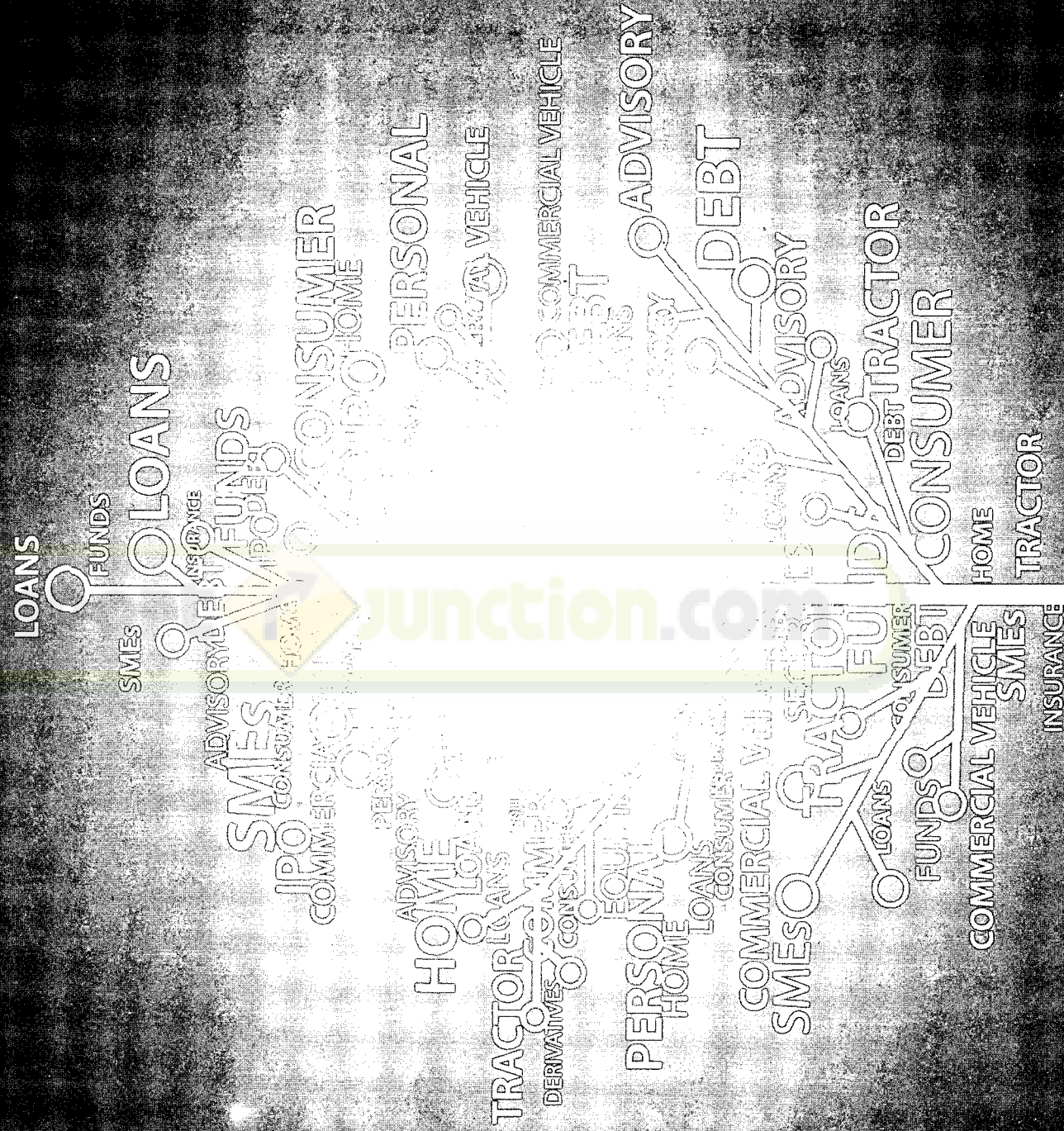



# Indiabulls

Indiabulls Financial Services Limited  
Annual Report 2006-07







3	Corporate Highlights
4	Financial Highlights (Consolidated)
5	IBFSL at a Glance
6	Our Presence
7	Corporate Information & Board of Directors
9	Letter to Shareholders
21	Management Discussion and Analysis
29	Report on Corporate Governance
42	Shareholders' Referencer
52	Directors' Report
	<b>Financial Section</b>
	<b>Consolidated</b>
60	Auditors' Report
61	Balance Sheet
62	Profit and Loss Account
63	Cash Flow Statement
65	Schedules
	<b>Standalone</b>
98	Auditors' Report
101	Balance Sheet
102	Profit and Loss Account
103	Cash Flow Statement
105	Schedules
138	Statement pursuant to Section 212 of the Companies Act, 1956
139	Details of Subsidiary Companies
140	Balance Sheet Abstract and Company's General Business Profile

