

# Indiabulls

Indiabulls Financial Services Limited

ANNUAL REPORT  
2010-11

Indiabulls Financial  
Services Limited



GIVING HOMES TO YOUR DREAMS

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## Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even in accurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove in accurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publically update any forward looking statements, whether as a result of new information, future events or otherwise.

## Board of Directors

1. Mr. Sameer Gehlaut
2. Mr. Rajiv Rattan
3. Mr. Saurabh K Mittal
4. Mr. Gagan Banga
5. Mr. Aishwarya Katoch
6. Mr. Shamsher Singh Ahlawat
7. Mr. Karan Singh
8. Mr. Prem Prakash Mirdha

## Statutory Auditor

Deloitte Haskins & Sells  
Chartered Accountants  
12, Dr. Annie Besant Road,  
Opp. Shiv Sagar Estate,  
Worli, Mumbai-400 018

## Rating Agencies

- CRISIL (A Standard & Poor's Company)
- ICRA (An Associate of Moody's Investor Service)
- CARE

## Registered Office

F-60, Malhotra Building,  
2nd Floor, Connaught Place,  
New Delhi-110 001, India  
Website: <http://financial.indiabulls.com>

## Corporate Offices

Indiabulls House, Indiabulls Finance Centre,  
Senapati Bapat Marg, Elphinstone Road,  
Mumbai-400 013

"Indiabulls House", 448-451,  
Udyog Vihar, Phase-V,  
Gurgaon-122 001

## Company Secretary

Mr. Amit Jain

## Registrar & Transfer Agent

Karvy Computershare Private Limited  
Plot No. 17 to 24,  
Vittal Rao Nagar,  
Madhyapur, Hyderabad-500 081

## Internal Auditor

N.D. Kapur & Co.  
Chartered Accountants  
2-A, Shankar Market,  
Connaught Place,  
New Delhi-110 001

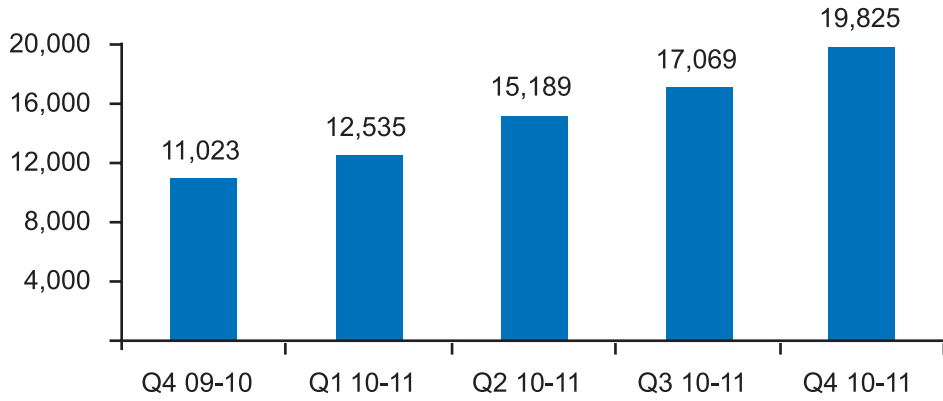
Allahabad Bank  
Axis Bank Limited  
Axis Mutual Fund  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Barclays Bank  
Birla Mutual Fund  
Central Bank of India  
Corporation Bank  
DBS Bank Limited  
Dena Bank  
Deutsche Bank  
HDFC Bank Limited  
ICICI Bank Limited  
ICICI Prudential Mutual Fund  
IDBI Bank Limited  
IDFC Mutual Fund  
Indian Bank  
Indian Overseas Bank  
Karnataka Bank  
Kotak Mahindra Bank Limited  
Kotak Mutual Fund  
LIC Nomura Mutual Fund  
Oriental Bank of Commerce  
Peerless Mutual Fund  
Punjab & Sind Bank  
Punjab National Bank  
Reliance Mutual Fund  
Religare Mutual Fund  
SBI Mutual Fund  
SIDBI  
State Bank of Bikaner & Jaipur  
State Bank of India  
Syndicate Bank  
Taurus Mutual Fund  
The Nainital Bank Limited  
UCO Bank  
Union Bank of India  
United Bank of India  
United India Insurance Company Ltd.  
UTI Mutual Fund  
Vijaya Bank  
Yes Bank

# Financial Highlights

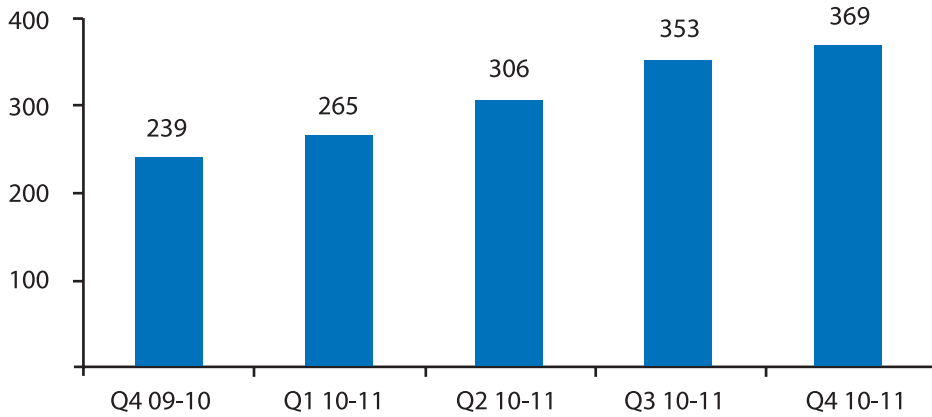
## Asset Growth

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Assets Under Management (AUM) in Rs. Cr.

