



Indiabulls

ANNUAL REPORT 2004-05

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Board of Directors

Mr. Sameer Gehlaut
Mr. Rajiv Rattan
Mr. Saurabh K Mittal
Mr. Aishwarya Katoch
Mr. Shamsher Singh
Mr. Karan Singh
Mr. Kartar Singh Gulia
Mr. Gagan Banga

Company Secretary:

Mr. Amit Jain
F-60, Malhotra Building,
2nd Floor, Connaught Place,
New Delhi - 110 001

Corporate Office

1. 30-38, Free Press House,
Free Press Journal Marg
Nariman Point
Mumbai - 400021
2. 1-A, Hamilton House,
1st Floor, Connaught Place,
New Delhi-110001

Registered Office

F-60, Malhotra Building
2nd Floor, Connaught Place
New Delhi - 110 001
India
Website : www.indiabulls.com

Internal Auditors:

Ajay Sardana Associates
Chartered Accountants
D-118, Saket, New Delhi

Statutory Auditors:

Deloitte Haskins & Sells,
12, Dr. Annie Besant Road,
Opp. Shiv Sagar Estate,
Worli, Mumbai

Dear Shareholders,

We founded Indiabulls to knock down the walls of wealth and privilege and to give all Indians the opportunity to avail of world class financial products and services. Looking back on the last 5 years, we can proudly say that the Indiabulls team continues to execute the single minded strategic focus of serving retail clients and today Indiabulls stands as one of the largest and most successful retail financial services company in India. The Indiabulls growth philosophy is very simple - continue to add more customers to our franchise, and continue to innovate and provide more products and services to our customers. Our product range includes personal loans, insurance & mutual funds, brokerage & depositary services, and other financial services, and our branch network of over 215 offices spread over 81 cities, complemented with call centers and the Internet, make our services available to our clients at their doorsteps.

By all measures, 2004-2005 has been a remarkable year for Indiabulls. It was the year in which Indiabulls went public and became recognized as one of the most successful Indian retail financial services company. It was the year of record results as Indiabulls profits tripled, revenues more than double, and the company exceeded expectations on every operating and financial metric. Above all it is the year when Indiabulls has leveraged its strong retail presence to offer an ever increasing array of products and services to an ever expanding customer base that doubled from the prior year.

Some Financial highlights of 2004-2005:

- Tripled net income to Rs. 567 million from Rs. 194 million, with Rs. 239 million in profits earned in just the last quarter of the year
- Revenues grew 134% to Rs. 1684 million from Rs. 719 million
- Consolidated book capital of Rs. 5596 million or Rs. 42 per share
- Highly successful public offering with IPO in Sep-04 oversubscribed 18x and GDR offering in Feb-05 oversubscribed 5.5x

Indiabulls is today one of the largest retail securities and brokerage companies in India, providing easy and convenient access to the retail customers to the booming Indian securities market. Our talented and dedicated sales-force is focused on providing a world class experience and quality of service to our clients. We are committed to serving a complete spectrum of retail investors: from active traders, to long-term investors. Our combination of tools and technology exemplified by Power Indiabulls™, great service, local convenience, multiple channels to access, high level of service

through dedicated relationship managers, our informative and reliable website and Indiabulls Research Services, fast and reliable execution, fully integrated offering, is a winning combination, making us the clear market leader.

Indiabulls expanded its consumer finance business with the establishment of Indiabulls Credit Services Limited, and is rapidly rolling out a large network of offices to originate and service our growing managed loan portfolio. We are providing credit to the ignored and underserved middle income customer base that is growing rapidly as economic expansion in India helps more people enter the middle class. Indiabulls Credit Services Limited brings a professional and world class product, prices and service levels to a business that is dominated by the local moneylender, and the client response has been remarkable. We are currently in the process of rolling out the consumer finance business across the country, and expect it to be a major driver of growth and profitability in the years to come.

Looking ahead, we are more excited today than ever before of our vision to build a retail financial services powerhouse. The Indian retail investor and consumer have tasted the world class service and array of products that Indiabulls can offer, and there is no going back. We believe that the market opportunity has been barely scratched and the company that relentlessly focuses on execution, has a powerful brand, access to large capital and a strong network and platform to build on, will be able to draw its own destiny and benefit from this huge opportunity. Our management team is focused on realizing this vision. It is our personal belief that Indiabulls with its strong management team and well tested business strategy will emerge as the most admired financial services company catering to the retail client.