Report  junction.com

# Indiabulls

## INDIABULLS FINANCIAL SERVICES LIMITED

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

### NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of INDIABULLS FINANCIAL SERVICES LIMITED will be held **on Monday, the 17th day of September, 2007 at 2 p.m. at Centaur Hotel, IGI Airport, Delhi Gurgaon Road, New Delhi – 110 037** to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2007, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares for the year ended March 31, 2007.
3. To appoint a Director in place of Mr. Gagan Banga, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Karan Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

#### SPECIAL BUSINESS:

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

**"RESOLVED THAT,** Mr. Prem Prakash Mirdha, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board  
For Indiabulls Financial Services Limited

Place: New Delhi  
Dated: August 24, 2007

**Amit Jain**  
Company Secretary

Registered Office:  
Indiabulls Financial Services Limited  
F-60, Malhotra Building, 2nd Floor, Connaught Place,  
New Delhi – 110 001

### Notes:

1. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 10<sup>th</sup> September, 2007 to Monday, 17<sup>th</sup> September, 2007 (both days inclusive) for the purpose of AGM and also for ascertaining the names of the shareholders to whom the dividend, if declared at the Annual General Meeting, is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, to vote instead of himself. Such a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting. A proxy so appointed shall not have any right to speak at the meeting. A body corporate being a member shall be deemed to be personally present at the meeting if represented in accordance with the provisions of Section 187 of the Companies Act, 1956. The representative so appointed, shall have the right to appoint a proxy.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at the Meeting, is annexed hereto.
4. Members are requested to intimate the Company's Registrar and Transfer Agent M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar Madhapur, Hyderabad – 500 081, immediately 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 - their DP & Client ID Numbers.
  - (b) Members holding shares in physical form - their Registered 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 the commencement of the meeting. Attendance

Slips of Members /valid proxies, not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted.

6. As stipulated under Clause 49 of the Listing Agreement, profile and brief resume of the Directors seeking reappointment / appointment, their memberships / Chairmanships in various Board Committees and names of the other Companies in which they hold directorships, is given in the Corporate Governance Report which forms a part of the Annual Report.

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

**Item No. 6**

Pursuant to Section 260 of the Companies Act, 1956 and Article 132 of the Articles of Association of the Company, the Board of Directors of the company had appointed Mr. Prem Prakash Mirdha as an Additional Director with effect from July 31, 2006.

Mr. Mirdha had a long stint of 11 years with the Merchant Navy. He has set up his own cement plant and is successfully running the same.

Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. In terms of Section 257 of the Companies Act, 1956, the Company has received a notice along with deposit from a member proposing the candidature of Mr. Prem Prakash Mirdha for the office of Director of the Company.

The Board therefore recommends the resolution set out at Item No. 6 of the Notice for approval of the Members, as an Ordinary Resolution.

None of the Directors, except Mr. Prem Prakash Mirdha, may be deemed to be concerned or interested in the resolution.

By Order of the Board  
**For Indiabulls Financial Services Limited**

Place: New Delhi  
Dated: August 24, 2007

**Amit Jain**  
Company Secretary

Report  junction.com

# Indiabulls

## Indiabulls Financial Services Limited

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

### PROXY FORM

I/we .....  
 of ..... in the district of .....  
 being a member/members of INDIABULLS FINANCIAL SERVICES LIMITED hereby appoint .....  
 of ..... in the district of .....  
 or failing him/her ..... of .....  
 in the district of .....  
 as my/our Proxy to attend and vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company  
 Scheduled to be held on Monday, the 17th day of September 2007 at 2 p.m. at Centaur Hotel, IGI Airport, Delhi  
 Gurgaon Road, New Delhi – 110 037, or at any adjournment thereof.

Signed this ..... day of ..... 2007.

Affix Re. 1/-  
Revenue  
Stamp

Signed by said .....

Registered Folio No\* ..... Client ID.....DPID.....

No of Shares .....

\*Applicable for Members holding shares in Physical form.

