

**DATED-16-09-2008**

***“There are 10 bagger in weak market” --- PETER LYNCH***

<b>CMP</b>	<b>Rs 201.35</b>
<b>FACE VALUE</b>	<b>Rs 2</b>
<b>52 WEEK HIGH/LOW</b>	<b>Rs 1029/Rs187</b>
<b>AVG VOL</b>	<b>2461867</b>
<b>PE RATIO</b>	<b>9</b>
<b>DIV %</b>	<b>425%</b>
<b>DIV YIELD</b>	<b>4%</b>

#### **COMPANY OVERVIEW:**

Indiabulls Financial Services Limited was incorporated on January 10, 2000 as M/s Orbis Infotech Private Limited at New Delhi under the Companies Act, 1956 with Registration No. 55 - 103183. The name of Company was changed to M/s. Indiabulls Financial Services Private Limited on March 16, 2001 due to change in the main objects of the Company from Infotech business to Investment & Financial Services business. It became a Public Limited Company on February 27, 2004 and the name of Company was changed to M/s. Indiabulls Financial Services Limited. The Company was promoted by three engineers from IIT Delhi, and has attracted more than Rs.700 million as investments from venture capital, private equity and institutional investors such as LNM India Internet Ventures Ltd., Transatlantic Corporation Ltd., Farallon Capital Partners, L.P., R R Capital Partners L.P., and Infinity Technology Trustee Pvt. Ltd. and has developed significant relationships with large commercial banks such as Citibank, HDFC Bank, Union Bank, ICICI Bank, ABN Amro Bank, Standard Chartered Bank, Lord Krishna Bank and IL&FS. The Company and its subsidiaries have facilities from the above mentioned banks and financial institutions aggregating to Rs. 1760 million. The Company headquarters are co-located in Mumbai and Delhi, allowing it to access the two most important regions for Indian financial markets, the Western region

including Mumbai, rest of Maharashtra and Gujarat; and the Northern region, including the National Capital Territory of Delhi, nearby cities, parts of Haryana, Uttar Pradesh and Punjab; and access the highly skilled and educated workforce in these cities. The Marketing and Sales efforts are headquartered out of Mumbai, with a regional headquarter in Delhi; and its back office, risk management, internal finances etc. are headquartered out of Delhi, allowing The Company to scale these processes efficiently for the nationwide network.

#### **MANAGEMENT TEAM:**

1. Sameer Gehlaut - Chairman & CEO
2. Shamsheer Singh - Nonexecutive Independent Director
3. Karan Singh - Non Executive Independent Director
4. Aishwarya Katoch - Non Executive Independent Director
5. Prem Prakash Mirdha - Non Executive Independent Director
6. Saurabh K Mittal - Promoter Non-Executive Director
7. Gagan Banga - Whole Time Director
8. Rajiv Rattan - Whole Time Director

#### **SPAN OF BUSINESS ACTIVITY:**

1. Offers securities
2. Consumer finance
3. Mortgages
4. real estate
5. Internet Trading
6. Equity Analysis

## INDUSTRY OVERVIEW:

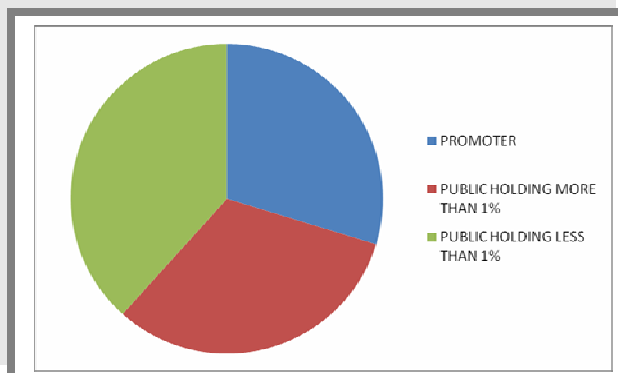
Financial market is in turmoil. Failing of big investment banks are shaking the foundation of the world financial system. Panic stricken investors are offloading shares of companies related to finance activity. Even the good companies stocks are trading at one third of their pick. As broking business is directly related to the economic activity, the business of the brokerage firm has taken a big hit. Their total income is come down by almost 40 to 50%. Most of the brokerage firm has started laying off, seeing low business activity. In this situation profit from arbitrage has also taken a hit. As it is very difficult to find any arbitrage opportunity. Volumes in the market have come down.

Nothing is right for these broking firms but still we maintain that one should utilize this, to accumulate good company stock. Because we are optimistic that when we come out of this situation prices will catch up with fundamental very fast.