Finally, we would like to extend our appreciation to all stakeholders who have supported us over the years. The past twelve months have been the most exciting period in the Company's history and Indiabulls today is well positioned to take advantage of current market dynamics and set new standards of excellence in the financial services industry. None of this would have been possible without the efforts of our employees and we would like to offer our sincere thanks to them for their continued hard work and commitment.

Sincerely,

Sameer Gehlaut
Chairman and
Chief Executive Officer

Rajiv Rattan
President and Chief
Financial Officer

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of Indiabulls Financial Services Limited will be held on Tuesday, the 26th day of July 2005 at 10 a.m. at Ansal's Palam Farm House No. 42, Salahpur, Tehsil Vasant Vihar, District South West New Delhi - 110 061 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Saurabh K Mittal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that, Mr. Shamsheer Singh, who was appointed by the Board as an Additional Director of the Company with effect from 20th December, 2004, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that, Mr. Aishwarya Katoch, who was appointed by the Board as an Additional Director of the Company with effect from 20th December, 2004, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that, Mr. Kartar Singh Gulia, who was appointed by the Board as an Additional Director of the Company with effect from 20th December, 2004, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that, Mr. Karan Singh, who was appointed by the Board as an Additional Director of the Company with effect from 30th March, 2005, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under section 257 of the

Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT, Mr. Gagan Banga, who was appointed by the Board as an Additional Director of the Company with effect from 30th March, 2005, and who holds office as such up to the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the company hereby approve the appointment and terms of remuneration of Mr. Gagan Banga, Director of the Company who was appointed as Whole Time Director of the company with effect from 30th day of March 2005 for a period of five years on the terms and conditions of his employment as set out in the draft agreement submitted to this meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof, as may be agreed to by the Board of Directors and Mr. Gagan Banga."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the company hereby accords its approval to the change in the terms and conditions of appointment so as to commence the payment of remuneration to Mr. Sameer Gehlaut, as a whole time director and designated as Chairman & Chief Executive Officer for a period of five years, with effect from 1st August, 2005 to 27th February, 2009, as contained in the draft agreement, and as mentioned in the explanatory statement.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof, as may be agreed to by the Board of Directors and Mr. Sameer Gehlaut."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the company hereby accords its approval to the change in the terms and conditions of appointment so as to commence

payment of remuneration to Mr. Rajiv Rattan, as a whole time director and designated as President & Chief Financial Officer for a period of five years, with effect from 1st August, 2005 to 27th February, 2009, as contained in the draft agreement, and as mentioned in the explanatory statement.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof, as may be agreed to by the Board of Directors and Mr. Rajiv Rattan."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities including that of the Central Government and Reserve Bank of India, where necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to further invest Company's Funds in to its associate company viz. Indiabulls Properties Private Limited ("IPPL") by way of subscription to securities comprising of equity shares, convertible or non convertible preference shares or optionally convertible debentures or through purchase from Investors and/or in any other manner, such securities for an aggregate sum not exceeding Rs. 500 crore (Rupees Five hundred crore only) notwithstanding that the aggregate of loans and investments so far made in or to be made in and the Guarantees or securities so far given or to be given to all Bodies Corporate may exceed the limits prescribed under the Section.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate the terms and conditions of the proposed investment(s) on behalf of the Company and decide upon the proposed acquisition/investment as they deem fit and in the best interest of the Company and take all such steps as may be necessary to complete the above investments, to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such investment and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities including that of the Central Government and Reserve Bank of India, where necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to further invest Company's Funds in to its subsidiary company viz. Indiabulls Real Estate Company Private Limited ("IRECPL") by way subscription to any securities comprising of equity shares, convertible or non convertible preference shares or optionally convertible debentures or through purchase of such securities and/or in any other manner for an aggregate sum not exceeding Rs. 500 crore (Rupees Five hundred crore only) notwithstanding that the aggregate of loans and investments so far made in or to be made in and the Guarantees or securities so

far given or to be given to all bodies corporate may exceed the limits prescribed under the Section.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate the terms and conditions of the proposed investment on behalf of the Company and decide upon the proposed acquisition/investment as they deem fit and in the best interest of the Company and take all such steps as may be necessary to complete the above investments, to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such investment and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

14. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities including that of the Central Government and Reserve Bank of India, where necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to further invest Company's Funds in to its subsidiary company viz. Indiabulls Finance Company Private Limited ("IFCPL") by way subscription to any securities comprising of equity shares, convertible or non convertible preference shares or optionally convertible debentures or through purchase from Investors and/or in any other manner such securities for an aggregate sum not exceeding Rs. 500 crore (Rupees Five hundred crore only) notwithstanding that the aggregate of loans and investments so far made in or to be made in and the Guarantees or securities so far given or to be given to all Bodies Corporate may exceed the limits prescribed under the Section.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate the terms and conditions of the proposed investment on behalf of the Company and decide upon the proposed acquisition / investment as they deem fit and in the best interest of the Company and take all such steps as may be necessary to complete the above investments, to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such investment and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the Guidelines issued by the Securities and Exchange Board of India and other concerned authorities, if required, and subject to such other approvals, consents, permissions and sanctions as may be necessary or required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any duly

authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot upto 11,000,000 (eleven million) warrants convertible into 11,000,000 (eleven million) equity shares of Rs. 2 each at a conversion price of Rs. 152/- per equity share of the Company, to the following promoters of the Company viz.

1. Mr. Sameer Gehlaut – upto 5,500,000 (Five million five hundred thousand) warrants convertible into 5,500,000 (Five million five hundred thousand) equity shares of the Company.
2. Mr. Rajiv Rattan – upto 2,750,000 (Two million seven hundred fifty thousand) warrants convertible into 2,750,000 (Two million seven hundred fifty thousand) equity shares of the Company
3. Mr. Saurabh K. Mittal – upto 2,750,000 (Two million seven hundred fifty thousand) convertible into 2,750,000 (Two million seven hundred fifty thousand) equity shares of the Company.

on preferential allotment basis, at such time or times, in one or more tranches and in such manner as may be decided by the Board in this behalf.

RESOLVED FURTHER THAT

- (i) The relevant date as per clause 13.1.2.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues as amended up to date, for the determination of minimum price, for the issue of equity shares, directly or upon on conversion of warrants, is June 26, 2005;
- (ii) the Equity Shares to be issued and allotted on conversion of warrants shall be listed and traded on National Stock Exchange and The Stock Exchange, Mumbai and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing Equity Shares of the Company.
- (iii) the Board be and is hereby authorised to accept any modification(s) to or to modify the terms of issue of the said new Equity Shares subject to the provisions of the Companies Act, 1956 and SEBI guidelines/ Regulations, without being required to seek any further consent or approval of the Company in General Meeting;
- (iv) for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid and to settle any question, difficulty or doubt that may arise in this regard and to take such consequential action thereon including the authority to revise/adjust the value/quantum of shares or any portion thereof in such manner as may be considered appropriate by the Board, in the event of such variation being considered expedient as a result of any modification effected by SEBI or other authorities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers to any committee of directors of the Company to give effect to the aforesaid resolutions."

16. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT, in accordance with the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and relevant provisions of the Memorandum of Association and Articles of Association of the

Company and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and/or sanction of the Ministry of Finance of the government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any committee thereof referred to below), be and they are hereby authorized on behalf of the Company to issue, offer and allot, in the course of international offerings, in one or more foreign markets, equity shares and/or any securities (whether secured or unsecured) and convertible into equity shares at the option of the Company and/or holder of the security and/or securities linked to equity shares through American Depository Receipts ("ADRs") and/or Global Depository Receipts ("GDRs") and/or any other instruments or securities (hereinafter referred to as the "Securities") subscribed to in foreign currency(ies) to foreign investors (whether institutions and/or incorporated bodies and/or individuals or otherwise, and whether or not such investors are members of the company) and Foreign Currency Convertible Bonds ("FCCBs"), for such number of convertible securities / ADRs / GDRs / FCCBs together with any green shoe option which upon conversion shall not exceed an amount equal to USD 150 million and such issue and allotment to be made at such time or times, in such tranche or tranches, at such price or prices including premium in such manner as the Board may, in its discretion think fit, in consultation with the lead manager(s) and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

RESOLVED FURTHER THAT the Company and/or any agency or body authorized by the Company may issue depository receipts representing the underlying equity shares or other securities or FCCBs issued by the Company in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets including filing any registration statement, and any other document and any amendment thereto ("Investors' Rights Statement") with any relevant authority for securities listing and trading, in the stock/securities exchange that the convertible securities or ADRs and/or GDRs are registered or listed ("Securities Administrator").

