

ANNUAL REPORT 2005-2006

growth

ACCELERATED BY EXCELLENCE

VISION

We will be the preferred lifelong financial partner to a wide base of customers whilst optimizing stakeholder value

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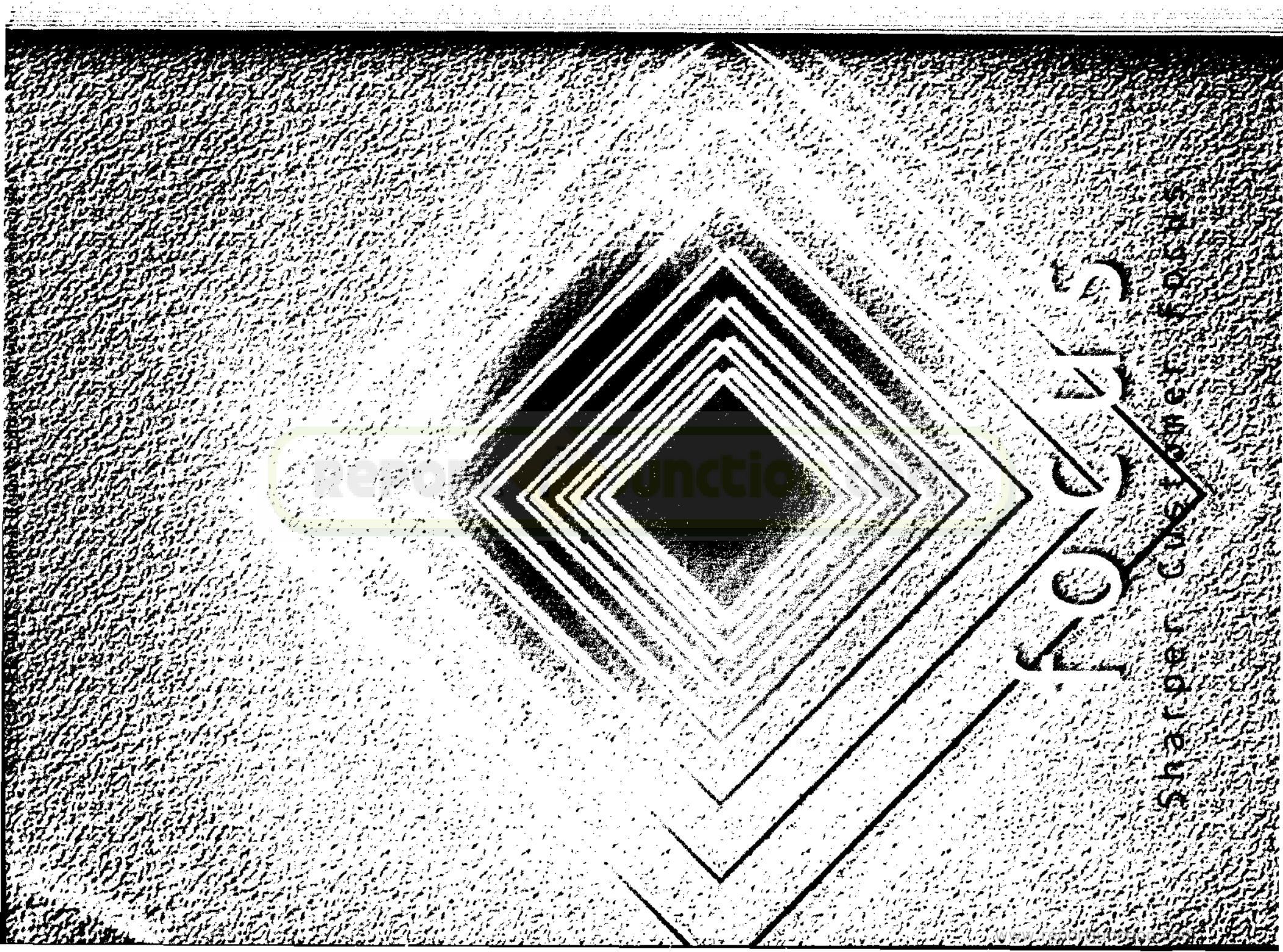
MISSION

To establish a base of 1 million satisfied customers by 2010
We will create this by being a responsible and trustworthy partner



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IL&FS Investsmart has always been driven by the impetus to consistently offer quality and excellence to all its stakeholders. As one of the leading financial companies in India, we continually reinforce our stature by mobilising resources to ensure sharper customer focus, more comprehensive range of products and services and a greater presence throughout the country. By adopting growth as an integral element in our prosperity, we look forward to another year of innovation and leadership



Focus

Character Counsel

SHARPER CUSTOMER FOCUS

One of the cornerstones of our business strategy has been a strong customer focus. Backed by an experienced team of relationship managers, research analysts and customer service executives, we strive to provide superior financial solutions. Customer delight is our motto and all our services are geared to ensure smooth, efficient and seamless transactions.