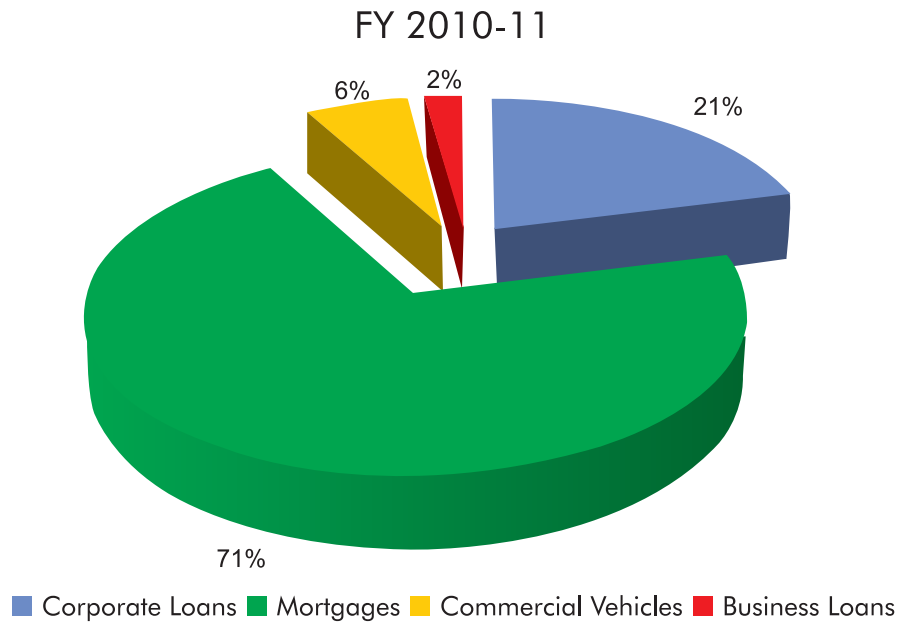


NII (Rs. Cr.)



## Asset Composition

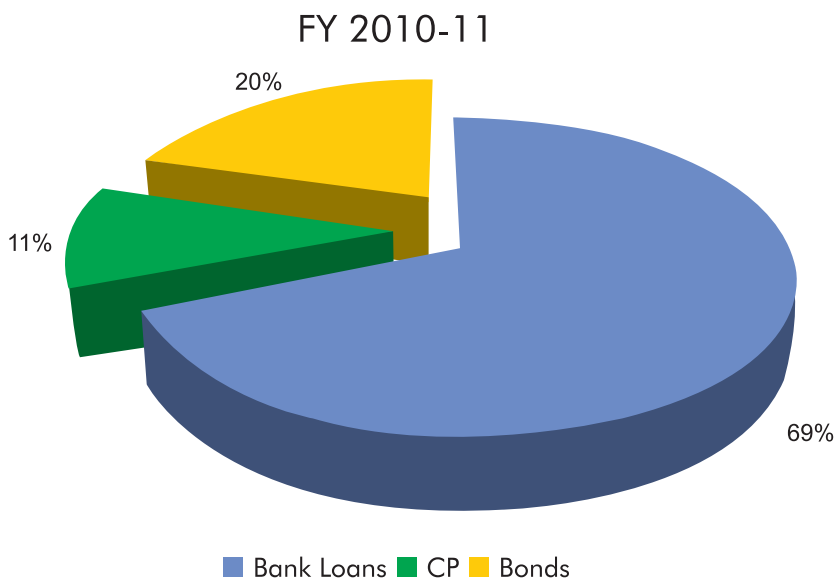
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*Low-risk Mortgage Loans constitute 71% of the AUM*

## Improving Liability Profile

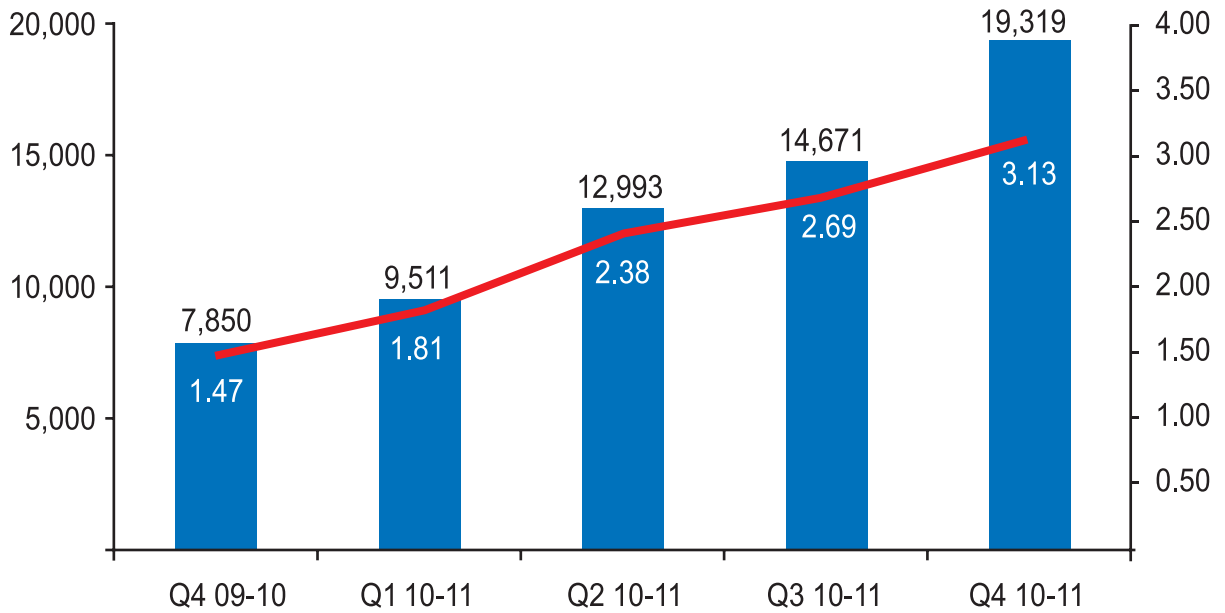
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*The company has raised long-term bonds and bank loans to match the increasing share of long-term assets*

# Financial Highlights

## Headroom for Growth



Figures in Rs. Cr.