Note : The Proxy form duly stamped and completed must be deposited at the Registered Office of the Company  
 not less than 48 hours before the commencement of the aforesaid meeting.

# Indiabulls

## Indiabulls Financial Services Limited

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

Folio No\* .....

No of Shares.....

DPID.....

Client ID.....

### ATTENDANCE SLIP

*Members or their Proxies are requested to present this Slip in accordance with the Specimen Signatures registered  
 with the Company at the entrance of the meeting Hall, for admission.*

Name of the attending Member/Proxy.....  
 (in block letters)

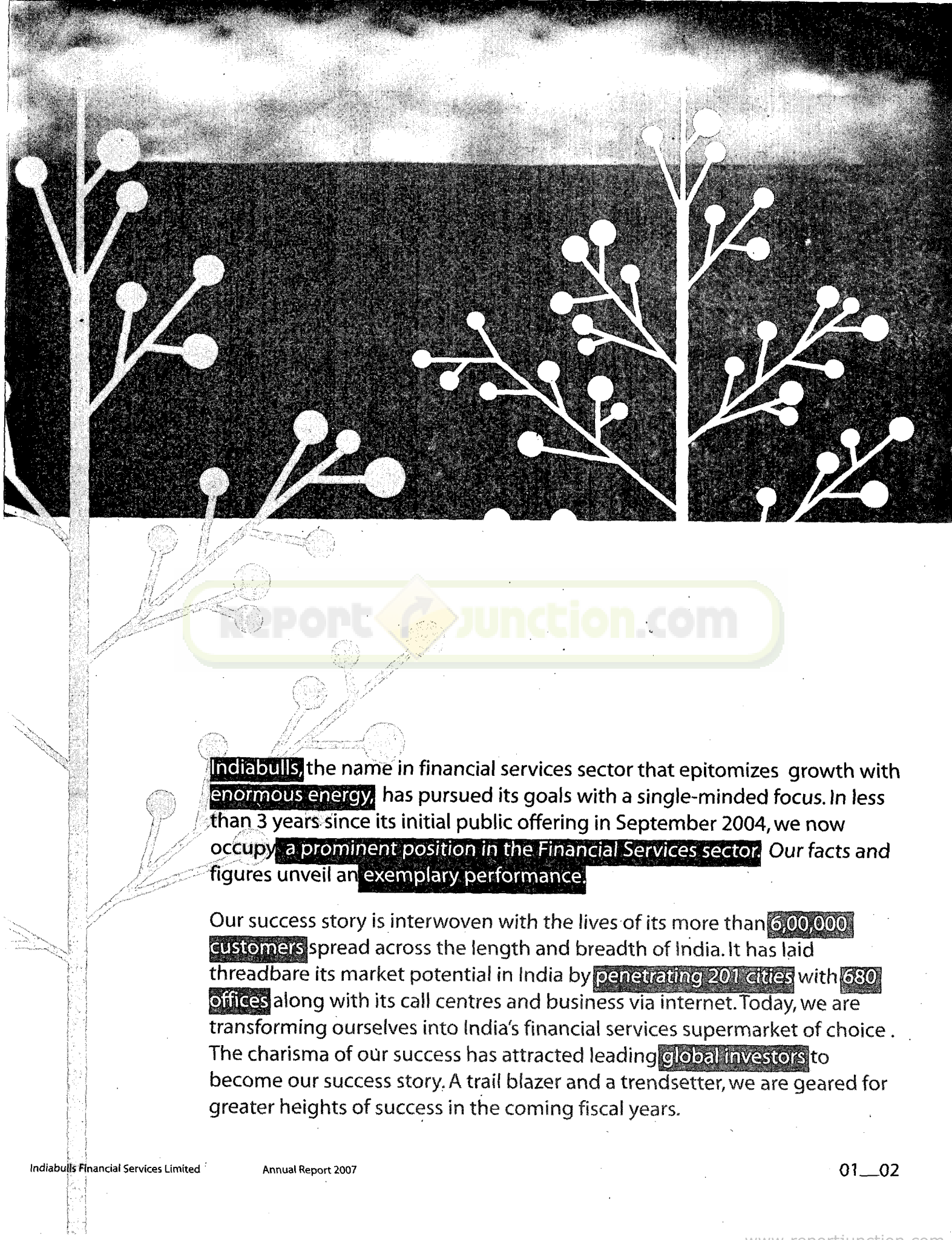
I hereby record my presence at the Eighth Annual General Meeting of the Company held on Monday, the 17th  
 day of September 2007 at 2 p.m. at Centaur Hotel, IGI Airport, Delhi Gurgaon Road, New Delhi – 110 037

.....  
 Member's Signature

.....  
 Proxy's Signature

\*Applicable for Members holding shares in Physical form.





