

Indiabulls

Indiabulls Securities Limited



THE BIRTH
OF A LEADER

2007-08 ANNUAL REPORT



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The Birth of a Leader

Our existence personifies the saying
'Leadership traits are inherent'.

Today, as we prepare to travel our
course ahead as an independent entity,
we have a head start as a leader
in the marketplace.

We have also chalked out
new areas to enter,
with an intent to become
leaders in these chosen spaces.
As a highly competent organisation,
we continue to practice leadership
in our attitude and actions,
with an ultimate goal of delivering
greater shareholder value.

THE BIRTH OF A LEADER

08

Corporate and Financial Highlights

De-merger of Indiabulls Securities Limited

De-merger of Indiabulls Securities Limited was declared effective on 24th December, 2007. As per the Scheme, every shareholder of Indiabulls Financial Services Limited as on 8th January, 2008 has received 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 Securities market. Indiabulls Securities Limited is now an independent listed company.

CRISIL BQ 1 Rating

CRISIL has assigned a CRISIL BQ 1 to the Company. This is an opinion on the quality of operations and service offered by Indiabulls Securities Limited. The grading is expressed on a five point scale BQ-1 to BQ-5, with BQ-1 being the highest.

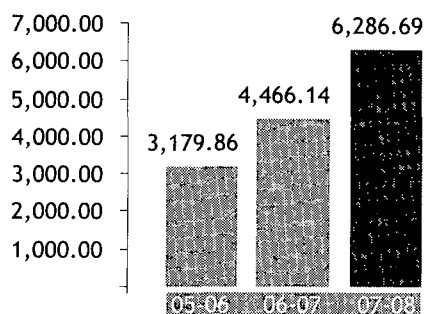
"STRONG" (IBT) Rating

ISL's Internet Based Trading System (IBT) was concluded as being "STRONG" (highest possible rating) based on an audit conducted by Tata Consultancy Services for The National Stock Exchange, across the following parameters:

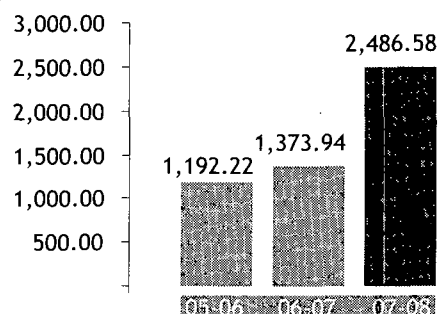
- Risk Management
- Security Policy & Implementation
- Capacity Management
- Disaster Recovery and Back-up
- Vulnerability test.



Total Income (Rs. in million)



Net Profit (Rs. in million)



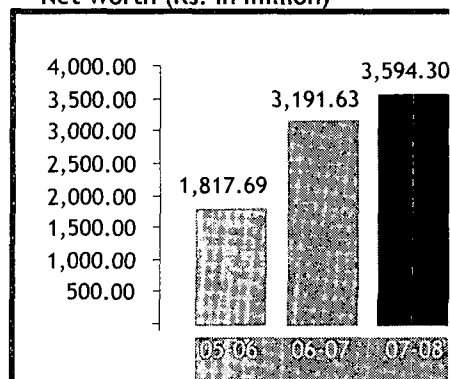
Financial Highlights (Standalone)

	07-08	06-07	05-06
	(Rs. in Million)		
Total Income	6,286.69	4,466.14	3,179.86
Operating Expenses	432.30	616.06	520.55
Employee Cost	1,054.13	1,059.78	499.59
Administrative and Other Expenses	713.52	506.28	224.10
Earning before Interest, Depreciation & Tax	4,086.74	2,284.02	1,935.62
Interest	156.91	141.45	67.06
Depreciation	212.11	144.39	65.67
Profit Before Tax	3,717.72	1,998.18	1,802.89
Tax	1,231.13	624.24	610.67
Profit After Tax	2,486.58	1,373.94	1,192.22
Equity Share Capital	506.85	178.34	178.34
Reserves & Surplus	3,087.45	3,013.29	1,639.35
Net Worth*	3,594.30	3,191.63	1,817.69
Key Indicators			
Earnings Per Share - Rs.**	9.80	77.04	66.51
Net Profit margin %	39.55%	30.76%	37.49%
Return on Net Worth %	69.18%	43.05%	65.59%