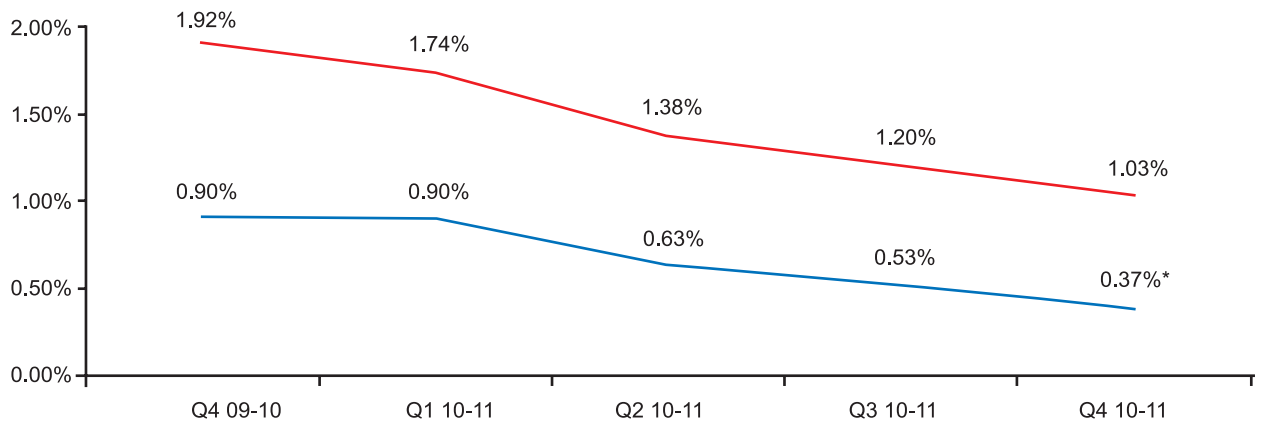
■ Borrowings ■ Net Gearing\*

*\*Net Gearing: Borrowings Net of 'Cash & Cash Equivalents' and 'Investments in Liquid Schemes of Mutual Funds'*

Net Gearing of 3.13  
Capital Adequacy of 20.09% as of March 31, 2011

## Stable Asset Quality

### NPA Levels



\* Without deducting 'Floating Provision' and RBI prescribed 'Standard Asset Provision' from Gross NPA

# Chairman's Speech



## Dear Shareholders and friends,

In my last two years' annual report speeches, I had promised to accelerate your company's growth trajectory, partaking of the nation's burgeoning economy as well as contributing to its growth momentum. These last three years, while we were trying to deal with the aftermath of the 2008 meltdown, we had also simultaneously embarked on a major transformation of our business and took some hard decisions on the way. Today, I am here before you to redeem those promises as I announce a record performance by the company on all the business parameters for the year ended March 2011 – an Assets Under Management of Rs. 19,825 crore, Revenues of Rs. 2,510 crore, Profit After Tax of Rs. 751 crore. In keeping with our philosophy of rewarding our shareholders, your Board of Directors has recommended a very handsome dividend payout of Rs. 10/- per share for the full year, including Rs. 5/- per share interim dividend already paid. In the coming year, we'll redouble our efforts to take your company to the next level not only in terms of size & scale, but also in terms of profitability and sustainability.

## Sharpening Our Focus

Sustainability comes with a long term vision and focus. We had envisioned a lucrative future for the company premised on three tenets inherent to our growth strategy:

**"Secure",  
"Scalable" &  
"Sustainable growth"**

The above three key elements continued to define our growth strategy. The year gone by represents a continuum in our quest for the last three years to morph into a successful mortgage lender. As promised in my last speeches, we have transformed our loan book into almost 100% secured lending, with 71% of it comprised of mortgage loans. Our continued focus on low risk mortgage loans, diversified & long duration liability base, reduction in cost-income ratio and lower delinquency levels has helped company post higher revenues and profits in FY 2010-11. This is a welcome indication of our magnitude in terms of growth and sustenance in this highly competitive market. Over the last couple of years, we have steadily grown our Home Loan portfolio by offering loans at competitive rates to borrowers with good credit profile. We have been able to carve a distinct niche in this segment not only by lending at rates comparable with the best in the industry, but also through our expeditious disbursal process, thereby contributing our bit to the socially desirable goal of home ownership.

## Ahead of the curve

Thanks to our prudent approach and thrust on mortgage based lending, IBFSL could not only come out of the preceding few years' economic turmoil unscathed, but reaped rich dividend when the economy started showing signs of revival during the last year. Call it our farsightedness or nimble footedness; we had adopted a cautious lending approach when others were jumping the sub-prime wagon, and accordingly shifted our focus to relatively safer, stable and sustainable business model. A tribute to these visionary steps came in the form of our enhanced long term debt rating of AA+, making us one of the very few NBFCs in the country to enjoy this rating. The rating is a testament to your company's strong business growth with its safer asset class of mortgage loans, improvement in maturity profile of its liabilities and improvement in its profitability. The robust financials of the company as reflected in the rating upgrade, together with our single minded focus to pursue opportunities helped fuel our growth.



