gold, the higher the price. Gold is a precious metal and is used in many industries. The demand for gold is high in India, China, and the USA. The price of gold is high in these countries. The price of gold is high in these countries.

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IL&S Financial Center
Thandra Kurla Complex
Mumbai 51
Tel: +91 22 2670 1000

Also available at: www.ilands.com

Friday, May 27, 2005

While you were sleeping, U.S. Treasury debt prices ended mixed on Thursday as strong economic outlook for further interest rate increases from the Federal Reserve. While a robust expansion in the track, recent figures from the manufacturing sector have limited a possible soft patch in industrial activity. 10-year note yields to curve saw a sharp three-month low just above 4% earlier this week. With little else to focus on, realtors got back to the old game of betting that long-term rates would rise as the Fed raises benchmark interest rates known as a curve flattening trade. Consumption while spending moderated further. On the price front, the overall dollar was revised down to 31.00 from 31.10. The price of oil was revised down to 21.50 from 21.60.

Indian AFRs on Nasdaq/NYSE (last trade)

Symbol	Price	% Change
Infy	4.10	1.15%
Satyam	5.22.14	4.92%
ICICI Bank	5.24.25	3.63%
HDFC Bank	5.19.10	1.09%
Wipro	5.41.04	1.90%
	5.21.50	4.88%

Indian Equity Indices (26-May-05 last trade)

Index	Value	Change	% Chng
BSE Sensex	6,670.78	73.18	1.10%
NSE 100	1,576.98	39.20	0.84%
NSE Nifty	2,074.70	10.85	1.49%

International Equity Indices

Index	Value	Change	% Chng
NASDAQ	2,071.24	21.07	1.02%
DJIA	10,537.60	70.80	0.70%
FTSE	4,990.30	19.00	0.38%

Corporate Bond Spreads* (in bps)

Duration	AAA	AA+	AA
1 yr	15	18	20
3 yr	15	28	41
5 yr	16	42	54
10 yr	22	64	70

Interest Rates

10-yr: 4.10%
30-yr: 4.10%
90-day T-bill: 2.50%
3-month MIBOR: 4.75%
90-day LIBOR: 4.75%

FX Rates (26-May-05)

Country	Rate
US Dollar	31.00
UK Pound	48.50
EURO	65.50
JPY	155.00
AUD	60.00
NZD	35.00
HKD	78.00
Singapore	135.00
Malaysia	3.80
Thailand	35.00
Philippines	45.00
Indonesia	1,500.00
South Africa	10.00
South Korea	1,200.00
China	8.20
Hong Kong	78.00
Taiwan	35.00
India	31.00

Commodity Prices (26-May-05)

Commodity	Price
Oil (WTI)	21.50
Natural Gas	3.50
Gold	350.00
Silver	15.00
Copper	3.50
Aluminum	1.50
Zinc	1.00
Lead	0.50
Nickel	1.00
Platinum	1,000.00
Palladium	2,000.00

Global Market Overview

Global markets closed a wall of worry this week, supported by strong economic data without stockpiling fears of higher interest rates and strong corporate cash flow. The fact for the game came from a strong 362,000 increase in February nonfarm payrolls showing rise of 2.4% annually. The rise in February nonfarm payrolls showing rise of 2.4% annually. The rise in February nonfarm payrolls showing rise of 2.4% annually.



IL&S INVESTSMART
We make your money work for you

Weekly Snapshot
7 March 2005

Macro Scan

Indian economy - at a glance

- Union Budget 2005-06 set a fiscal deficit target at 4.5% and revenue deficit at 2.7% of GDP
- Inflation for the week 19 of February 2005 stood at 8.8% against 5.0% for the previous week

Global economy - key developments

- US employers added 262,000 jobs in February 05 and the unemployment rate edged up to 5.4%
- Price of oil rose to \$21.50 a barrel in February 05 and the oil price index of March 05 fell to 3.5 (from 3.0)

Indian Equity Round Up

Equity markets started the week on a firm note on the back of positive signals from the announcement of Union Budget 2005. The FY announced a cut in corporate tax (20% from 30%) and emphasized on infrastructure development. The mood in the market remained optimistic despite the increase in SII from 0.01% to 0.02% added by slow pace of growth in the personal income tax and corporate tax front. The markets remained in an uptrend mode during the first half of the week on the back of analysis of time points of the budget and traded at its all-time high. The gains were fine-tuned by the market and traded at its all-time high. The gains were fine-tuned by the market and traded at its all-time high.