** EPS for 07-08 has been computed on the basis of 253,426,989 fully paid Equity Shares of Rs. 2/- each whereas EPS for 06-07 and 05-06, has been computed on the basis of 17,834,099 fully paid Equity Shares of Rs. 10/- each. On a comparable Equity base of 06-07, EPS for the year 07-08 is Rs. 139.25.

* Net of proposed dividend payout @ Rs. 7.50/- per share aggregating Rs. 1,900.7 million and Corporate dividend tax of Rs. 323.0 million.

Net Worth (Rs. in million)



THE BIRTH OF A LEADER

ISL at a glance

We are pioneers in the
Indian Retail Broking industry,
with a pan India presence,
servicing a customer base
exceeding half a million

Our Future Growth Drivers

Retail
Broking

Institutional
Broking

Alternative
Asset
Management

Our Strong Business Model

All-India Presence and Extensive Client Base

Cross Selling Opportunities

Technology as Key Business Driver

Unique Sales Model

Expanding Online Presence

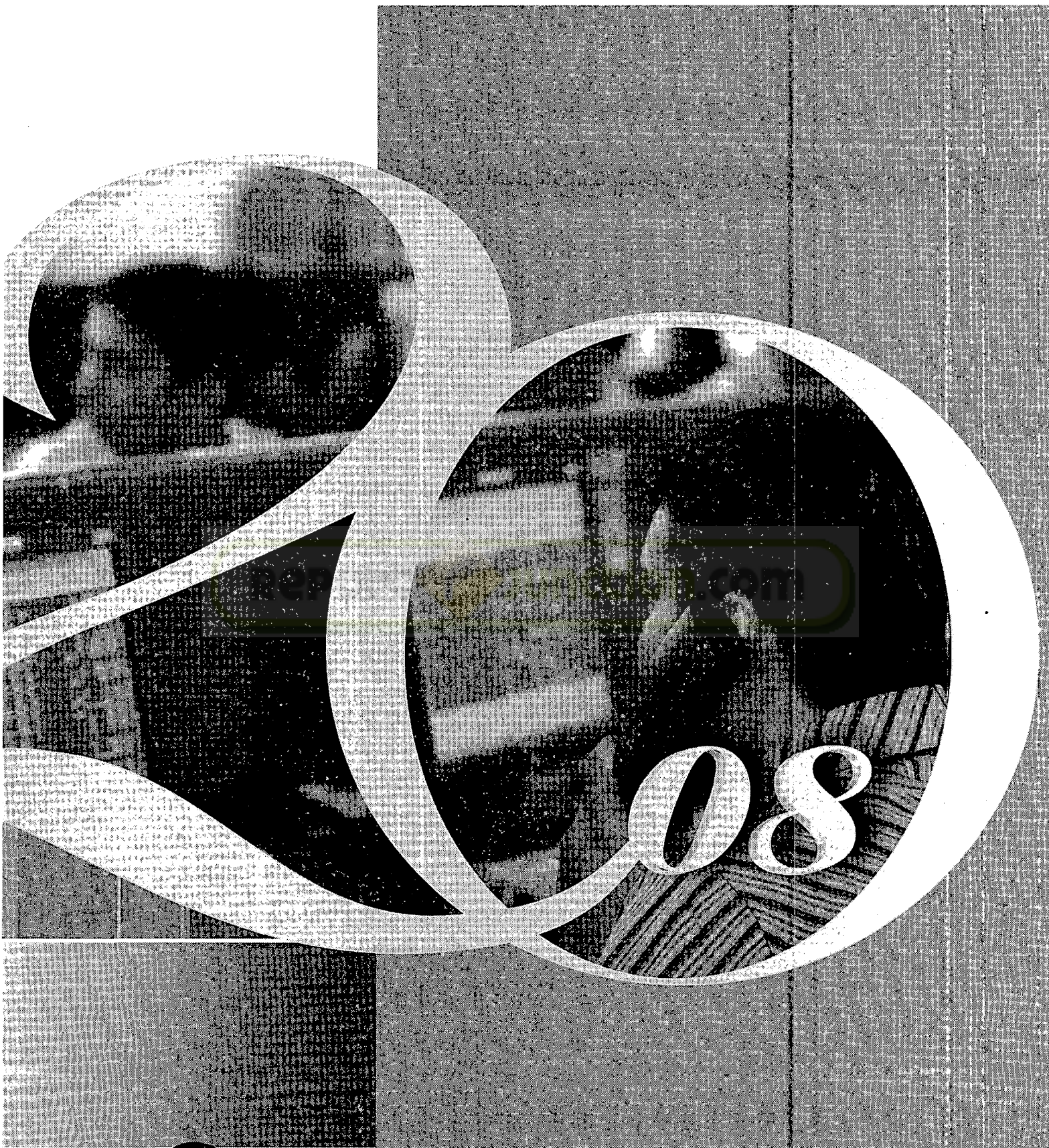
Robust Risk Management Systems

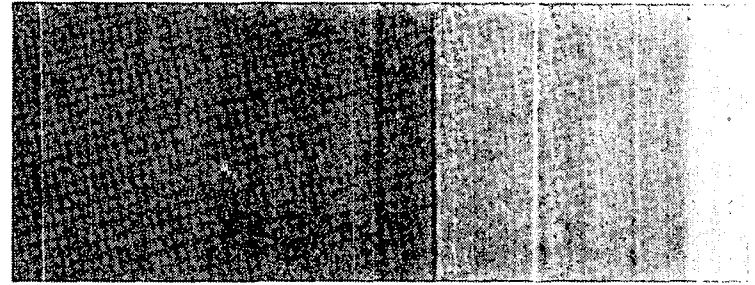