## **Robust Outlook**

Today, we are one of the best capitalized NBFCs (our CRAR stands upwards of 20% as against the prescribed 15%) with healthy ratings for both its long term (AA+) and short term (P1+) debt, comfortable liquidity and fund raising capabilities as demonstrated by the stupendous success of our bond offerings to the tune of over Rs. 3,000 crore in FY 2010-11. The Company has seen six quarters of continuous reduction in Gross and Net NPA levels as low-risk mortgage portfolio increases the asset base, while contributing very low incremental delinquencies. The Gross NPA stood at 1.03% and Net NPA stood at 0.37%. Total provisions were 4.19 times the regulatory requirement. On the back of a strong and steady demand for Home Loans, the company has seen sustained growth in its Assets Under Management during the year. Loan Assets have grown to Rs. 19,825 crore as of March 31, 2011. Long-term, Low-risk Mortgage Loans constitute 71% of the Asset Book.

## **Building Relationships Key to Improved Resource Profile**

Our ongoing efforts to broaden and deepen our banking relationships are borne out by the fact that despite being primarily reliant on the wholesale liabilities, your company has a well diversified resource base. Amongst its lenders, the company now counts 54 strong relationships: 21 PSU banks, 11 private and foreign banks, and 22 mutual funds, provident funds, pension funds and insurance companies. These include almost all the marquee lenders in their respective domains, resulting in stable and long term sources of funding. Funding cost has been brought under control while the maturity profile of our borrowings has been elongated so as to manage our ALM in a much better way.

## **Yielding Dividends**

Growth means delivering strong returns for our shareholders: IBFSL's audited report for the year 2010-11 depicts an excellent performance: The Consolidated Total Revenues stood at Rs. 2510 crore, while the Profit After Tax was at Rs. 751 crore, as on March 31, 2011 as compared to March 31, 2010.

The Directors have recommended final dividend of Rs. 5/- (250%) per share of face value of Rs. 2/- Proposed total dividend for FY 2010-11 (including interim dividend of Rs. 5/- already paid) is Rs. 10/- (500%) per share of face value of Rs. 2/-. EPS is Rs. 23.86 up by 140% from Rs. 9.94 for FY 2009-10. Return on Equity (ROE) has grown to 17%. Growth in Low Risk Mortgage Loans, Diversified and Long Duration Liabilities, Decreasing Cost-Income Ratio (down to about 20%) and falling delinquency levels have boosted the company's revenues and profits in the year 2010-11. Improvement in our internal systems and controls has also resulted in reduced operating costs for the last three successive years, and we hope to continue this trend.

## **New Business Initiative**

Indiabulls Mutual Fund, sponsored by your company has got final approval from Securities & Exchange Board of India to launch its mutual fund business. The company plans to hit the market with its maiden offering in both equity and fixed income segment in a couple of months. It is at an advanced stage of operational preparedness with almost the entire research and operations team in place, and is currently working on the initial product profile. IBFSL together with other group companies has a strong country wide presence in its lending business. It considers mutual funds business a natural extension of its existing financial services business. Given the opportunity Indian markets offer, Indiabulls Mutual Fund would be retail focused, targeting India's growing investor base.

Lastly, I take this opportunity to warmly thank all our shareholders, customers, employees, bankers, and regulators for reposing their faith in us and motivating us to excel in all facets of our business.

Thank you!

## **Sameer Gehlaut**

Founder & Chairman

# Management Discussion and Analysis



## Management Discussion and Analysis (IBFSL)

For the purpose of the Management Discussion and Analysis, Indiabulls Financial Services Limited (IBFSL) is defined as the consolidated entity consisting of the standalone parent; the wholly-owned subsidiary Indiabulls Housing Finance Limited (IHFL) and other subsidiaries. The terms 'the company' and 'Indiabulls' also refer to the consolidated entity. HFC and NBFC refers to Housing Finance Company and Non Banking Finance Company respectively

### Economic Scenario

On a global level, economic growth during FY 2011 outpaced expectations. This raises hopes for a sustained albeit slow recovery during FY 2012. The Indian economy continued to outperform most emerging markets during 2010-11 retaining its position as the second fastest growing economy, after China, amongst the G-20 countries.

Indian GDP growth during 2010-11 reverted to the high growth trajectory after a moderation in the preceding two years due to a slowdown in the global economy. Overall growth indicators are mixed; while prospects for agriculture appear encouraging, industrial growth, however, moderated in the second half.

As inflation stayed above the indicated projections during 2010-11, monetary policy was continually tightened through the year. Interest rates firmed up responding to monetary policy signals. Banks progressively passed on the increased costs in the form of higher lending rates.

With a recovering economy Indiabulls witnessed a strong demand for its loan products especially Home Loans. With a diversified and stable resource profile the company was able to proactively manage its cost of funds and was able to offer Home Loans to its core target base of salaried customers at competitive rates.

## Industry overview

The HFC and NBFC sectors are emerging as strong financial intermediaries in the retail lending space. With high branch penetration, product and process innovation and continued focus on core business, the sector continues to grow steadily. The sectors have also been early adopters of technology to effectively and efficiently deliver loan products. The HFC and NBFC sectors are today the mainstay of the financial services landscape and in many cases provide last-mile delivery of credit. Increasing regulatory coverage of the HFC and NBFC sectors has resulted in greater transparency and has strengthened the sector, enhancing stakeholder confidence.