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred above or as may be necessary in accordance with the terms of the offering, all such shares ranking pari passu with the equity shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments or securities representing the same, as described above, the Board and other designated officers of the Company be and are hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, filing a registration statement and/or Investors' Rights Statement and other documents with the relevant Securities Administrator, listing the securities on the New York Stock Exchange or Nasdaq National Market or other relevant stock/securities exchange, and the entering into of underwriting, marketing and depository arrangements in regard

to any such issue or allotment as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and the same is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT Board be and is hereby authorised to appoint such consultants, lawyers, underwriters, merchant bankers and any other advisors and professional as may be required and to pay them such fees, commission and other expenses as they deem think fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer of officers of the company to give effect to the aforesaid resolution.

17. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956, the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOS Guidelines") including any statutory modification(s) or re-enactment(s) thereof, the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, permissions and sanctions as may be required from appropriate authorities and subject to such conditions or modifications as may be prescribed, imposed or suggested by any of them while granting such approvals, consents, permissions or sanctions which may be agreed to by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Compensation Committee which has been authorized to exercise the powers conferred by this resolution), consent of the Members of the Company be and is hereby accorded to the Board to create, issue, offer and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director, except the promoter directors, of the Company, whether whole time or otherwise, under the scheme titled "Employee Stock Option Plan - 2005 (hereinafter referred to as the "ESOP-II") 5,000,000 (Five million only) equity options of buying Equity Shares of face value of Rs. 2 (Rs. Two) each of the Company, at such price, in one or more tranches, and on such terms and conditions as given in the ESOP-II as placed before the meeting, duly initialed by the Chairman for the purpose of identification."

RESLOVED FURTHER THAT the said options may be allotted directly to such employees or in accordance with a scheme framed in that behalf by the Board and/or Compensation Committee.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the company in the manner aforesaid shall rank pari passu, in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue allotment or listing of the securities the Board be and is hereby authorized on behalf of the Company to

evolve, decide upon and bring in to effect the scheme and make modifications, changes, variations, alterations or revisions in the said scheme from time to time as may be specified by the Board as the Board may in its absolute discretion deem fit or necessary or desirable for such purpose and for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

18. To consider and if thought fit, to pass, with or without modification(s), the following as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the companies Act 1956, the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOS Guidelines") including any statutory modification(s) or re-enactment(s) thereof, the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, permissions and sanctions as may be required from appropriate authorities and subject to such conditions or modifications as may be prescribed, imposed or suggested while granting such approvals, consents, permissions or sanctions which may be agreed to by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Compensation Committee which has been authorized to exercise the powers conferred by this resolution), consent of the Members of the Company be and is hereby accorded to the Board to extend the benefits of "Employee Stock Option Plan -2005" proposed in the resolution under item no. 17 of this notice to or for the benefit of such person(s) who are in the permanent employment of the Company's subsidiaries, including Directors (except Promoter Directors) of such subsidiary companies, as may from time to time be allowed under prevailing laws, rules and regulations and/or amendments thereto from time to time under "Employee Stock Option Plan -2005" on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue allotment or listing of the securities the Board be and is hereby authorized on behalf of the company to evolve, decide upon and bring in to effect the scheme and make modifications, changes, variations, alterations or revisions in the said scheme from time to time as may be specified by the Board as the Board may in its absolute discretion deem fit or necessary or desirable for such purpose and for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the board to secure any further consent or approval of the members of the Company".

By Order of the Board
For Indiabulls Financial Services Limited

Place: New Delhi
Dated: 2nd July, 2005

Amit Jain
Company Secretary

NOTES

1. The Register of Members of the Company will remain closed from 22nd July, 2005 to 26th July, 2005, both days inclusive, in connection with the Annual General Meeting.
2. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the Meeting.

4. Members are required to intimate immediately to the Company's Registrar and Transfer Agents M/s Karvy Computershare Private Limited, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 about any change in their address.
5. Members attending the annual general meeting are requested to bring with them the following:
 - (a) Members holding shares in dematerialized form are requested to bring with them their DP & Client ID Numbers.
 - (b) Members holding shares in physical form are requested to bring with them their Folio Numbers.
 - (c) The attendance Slip duly completed and signed in terms of specimen signature lodged with the Company and copy of the annual report.

The Company would accept only the Attendance Slip from a member actually attending the Meeting; or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to meeting. Attendance Slips of Members /valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other member / person.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

Information given here is in terms of Section 173 of the Companies Act, 1956 as well as clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Pursuant to Section 260 of the Companies Act, 1956 and Article 123 of the Articles of Association of the Company, the Board of Directors appointed Mr. Shamsher Singh as an Additional Director of the Company with effect from 20th December, 2004.