## SHAREHOLDING PATTERN:

	NO. OF SHARES	% OF TOTAL
<b>PROMOTER</b>		
1.SAMEER GEHLAUT	37601278	14.81%
2.RAJIV RATTAN	18780253	7.41%
3.SAURAB MITTAL	18987083	7.49%
TOTAL	75368614	29.74%
<b>PUBLIC HOLDING MORE THAN 1%</b>		
1.OBERON LTD.	11500000	4.54%
2. FARLLON CAPITAL PARTNER	9937500	3.92%
3.CLSA MAURITIUS LTD.	7979243	3.15%
4.LNM INDIA INTERNET VENTURE	7451479	2.94%
5.MERILL LYNCH CAPITAL MARKET	7267873	2.84%
6.FARALLON CAPITAL INDUSTRIAL PARTNER	6750000	2.66%
7.CITIGROUP GLOBAL MARKET MAURITIUS	5747759	2.27%
8.OROENT GLOBAL	5172934	2.04%
9.QUANTUM M LTD.	5060510	2.00%
10.SMALL CAP WORLD FUND INC	4285135	1.69%
11.DEUTSHE SECURITIES MAURITIUS LTD.	4179694	1.65%
12.DIRECT INVEST LTD.	3039008	1.2%
13.GOLDMAN SACH INVESTMENT MAURITIUS	2537286	1.00%
TOTAL	80908421	31.94%
<b>PUBLIC HOLDING LESS THAN 1%</b>		
	97149954	38.33%
<b>GRAND TOTAL</b>	<b>253426989</b>	<b>100%</b>

**Chart**

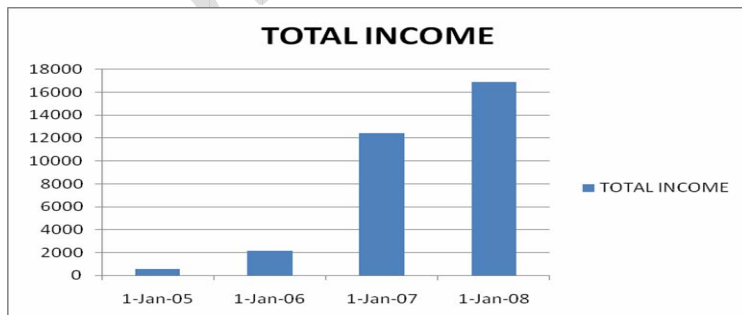


**FINANCIAL:**

	31-Mar-08	31-Mar-07	31-Mar-06	31-Mar-05
<b>TOTAL INCOME</b>	16887.7	12444.1	2115.6	523.4
<b>EXPENDITURE</b>	-4583.1	-4956.9	-382.6	-43.4
<b>PBDIT</b>	12304.6	7487.2	1733	480
<b>DEPRECIATION</b>	-71.6	-176.9	-3	-0.1
<b>PBIT</b>	12233	7310.3	1730	479.9
<b>INTEREST</b>	-3922.6	-679.7	-639.7	-98.9
<b>PBT</b>	8310.7	6630.6	1090.3	381
<b>TAX</b>	2504	-2196.6	-347.9	-145
<b>PAT</b>	5806.7	4434	742.4	236

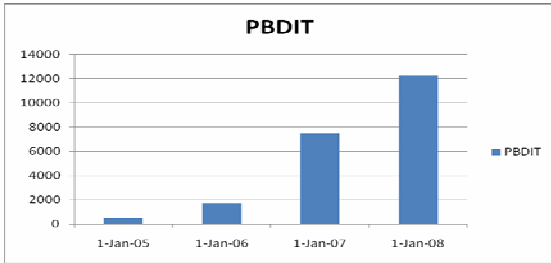
**GROWTH IN INCOME**

**CAGR IN INCOME FOR LAST FOUR YEARS IS 218.35%**



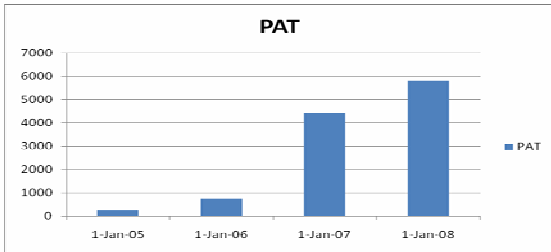
**GROWTH IN OPERATING PROFIT**

**CAGR IN PBDIT IN LAST 4 YEARS IS 194.85%**



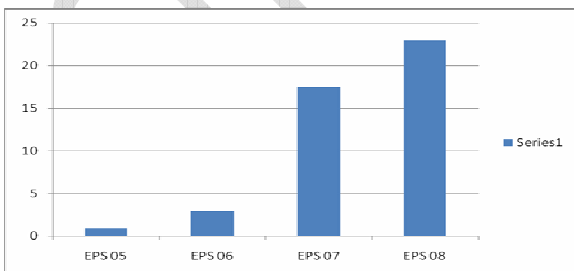
**GROWTH IN NET PROFIT**

**CAGR IN NET PROFIT FOR LAST 4 YEARS IS 190.85%.**



**GROWTH IN EPS**

**CAGR IN EPS FOR LAST 4 YEARS IS 190%**



**VALUATION:** Indiabulls financial is trading at PE multiple of just 8.7, given its growth rate in earnings and total income, company provides good opportunity. Industry average of PE is somewhere around 12. There is scope for capital appreciation in the stock, as the fundamentals of the company are very sound.

**CONCERN:** Downturn in economic activity is an area of concern, this could hit companies' profitability as broking activity is directly related to the pace with which economic activity is taking place.

**CONCLUSION:** Company is leader in the industry. We feel the price of company is undervalued. It is a panicky situation, as everyone is selling shares of broking and financial company, this makes it the right time to enter the counter. Every fall in the price of the stock should be seen as an opportunity to buy. We are very confident, it will give good return in medium to long term investment horizon.

**HAPPY INVESTING.**

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