## Business Review

Indiabulls Financial Services Limited (IBFSL) is one of India's largest lending operations with total consolidated loan assets on a managed basis of Rs. 198,249 million as at March 31, 2011. Indiabulls lending business, is primarily focused on mortgage loans with specific emphasis on Home Loans to the salaried segment, through its HFC wholly owned subsidiary IHFL. The company also provides other loans like Loan Against Properties, Commercial Vehicle Loans, Secured loans to SMEs and Corporate Loans. Indiabulls has a presence in 160 locations in India, spread across 18 states and union territories. Over the past several years, Indiabulls has expanded its branch network, focusing on geographical areas that are of greater relevance to the products it offers.

The company generates its revenues through the following activities:-

**Financing activities:** Indiabulls is primarily a mortgage loan provider with focus on Home Loans to the salaried segment through IHFL. The company also provides other loans like Loans Against Properties, Commercial Vehicle Loans, Secured loans to SMEs and Corporate Loans. The customers repay the loans through regular payment which also include interest on the loan amount outstanding. The financing activity generates revenues from these interest payments made by our borrowers.

**Fee-based activities:** Such activities involve selling life insurance policies, pension plans and other financial products by Indiabulls in its capacity as corporate agent for insurance companies such as Max New York Life (life insurance) and ICICI Lombard (non-life insurance). Fee based activities generate revenues from fees and commissions paid on each such policy or product sold by Indiabulls. Processing fees are also charged as a percentage of the disbursed amount.

Indiabulls recorded a total income of Rs.25,099.56 million for the fiscal year ended March 31, 2011 vs Rs. 16,350.40 million for the prior fiscal year.

The profit after tax of the Company increased to Rs.7,509.23 million for the fiscal year March 31, 2011 as against Rs. 3,074.76 million for the prior fiscal year.

### Business Strengths

The Company believes that its success in becoming one of India's leading financial services companies has been driven by the following:

#### Stable and Long-term Liability Mix

The company has seen a continuing improvement in its liability profile and this has been a major area of success for the company in FY 2010-11. As of March 31, 2011, 69% of the company's borrowings come from bank term loans. During the year, the company for the first time raised 5-yr and 10-yr term loans from the banks. A further 20% of the borrowings are in the form of Bonds. Dependence on short-term debt has substantially reduced and now constitutes only 11% of the total borrowings.

#### An Asset Base of High-Quality Secured Assets

With strong focus on mortgage loans, the company has been able to build a book of long-term, low-risk secured assets. As a consequence the company has witnessed a steady growth in its asset base clocking a 3-year CAGR of 24%. The NPAs have also continuously declined with Gross NPA at 1.03% and Net NPA at 0.37% as of March 31, 2011.

#### Improved Credit Rating

During the financial year, the company's credit rating was upgraded to AA+ by CARE. The revision in rating factored in strong business growth of the company with focus on the relatively safer asset class of mortgage loans, improvement in maturity profile of its liabilities with lower dependence on short term borrowings and improvement in profitability.

#### Experienced Senior Management Team

Indiabulls management team has a very successful track record and many years of experience in the Financial Services domain. The team, many of whose members have been with the company for over 5 years, have several years of lending experience with some of the country's largest banks and financial institutions. The senior management team started most of the company's core functions and have steered them through the challenges the company has faced over the years. Apart from their core roles, each of the senior management team members contribute to setting the overall direction of the company and keep the same in mind when running their individual teams.

The team has a continuous and strong focus on improving the risk profile of the Company. The management promotes a results-oriented culture that rewards employees on the basis of merit.

### Focused Distribution Network

The financial year 2010-11, saw the company tailoring its branch network to be in closer alignment with its business strategy. In keeping with the focus on Home Loans, the company opened many well-appointed, accessible branches with an aim to nurture long-term customer relationships. Indiabulls today has a presence in 160 locations in India, spread across 18 states and union territories.

### Strong Brand Recognition

IBFSL is one of India's leading companies and has strong brand recognition within India, which helps attract new, potential clients. The Company has established a network of easily-accessible branches across 160 locations throughout India, and the wide presence of these branches further enhances its brand recognition with prospective clients.

### Business Strategy

Indiabulls lending business aims to continue to grow as a leading Home Loans provider and build a stable, secure and sustainable business that is focused on maximizing growth opportunities within the financial services industry. It is our intention to adopt a cautious approach while maintaining high growth rates and profitability in all our business segments. The company focuses on operational excellence, prudent credit policies, adequate fraud control, and a rigorous collection mechanism.

### Indiabulls is one of India's Leading Home Loan Providers

A growing populating and a rapidly expanding economy have led to a sustained demand for home ownership. This demand is further driven by changes in demographic profile including increase in the rate of household formation due to structural shift from joint family system to nuclear family, rapid urbanization and rise in disposable income levels due to decrease in marginal tax rates and increase in total income levels of the Indian middle class.

IBFSL's dependence on diversified and long term liabilities and reduced cost of funding makes it competitive on offering home loans to customers.

Within the Home Loans segment, the company is particularly focused on offering loans at competitive rates to the salaried segment, especially loan amounts of up to Rs. 25 Lacs.

With the objective of growing the home loan business, we have in place a direct selling team of more than 1,600 people. We are leveraging IBFSL's existing extensive branch network & opening new locations strategically so that we are closer to our customers.

Indiabulls has been one of the most widely recognized success stories of Indian economy in the past decade.

Expanding our home loans business successfully and profitably not only helps in meeting the genuine demand from millions of aspiring home owners but also allows us to positively contribute to the Indian growth story.

### **Continue to Grow our Client Base and Maintain a High-quality Loan Portfolio**

The Company is focused on long term low risk secured lending, such as mortgage-backed loans and commercial vehicle financing. As the Company continues to grow its client base, it shall maintain its focus on secured lending to lower risk segments in order to maintain a high-quality loan portfolio and minimize client delinquencies and defaults.