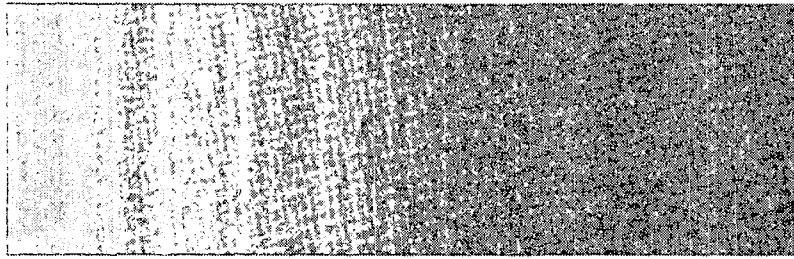
Strong Financial Performance

Wealth
Management

Portfolio
Management

Investment
Banking





Delivering superior shareholder value through focus, creativity and growth is our motto. With the de-merger of Indiabulls Securities Limited, we have created the market leader in retail broking. With a strong growth path ahead, we are also spreading our wings in the institutional broking space.

A predominant position in the marketplace and now an independent entity, our securities business has indeed come a long way since modest beginnings eight years ago. However, we can not rest on these laurels. We're already charting our growth path ahead. Within the brokerage space itself, in order to establish ourselves across the entire spectrum, we're now venturing into merchant banking, Private Equity and Alternative Asset Management. With these new ventures, we are primed to emerge as an integrated investment banking service provider. Consequently, we aim to deliver more depth in stakeholder wealth.