Mr. Shamsher Singh is an ex-banker and academician. Mr. Singh holds a post graduate degree in History from St. Stephens College, New Delhi.

Being an Additional Director of the Company, he holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice alongwith deposit from a member proposing the candidature of Mr. Shamsher Singh for the office of Director of the Company.

Your Directors recommend the resolution set out at Item No. 4 for approval of the members.

No Director other than Mr. Shamsher Singh is concerned or interested in the above resolution.

Item No. 5

Information given here is in terms of Section 173 of the Companies Act, 1956 as well as clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Pursuant to Section 260 of the Companies Act, 1956 and Article 123 of the Articles of Association of the Company, the Board of Directors appointed Mr. Aishwarya Katoch as an Additional Director of the Company with effect from 20th December, 2004.

Mr. Aishwarya Katoch runs a successful business that has interests in leisure and heritage hotels. Mr. Katoch holds a bachelor's degree in Business Administration and Merchandising from American College of Applied Arts, London.

Being an Additional Director of the Company, he holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice alongwith deposit from a member proposing the candidature of Mr. Aishwarya Katoch for the office of Director of the Company.

Your Directors recommend the resolution set out at Item No. 5 for approval of the members.

No Director other than Mr. Aishwarya Katoch is concerned or interested in the above resolution.

Item No. 6

Information given here is in terms of Section 173 of the Companies Act, 1956 as well as clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Pursuant to Section 260 of the Companies Act, 1956 and Article 123 of the Articles of Association of the Company, the Board of Directors appointed Mr. Kartar Singh Gulia as an Additional Director of the Company with effect from 20th December, 2004.

Mr. Kartar Singh Gulia is a retired banker from the State Bank of India. Mr. Kartar Singh holds a post graduate degree in Mass Communication and Journalism.

Being an Additional Director of the Company, he holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice alongwith deposit from a member proposing the candidature of Mr. Kartar Singh Gulia for the office of Director of the Company.

Your Directors recommend the resolution set out at Item No. 6 for approval of the members.

No Director other than Mr. Kartar Singh Gulia is concerned or interested in the above resolution.

Item No. 7

Information given here is in terms of Section 173 of the Companies Act, 1956 as well as clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Pursuant to Section 260 of the Companies Act, 1956 and Article 123 of the Articles of Association of the Company, the Board of Directors appointed Mr. Karan Singh as an Additional Director of the Company with effect from 30th March, 2005.

Mr. Karan Singh is a retired professor. He holds a postgraduate degree in English.

Being an Additional Director of the Company, he holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice alongwith deposit from a member proposing the candidature of Mr. Karan Singh for the office of Director of the Company.

Your Directors recommend the resolution set out at Item No. 7 for approval of the members.

No Director other than Mr. Karan Singh is concerned or interested in the above resolution.

Item No. 8

Information given here is in terms of Section 173 of the Companies Act, 1956 as well as clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Pursuant to Section 260 of the Companies Act, 1956 and Article 123 of the Articles of Association of the Company, the Board of Directors appointed Mr. Gagan Banga as an Additional Director of the Company with effect from 30th March, 2005.

Mr. Gagan Banga graduated as a Master of Business Administration. He worked at NIIT as Regional Sales Head and gained extensive experience in high value-add sales, managing and developing large sales team in a competitive industry and strong management skills. Mr. Banga brought his extensive sales and marketing skills to the company and is a key member of the management team as the head of Online Sales.

Being an Additional Director of the Company, he holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice alongwith deposit from a member proposing the candidature of Mr. Gagan Banga for the office of Director of the Company.

Your Directors recommend the resolution set out at Item No. 8 for approval of the members.

No Director other than Mr. Gagan Banga is concerned or interested in the above resolution.

Item No. 9

Information given here is in terms of Section 173 of the Companies Act, 1956 as well as clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Board of Directors appointed Mr. Gagan Banga as an Additional Director of the Company with effect from 30th March, 2005. Since Mr. Gagan Banga was already an employee of the Company prior to his appointment as an additional director, his appointment as such resulted in his becoming a Whole-time director in the Company. The continuance of his appointment as a Whole-Time Director will require the consent of the members to his appointment as a regular Director

Mr. Gagan Banga graduated as a Master of Business Administration. He worked at NIIT as Regional Sales Head and gained extensive experience in high value-add sales, managing and developing large sales team in a competitive industry and strong management skills. Mr. Banga brought his extensive sales and marketing skills to the company and is a key member of the management team as the head of Online Sales.