### **Continue to Pursue a Stable Liability Mix**

Because IBFSL is a non-deposit taking NBFC, it relies on short, mid and long-term funding from banks, NBFCs and bonds and Commercial Paper market. The company has sufficient funds to meet the short-term funding needs. The Company continues to identify various alternative sources of funding to maintain a low cost of funds.

### **Maintain Strict Risk Management Policies for our Loan Portfolio**

The Company is focussed on building a large loan portfolio with minimum delinquency risk. Therefore, it will continue to maintain strict risk management standards to reduce delinquency risks and promote a robust recovery process.

### **Perceived Business Risks**

The Company's business activities expose it to a variety of risks including liquidity risk and interest rate risk. Identification and management of these risks are essential to its success and financial soundness.

### **Real Estate Industry**

With a high economic growth rate, increasing urbanization, growing demand for commercial and residential spaces; the real estate industry witnesses a continually changing landscape, is a politically sensitive subject and draws a lot of regulatory attention. The sector is particularly sensitive to interest rate movements, credit availability and land acquisition, building & construction norms. While the supply side is characterized by long-gestation periods and exposed to execution and financing risks, the demand side is sharply affected by prevailing interest rates and buyers' expectation of price movements. The company's disbursements are directly linked to credit off-take that funds new real estate purchases and as such is exposed to the factors laid out above.

### **Human Resources**

IBFSL firmly believes that its employees are key to driving performance and developing competitive advantage.

The emphasis has been on proper recruitment of talent and empowerment while devoting resources for their continuous development.

The company's approach is to unlock the people potential while continuously developing their functional, operational and behavioral competencies. The company aims to build a team of dedicated employees who work with passion, zeal and a sense of belongingness and play a defining role in significantly accelerating the growth and transformation of the Company.

It is in continuation of this process that the Company has in place Employee Stock Option Schemes which aims at rewarding and nurturing talent so that the Company gets to retain the best talent in the industry

### **Internal Control Systems**

The Company has adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the existing control system in view of changing business needs from time to time.

### **New Business Initiative**

Indiabulls Mutual Fund, sponsored by IBFSL, has got final approval from Securities & Exchange Board of India to launch its mutual fund business. The company plans to hit the market with its maiden offering in both equity and fixed income segment in a couple of months. It is at an advanced stage of operational preparedness with almost the entire research and operations team in place, and is currently working on the initial product profile. IBFSL together with other group companies has a strong country wide presence in its lending business. It considers mutual funds business a natural extension of its existing financial services business. Given the opportunity Indian markets offer, Indiabulls Mutual Fund would be retail focused, targeting India's growing investor base.

### **Cautionary Statement**

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

The Company is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

# Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 12th Annual Report together with the audited statement of accounts of the Company for the financial year ended March 31, 2011.

## FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2011.

Amount (Rs.)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit before Depreciation	8,002,196,292	4,016,193,840
Less: Depreciation / Amortisation	93,452,717	73,708,770
Profit before Tax	7,908,743,575	3,942,485,070
Less: Provision for Tax	1,821,833,936	1,300,882,293
Profit after Tax	6,086,909,639	2,641,602,777
Add brought forward balance	1,183,418,805	1,234,774,798
Amount available for appropriation	7,270,328,444	3,876,377,575
<b>Appropriation</b>		
Dividend paid on preference Shares	-	78,217,802
Proposed Final Dividend on Equity Shares	1,555,132,650	1,549,472,605
Interim Dividend paid on Equity Shares	1,552,642,450	-
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment	408,290	1,806,605
<b>Corporate Dividend Tax on:</b>		
- Dividend paid on Preference Shares	-	13,293,116
- Proposed Final dividend on Equity Shares	252,281,394	257,348,031
- Interim Dividend on Equity Shares	257,874,504	-
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment	66,235	300,055
Transfer to General Reserve	608,700,000	264,200,000
Transfer to Special Reserve (U/s 36(1)(viii) of Income Tax Act, 1961)	190,000,000	-
Transfer to Reserve Fund (U/s 451C of RBI Act, 1934)	1,217,381,928	528,320,556
Balance of Profit Carried Forward	1,635,840,993	1,183,418,805

## REVIEW OF OPERATIONS

- Return on Equity (ROE) has grown to 17%. The Company intends to grow the ROE to over 20% by achieving an overall business growth of 30%.
- 250% final dividend of Rs. 5/- per share of face value of Rs. 2/- has been proposed.
- Proposed total dividend for FY 2010-11 (including interim dividend of Rs. 5/-, already paid) is Rs. 10/- (500%) per share of face value of Rs. 2/-.
- Growth in Long-Term, Low-Risk Mortgage Loans, Diversified & Long-Duration Liabilities, Decreasing Cost-Income Ratio and Falling Delinquency Levels

have boosted the Company's revenues and profits in FY 2010-11.

## ASSET GROWTH

- On the back of a strong and steady demand for Home Loans, the Company has seen sustained growth in its Assets Under Management by an average of Rs. 2,200 Cr per quarter for the last 4 quarters.

## STRONG CUSTOMER SERVICE FOCUS

### Awards and Accolades

The Company has won the MCHI award for "Excellence in Customer Information & Responsiveness".



### Customer Service and Customer Convenience

The Company has launched a web portal for customers to access account details, download tax certificates, track changes in rates of interest, track their statement of accounts and make payments online.

### IMPROVING LIABILITY PROFILE

- The Company has been successful in diversifying its sources of funding and has raised long-term bonds and bank loans to match the increasing share of long-term assets.
- 69% of the borrowings come from long-term bank loans and the dependence on short-term money is only 11%, well within the target of a maximum of 15%.