Indiabulls, the name in financial services sector that epitomizes growth with enormous energy, has pursued its goals with a single-minded focus. In less than 3 years since its initial public offering in September 2004, we now occupy a prominent position in the Financial Services sector. Our facts and figures unveil an exemplary performance.

Our success story is interwoven with the lives of its more than 6,00,000 customers spread across the length and breadth of India. It has laid threadbare its market potential in India by penetrating 201 cities with 680 offices along with its call centres and business via internet. Today, we are transforming ourselves into India's financial services supermarket of choice. The charisma of our success has attracted leading global investors to become our success story. A trail blazer and a trendsetter, we are geared for greater heights of success in the coming fiscal years.



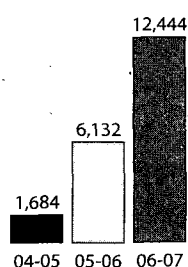
## Corporate Highlights

- Indiabulls Financial Services Limited (IBFSL) completed the de-merger of its real estate business into a separate publicly traded company, Indiabulls Real Estate Limited (IBREL) unlocked over Rs. 10,000 crore of shareholder wealth.
- IBFSL successfully completed the acquisition of the minority interests in its mortgage subsidiary, Indiabulls Housing Finance Limited, and increased its ownership to 100% in the fast growing mortgage and loans against property business.
- IBFSL has announced a composite scheme of arrangement of merger of Indiabulls Credit Services Limited (ICSL) with IBFSL, through a share swap, and to demerge its Capital Market and Securities Business into a separate publicly traded company, Indiabulls Securities Limited (ISL). Shareholders of IBFSL will receive one share of ISL for every one share of IBFSL held as of the record date.
- IBFSL joined a peer group of 68 companies that constitute MSCI, Morgan Stanley India Index. It is also a part of the 30 companies that represent CLSA's model portfolio for Asia.
- IBFSL successfully concluded its GDRs offering of US \$ 300 million in May 2007.

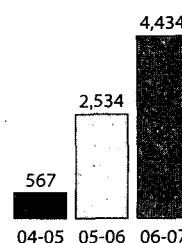
## Highest Ratings from CRISIL

P1+	AAA (SO)	BQ 1
Highest Rating for Short Term Debt	Highest Rating for Loan Receivables	Only Broker to be assigned Highest Broker Quality Grading*
Indiabulls Financial Services Limited (IBFSL)	Indiabulls Credit Services Limited (ICSL)	Indiabulls Securities Limited (ISL)

Revenues (Rs. in Million)



Net Profit (Rs. in Million)





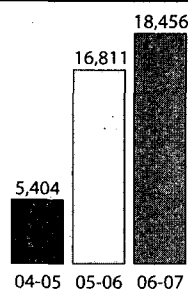
# Financial Highlights (Consolidated)

	06-07	05-06	(Rs. In Million) 04-05
Total Income	12,444	6,132	1,684
Operating Expenses	847	569	220
Employee Cost	2,369	808	232
Administrative and Other expenses	1,740	633	176
Earnings before Interest, Depreciation & Tax	7,487	4,121	1,056
Interest	680	315	134
Depreciation	177	73	22
Profit Before Tax	6,631	3,734	900
Tax	2,197	1,200	333
Profit After Tax	4,434	2,534	567
Equity Share Capital	367	320	266
Reserves & Surplus	18,089	16,491	5,330
Net Worth	18,456	16,811	5,404
Market Capitalisation	76,536	40,970	16,309
Key Indicators			
Earnings Per Share - Rs.	22.8443	15.6106	5.1040
Net Profit margin %	35.63%	41.32%	33.67%
Return on Net Worth %	24.02%	15.07%	10.49%

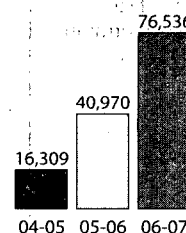
Basic Earnings per Share (in. Rs.)