The terms of his remuneration as mentioned below, also require the approval of the members:

Salary: Upto Rs. 4,00,000 (Rs. Four lacs) per month with effect from April 1, 2005. After the first year, the Salary for each year shall be subject to upward adjustment upto 35 % of the last year's Salary.

Incentive: Monthly Incentive bonus based on the performance of his group.

Your Directors recommend the resolution set out at Item No. 9 for approval of the members.

No Director other than Mr. Gagan Banga is concerned or interested in the above resolution.

Item No. 10

Mr. Sameer Gehlaut was appointed as Chairman & Chief Executive Officer of your Company with effect from February 28, 2004 at the meeting of the board of Directors held on February 27, 2004. In

accordance with a resolution adopted at the general meeting of shareholders of Indiabulls Securities Limited (ISL) held on April 30, 2003, Mr. Sameer Gehlaut, has been employed as Chief Executive Officer of ISL for an initial term until December 31, 2008 and is drawing remuneration from ISL with a basic salary of Rs. 7,26,000 (Rs. Seven lacs and Twenty Six thousand only) per month and additional perquisites as per the terms approved by shareholders of ISL. Mr. Sameer Gehlaut upon his appointment as Chairman & Chief Executive Officer of your Company i.e. Indiabulls Financial Services Limited (IFSL) had opted not to draw any remuneration from IFSL. However upon receipt of the consent of the members in this meeting, he shall start drawing remuneration from IFSL from 1st August, 2005 to 27th February, 2009. Under the terms of the employment, the Company has agreed to give Mr. Sameer Gehlaut an option exercisable six months prior to end of his initial term to extend his employment for an additional period of five years. The terms and conditions of remuneration is mentioned below:

1. Salary: Rs.10,00,000 (Rs. Ten lacs only) per month with effect from August 1, 2005. After the First Year, the Salary for each year shall be subject to upward adjustment upto 35 % of the last year's Salary.
2. Housing: (i) The expenditure on hiring furnished accommodation for Mr. Sameer Gehlaut will be Subject to a ceiling of 50 % of the Salary, or; (ii) Mr. Sameer Gehlaut shall be entitled to house rent allowance subject to a ceiling of 50 % of the Salary. And; The expenditure incurred on gas, electricity, water and furnishing shall be valued as per the provisions of Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 5% of the Salary of Mr. Sameer Gehlaut.
3. Medical Reimbursement: Full medical expenses incurred for Mr. Sameer Gehlaut and his family, including premium for medical insurance will be re-imbursed.
4. Leave and Travel Allowance: Leave Travel Expenses for Mr. Sameer Gehlaut and his family, once in a year incurred in accordance with the rules of the company.
5. Provident Fund: Contribution towards provident fund as per the rules of the company.
6. Pension: The company shall provide the following Retirement Benefits to Mr. Sameer Gehlaut or his surviving spouse.
On Mr. Sameer Gehlaut's retirement or the termination of his employment relationship with the company, 50% of Mr. Sameer Gehlaut's last Annual Salary (plus House Rent Allowance) payment to start when Mr. Sameer Gehlaut reaches the age of 60; and Full Medical Expenses Coverage. In the event of Mr. Sameer Gehlaut's death, prior to his own election of retirement from the company or reaching the age of 60, the foregoing benefits shall commence to be paid to Mr. Sameer Gehlaut's surviving spouse until her death. The foregoing benefit shall not be alienable by Mr. Sameer Gehlaut or his surviving spouse by assignment or any other method and shall not be subject to be taken by his creditors by any process whatsoever.
7. Gratuity: Gratuity as per the rules of the company not exceeding half a month's Salary for each completed year of service.
8. Earned Leave: On full pay and allowances as per rules of the company but not exceeding one month's leave for every eleven months of service. Leave accumulated shall be encashable at the end of the tenure.
9. Minimum Remuneration: In the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Sameer Gehlaut, the Board of Directors shall revise the remuneration payable to Mr. Sameer Gehlaut during such financial year in such manner as agreed to between the Board of Directors and Mr. Sameer Gehlaut and within the limits prescribed in this behalf under Schedule XIII to the Companies Act, 1956.