### DIVERSIFIED BORROWING PROGRAMME

- During the course of the year, the Company has been successful in widely diversifying its funding sources. Amongst its lenders, the Company now counts 54 strong relationships: 21 PSU banks, 11 Private and Foreign banks and 22 other Mutual Funds, Provident Funds, Pension Funds and Insurance Companies.

### HEADROOM FOR GROWTH

- With a Net Gearing of only 3.13, the Company is one of the better capitalized NBFCs and has the balance sheet strength to support an expanding loan book.
- Capital Adequacy of 20.09% as of March 31, 2011.

### IMPROVING COST-INCOME RATIO

- Continuing improvement in cost-income ratio due to increasing efficiency in operations and build-up of long-term assets

### STABLE ASSET QUALITY

- In Q4 of FY 2010-11, the Company has made a Floating Provision of Rs. 50 Cr to mitigate cyclicalities and to build a buffer that can be drawn down in adverse circumstances.
- In Q3 and Q4 of FY 2010-11, the Company has created Rs. 39.74 Cr of Standard Asset provisions as prescribed by RBI in its circular dated January 17, 2011.
- Six quarters of continuous reduction in Gross and Net NPA levels as low-risk mortgage portfolio increases the asset base, while contributing very low incremental delinquencies.
- Total provisions are 4.19 times the regulatory requirement.

### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

- Indiabulls Foundation plans to set up a hospital for the poor, for treatment of life threatening diseases. The foundation also aims to work at a district level on transformation projects specifically in the areas of education and healthcare infrastructure.
- The Company will actively support Indiabulls Foundation. In FY 2010-11, the Company has contributed Rs. 8.8 Cr to Indiabulls Foundation.
- Other CSR Initiatives: the Company has partnered with Novartis to launch a "Drug Access Programme" for Cancer Patients. Indiabulls lends its expertise by assessing the financial status of the patients to approve access to Free Drugs under the programme.

### DIVIDEND

In keeping with the Company's policy to reward its shareholders, the Board of Directors of the Company has recommended a final dividend of 250% i.e. Rs. 5/- per share on the face value of Rs. 2/- per share, for the financial year 2010-2011, which if approved at the ensuing Annual General Meeting, would be paid to those members whose names appear in the Company's Register of Members as on the book closure date, appearing in the notice convening the Annual General Meeting which forms a part of the Annual Report and to all those members whose names appear as beneficial owners in the records of the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, as on the said date. Interim dividend @ Rs. 5/- per share (250%) was declared on October 21, 2010 and paid for the said financial year. Thereby total dividend paid/recommended for the said financial year is Rs. 10/- per share (500%).

### EMPLOYEES STOCK OPTIONS

The disclosures required to be made in the Directors' Report in respect of the stock options granted under various employee stock option schemes i.e. (i) IBFSL-ICSL Employees Stock Option Plan -2006 (ii) IBFSL-ICSL Employees Stock Option Plan II-2006 and (iii) Employees Stock Option Plan – 2008 in force in the Company, in terms of the format prescribed under SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999, are set out in the Annexure forming a part of this report.

The Shareholders of the Company have approved the launch of a new ESOP Scheme titled as "IBFSL ESOP-2010". However, no option has yet been granted under this Scheme.

During the current financial year, the Company has allotted an aggregate 116,070 (One Lac Sixteen Thousand and Seventy) Equity shares of face value Rs. 2/- each under various stock option schemes on April 08, 2011 and May 03, 2011, as a result of which the equity capital of the Company stands increased from Rs. 621,984,236/- divided into 310,992,118 Equity shares of face value Rs. 2/- each to Rs. 622,216,376/- divided into 311,108,188 Equity shares of face value Rs. 2/- each.

### SIGNIFICANT DEVELOPMENT DURING THE YEAR

#### Issuance of Warrants convertible into Equity Shares of the Company

During the year under review, 27,500,000 warrants were issued, to the Qualified Institutional Buyers under Qualified Institutions Placement basis, at an issue price of Rs.5/- per warrant, with a right exercisable by the warrant holder to exchange each warrant with one equity share of the Company of face value Rs.2/- each, any time before the expiry of 60 months from the date of allotment of the warrants, at a Warrant Exercise Price of Rs.225/- per equity share. The Issue Price of Rs.5/- per warrant is neither adjustable with the Warrant Exercise Price, nor refundable by the Company. These warrants have been listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

#### Revision in Ratings

CARE has upgraded Company's rating to "CARE AA+" [Double A Plus] from its earlier assigned rating "CARE AA" [DOUBLE A] to its Long Term Debt Programme (including NCDs and Bank Borrowings).

CRISIL has upgraded our rating to "AA/Stable" (pronounced "Double A rating with stable outlook") from its earlier assigned rating "AA-/Positive" (pronounced "Double A minus rating with positive outlook") to the Company's Long Term Debt Programme (including NCDs and Bank Borrowings).

ICRA, an Associate of Moody's Investors Service, as assigned "LAA" (pronounced L Double A) Rating with a stable outlook to the Company's Non Convertible Debentures programme.

#### Grant of "Certificate of Registration" to "Indiabulls Mutual Fund"

Securities and Exchange Board of India ('SEBI') has granted its "Certificate of Registration" on March 24, 2011 to "Indiabulls Mutual Fund", sponsored by the Company. SEBI has also granted its approval to "Indiabulls Asset Management Company Limited", a 100% subsidiary of the Company to act as "Asset Management Company" to "Indiabulls Mutual Fund".

### PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

### SUBSIDIARIES

The statement pursuant to Section 212(1)(e) of the Companies Act, 1956 relating to subsidiary companies forms a part of the financial statements.