Net Worth (Rs. in Million)



Market Capitalisation (Rs. in Million)





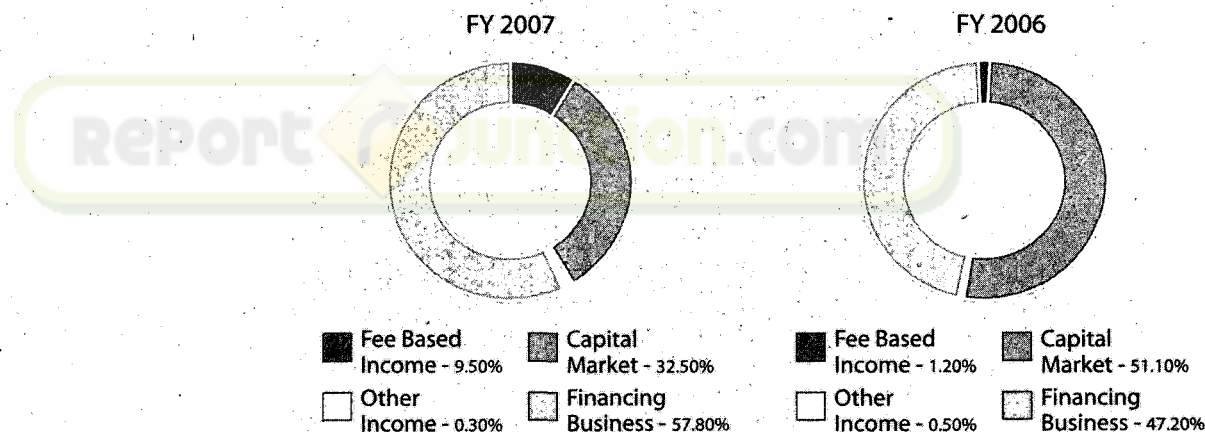
## IBFSL at a Glance

Indiabulls Financial Services Limited (IBFSL), alongwith its subsidiaries and associate companies operates as a diversified **non-banking financial services provider**. As part of the finance business, IBFSL offers a range of loan products including Loan Against Property, Home Loans, Business Loans, Commercial Vehicle Loans, Loan Against Shares, Builder Loans, Farm Equipment Financing, Personal Loans and SME Loans etc., IBFSL's Capital Market & Securities business offers securities brokerage, depositary services, research services, insurance and financial products distribution.

Post the demerger of its Real Estate Undertaking, the Company operates its business in three major product categories across distinct sales channels. The product categories are:

- interest revenues and fees from secured and unsecured retail lending and other financial services
- brokerage revenues from facilitated transactions in equities, futures and options
- third party product sales such as insurance products, mutual funds and IPO distribution and other financial services.

### Revenue Breakup



### The Indiabulls' Growth Story

2000-2001	2001-2003	2003-2004	2004-2005	2005-2006
<ul style="list-style-type: none"> <li>Indiabulls established one of the first trading platforms in India</li> </ul>	<ul style="list-style-type: none"> <li>Indiabulls expanded its service offerings to include Equity, F&amp;O, Wholesale Debt, Mutual fund, IPO distribution and Equity Research.</li> </ul>	<ul style="list-style-type: none"> <li>Indiabulls ventured into Insurance distribution and commodities trading.</li> </ul>	<ul style="list-style-type: none"> <li>Indiabulls came out with its initial public offer (IPO) in September 2004.</li> <li>Indiabulls started its consumer finance business, entered the Indian Real Estate market and became the first company to bring FDI in Indian Real Estate.</li> <li>Indiabulls won bids for landmark properties in Mumbai.</li> </ul>	<ul style="list-style-type: none"> <li>Indiabulls is a market leader in securities brokerage industry, with around 31% share in online trading.</li> </ul>

## Our Presence

201  
CITIES

680  
BRANCHES

>600,000  
CLIENTS

### A Supermarket Offering



>17,450  
EMPLOYEES

### 2006-2007

- Farallon Capital and its affiliates, Invested Rs. 2000 million for Indiabulls subsidiaries viz. Indiabulls Credit Services Ltd. and Indiabulls Housing Finance Ltd.
- Steel Tycoon Mr. LN Mittal acquired 8.2% stake in Indiabulls Credit Services Ltd.
- Indiabulls Financial Services Ltd. included in the prestigious Morgan Stanley Capital International Index (MSCI).
- By way of a scheme of arrangement, effective from 20 December, 2006, IBFSL demerged its Real Estate business. This resulted in two separate listed entities IBFSL and IBREL.
- Indiabulls Financial Services Ltd. Board resolved to amalgamate Indiabulls Credit Services Ltd. and demerge its Securities Broking and Advisory business.