Weekly movement of Senses

Index	Current Week	% Change
BSE	6,670.78	1.10%
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At the cutting edge of research

Research is the fundamental basis of sound investment decisions and superior research allows us to deliver superior solutions. Our investment solutions are backed by in-depth research generated by a top-drawer research team.

Our research team thoroughly studies each asset class - equity, mutual funds, commodities and fixed income products. Our qualified financial analysts study the market trends and make objective recommendations, so that you in turn can make well-informed decisions. This value added service is available in all our information reports.

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Result Update

Post result quarterly reports on select companies.

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Weekly, stock specific technical and derivatives statistics reports.

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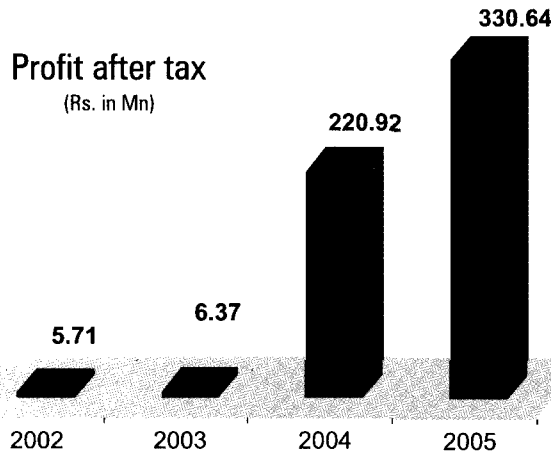
Morning Coffee

Daily update on the Indian and International financial markets.

Market Track

Monthly research reports on the debt and money markets.

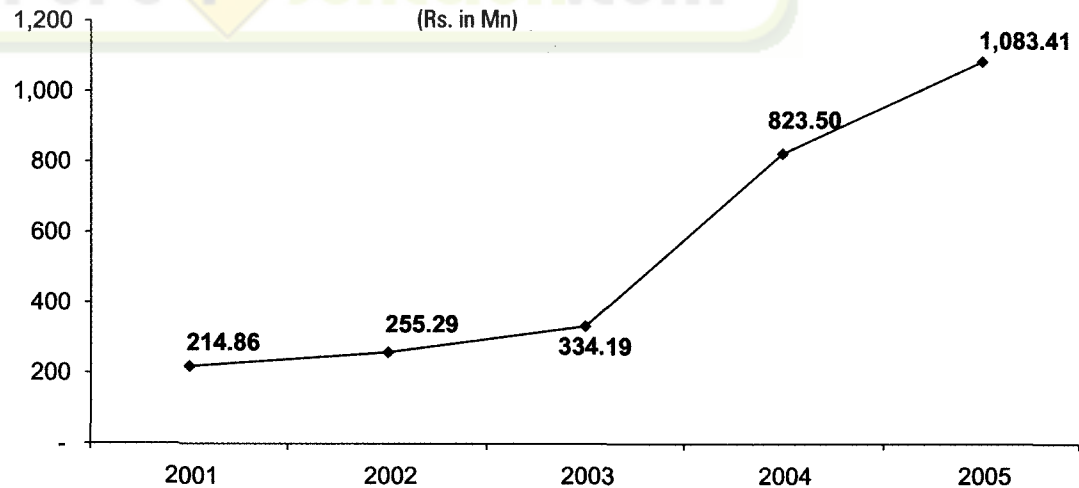
153 outlets in 62 cities



Growth....

Profitability CAGR of 78.17% over 4 years

Report  **Total Revenue**
(Rs. in Mn)



**Ranked 3rd in IPO distribution,
procurement over Rs. 7500 crores**

Revenue CAGR of 49.85% over 4 years