At IL&FS Investsmart, we believe that every individual's needs are unique. That is why we meet their requirements with customized investment solutions. Our customer-centric approach is at the forefront of the different community-specific online trading platforms we offer, such as *Smart Start* for the beginner community, *Smart Invest* for the investor community and *Smart Trade* for active traders.

By leveraging our resources and enhancing our offerings, IL&FS Investsmart has forged a unique relationship with customers. Their satisfaction is the impetus that drives us into exciting territories, as we evolve to provide them with the very best.

REPORT

reach

WIDER INTERNATIONAL REACH

Over 200 outlets, across more than 90 cities and still growing. IL&FS Investsmart has established a strong presence across the nation to reach out to its customers and provide value-added services.

We believe in reaching out to our customers through multiple channels including branches, sub-brokers, associates and the internet. Fortified by a superior technology backbone, we have built a robust network in smaller cities and towns across the country.

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Effective partnerships and alliances form an integral part of the company's strategy and are a step forward in realizing our vision of being able to extend our services to a large customer base.

Leveraging our institutional pedigree and domain expertise, we are committed to servicing the diverse needs of our customers.

range

Extensive product range

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EXTENSIVE PRODUCT RANGE

IL&FS Investsmart provides customers with the complete gamut of Financial Management Solutions. Our institutional expertise, combined with a thorough understanding of the financial markets results in investment solutions that fulfill the needs of both corporates and individuals.

We believe in partnering our customers and provide full-service functions, which include planning, advising, executing and monitoring investments over a range of asset classes. In the retail space, our services include Investment Advisory, PMS, Equity & Derivative Broking, Commodity Broking, Online Trading, IPOs, Mutual Funds & Insurance.

On the institutional front, we offer an entire gamut of advisory services, backed by resource raising capabilities. These range from Merchant Banking services to Project Syndication and Institutional Equity & Debt broking.

The Comprehensive range of products and services we offer across the capital market spectrum truly makes IL&FS Investsmart – India's Financial Multiplex

Consistent growth

INVESTMENT BANKING

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| Isac Technologies Limited  <small>ALLSICO TECHNOLOGIES LTD</small> Initial Public Offer Rs. 424 mn Book Running Lead Manager April 2005 | Shoppers Stop Limited  Initial Public Offer Rs. 1653 mn Co-Book Running Lead Manager May 2005 | The Andhra Pradesh Paper Mills Limited  Rights Issue Rs. 1131 mn Lead Manager August 2005 | Gati Limited  Rights Issue Rs. 226 mn Lead Manager August 2005 | Bannari Amman Spinning Mills Limited BANNARI AMMAN Spinning Mills Ltd. Initial Public Offer Rs. 945 mn Book Running Lead Manager October 2005 |
| Aptech Limited  Open Offer Rs. 558 mn Manager October 2005 | ABG Shipyard Limited ABG Initial Public Offer Rs. 1573 mn Book Running Lead Manager November 2005 | Gateway Distriparks Limited  GDR Issue US\$ 86 mn Indian Advisors December 2005 | Celebrity Fashions Limited  Initial Public Offer Rs. 819 mn Book Running Lead Manager December 2005 | Nitco Tiles Limited  Initial Public Offer Rs. 1680 mn Book Running Lead Manager February 2006 |
| R Systems International Limited  Initial Public Offer Rs. 1102 mn Book Running Lead Manager March 2006 | Ambattur Clothing Limited  Acquisition Advisors March 2006 | Uttam Sugars Limited  Initial Public Offer Rs. 1360 mn Book Running Lead Manager March 2006 | Godawari Power and Ispat Limited  Initial Public Offer Rs. 704 mn Book Running Lead Manager March 2006 | |