High Growth and Efficiency

The end of the fiscal 2007-08 leaves me satisfied with ISL's performance. We've proved our mettle in the very first year of our independent operations, following our de-merger from IBFSL. During the year under review, our revenues increased by 40.76% to Rs.628.7 crore from Rs.446.6 crore in the previous fiscal. Technology is the key differentiator that has allowed us to maintain operating efficiency while delivering superior customer service. Here, I'd like to reiterate a known fact - 'Differentiation is the key to success.' Well, at ISL, differentiation is imbibed in our DNA. Today, reduced costs and increased efficiency, an outcome of superior technological expertise, have contributed to our success. In fact, we've emerged as pioneers in establishing one of the first internet trading platforms in India. Technology has indeed empowered us to operate under healthy margins and ensure a high quality interface with our customers.

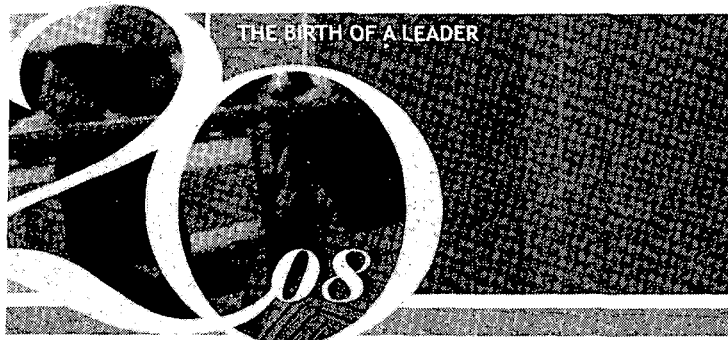
I'm pleased to announce a dividend of Rs. 7.5 to our shareholders. It gives me great confidence that these figures have been achieved against a tough market backdrop.

The Future is Ours

The power of the reach and strength of your Company's distribution channel resonates in its business strategy. As a result, we enjoy a coveted position as a brokerage house with one of the largest consumer network and reach in the retail business. Going forward, we shall continue to add more geographies, and newer customers, to our sphere of operation..

Our superior talent pool has always steered your Company towards its objectives. We continue to provide an environment that facilitates their growth and enables them to deliver to the fullest of their potential. With a best-in-class intellectual capital by our side, we're confident that the future is truly ours!

I'd like to express my gratitude to our shareholders, our customers, our bankers and our employees for their support and encouragement in making our success a reality.



Management Discussion and Analysis

Economic Review

The fiscal 2007-2008 had begun on a high note with the economy expected to perform better than how it had performed during the fiscal 2006-2007. However the scenario which gradually unfolded itself over the year presented a different picture.

On the international front the global economy witnessed one of the worst periods with the sub prime crisis staring it in the face accompanied simultaneously by a record depreciation in the price of American Dollar. This had a huge impact on the economies of a majority of countries the world over, sending the financial markets into a tail spin.

With the growing integration of the Indian economy with the global economy, the rumblings could be felt in the country as well with the financial markets experiencing unusual swings and high volatility in the foreign exchange flows.

Another major impact was a serious decline in the growth of the export sector in the country though the imports were at the same time thriving due to the

rupee reaching an all time high against the Dollar. This resulted in a trade imbalance which the country was not prepared for.

On the domestic front the country witnessed a sharp increase in inflation emanating from supply side pressures, such as one off increase in domestic petrol and diesel prices to partially offset the global crude oil price increase, continuous hardening of prices of petroleum products that are not administered, rising of the prices of wheat and oilseeds and the adjustment in steel prices due to a surge in the international prices.

All of this manifested itself in the slowdown in industrial growth and fall in consumer demand for various products.

Alerted by the developments and not wanting the situation to develop into a crisis, the government and the RBI announced several corrective measures such as



'Reach and customer relationships have enabled us to deliver handsome profits, while occupying the leadership position in the retail broking space. With institutional broking and investment banking on the anvil, we shall broaden our canvass to deliver superior value to our shareholders'.

Divyesh Shah
CEO, Indiabulls Securities Ltd