In terms of the circular no.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs for granting general permission for not attaching certain prescribed documents including annual accounts of the Subsidiaries to the Balance Sheet of the Holding Company, as required to be attached in terms of Section 212 of the Companies Act, 1956, and accordingly as approved by the Board of Directors in its meeting held on April 11, 2011, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries of the Company as of March 31, 2011 have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of the Company interested in obtaining the same. The annual accounts of the subsidiary companies are also kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned. However, in terms of the said circular, information desired to be disclosed in respect of the each of the subsidiary company, has been disclosed, in the notes to accounts of the Consolidated Balance Sheet forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries.

### DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 and the Article 129 of the Articles of Association of the Company, Mr. Saurabh K. Mittal (DIN: 01175382) and Mr. Shamsher Singh Ahlawat, (DIN: 00017480) retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Brief resume of the Directors seeking reappointment, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

### LISTING WITH STOCK EXCHANGES

The equity shares of the Company continue to remain listed with the Bombay Stock Exchange Limited (BSE) and

the National Stock Exchange of India Limited (NSE). The listing fees payable to both the exchanges for the financial year 2011-2012 have been paid. The Global Depository Receipts issued by the Company continue to be listed on the Luxembourg Stock Exchange.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

### CORPORATE GOVERNANCE REPORT

Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, a detailed report on Corporate Governance is included in the Annual Report. A Practicing Company Secretary's Certificate certifying the Company's compliance with the requirements of Corporate Governance stipulated under clause 49 of the Listing Agreement is attached with the Corporate Governance Report.

### AUDITORS & AUDITORS' REPORT

M/s Deloitte Haskins & Sells, Chartered Accountants, (Regn. No. 117366W) Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

### INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, is given in the Annexure and forms a part of this Report.

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, having

regard to the provisions of Section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any member who is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

### ACKNOWLEDGEMENT

Your Directors wish to express their gratitude for the continuous assistance and support received from the investors, clients, bankers, regulatory and government authorities, during the year. Your Directors also wish to place on record their deep sense of appreciation for the contributions made and committed services rendered by the employees of the Company at various levels, to the growth & success of the Company.

For and on behalf of the Board of Directors

Date : May 31, 2011  
Place : New Delhi

Sameer Gehlaut  
Chairman



# Annexure forming part of the Directors' Report

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo.

## A. CONSERVATION OF ENERGY

The Company uses energy for its equipment such as electric equipment, computers, lighting and utilities in the work premises. As an ongoing process the following measures are undertaken to conserve energy:

- Implementation of viable energy saving proposals.
- Installation of automatic power controllers to save maximum charges and energy.
- Training front end operational personnel on opportunities of energy conservation.
- Awareness and training sessions for maintenance personnel, conducted by experts.

## B. TECHNOLOGY ABSORPTION

The Company believes that technological obsolescence is a practical reality and therefore:

Constantly endeavors to carry out continuous research and innovations with the basic objective of providing maximum benefits to the clients and other end users by working proactively.

The basic idea is to carry out applied research in the areas that are closely related to realization of the business objectives of the Company and seek to encash available business opportunities.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

While there were no earnings in foreign exchange during the year under review, the foreign exchange outgo on account of various heads is depicted in the table given below:

### a. Expenditure in Foreign Currency

Particulars	Amount (Rs.)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Professional Expenses	32,921,412	-
GDRs listing / Issue related expense	690,615	778,200
Travelling Expense*	10,421,014	3,696,076
Interest	7,443,678	-

\*Out of the above an amount of Rs. Nil (Previous Year Rs. 2,411,550) has been adjusted against securities premium account as shares issue expenses for Qualified Institutional Placement of equity shares.

### b. Remittances during the year in foreign currency on account of dividends:

#### Final Dividend (Year End March 31, 2010)

Number of Shareholders: 3 (Previous Year 3)

Equity Shares held on which dividend is remitted: – 18,752,135 Equity Shares (Previous Year 32,958,351)

Amount Remitted- Rs. 93,760,675 (Previous Year Rs. 65,916,702 for Year end March 31, 2009)

#### Interim Dividend (Year End March 31, 2011)

Number of Shareholders: 3 (Previous Year Nil)

Equity Shares held on which dividend is remitted: – 12,828,020 Equity Shares (Previous Year Nil)

Amount Remitted- Rs. 64,140,100 (Previous Year Rs. Nil)

**Note:** The Company does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by non- resident shareholders.

### c. Remittances during the year in foreign currency on account of redemption of Preference Share Capital:

Amount Remitted- Rs. Nil (Previous Year Rs. 1,568,653,719)

**IBFSL – ICSL Employees Stock Option Plan - 2006 – As on March 31, 2011**

Particulars	
a. Options Granted	1,440,000
b. Exercise price	1,045,000 option at Rs. 41.67 per Option 395,000 options at Rs. 95.95 per Option
c. Options vested	642,798 options at Rs. 41.67 per Option 39,500 options at Rs. 95.95 per Option
d. Options exercised	399,778 options at Rs. 41.67 per Option 39,500 options at Rs. 95.95 per Option
e. The total number of Shares arising as a result of exercise of option	399,778 options at Rs. 41.67 per Option 39,500 options at Rs. 95.95 per Option
f. Options lapsed	152,776
g. Variation in terms of options	Not Applicable
h. Money realized by exercise of options	20,448,774.26
i. Total number of options in force	492,446 options at Rs. 41.67 per Option 355,500 options at Rs. 95.95 per Option
j. Employee wise details of options granted to;	
i. Senior Management personnel	Mr. Gagan Banga - 395,000
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 19.42
l. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Refer Note B-7 of schedule 18 - Notes to Accounts forming part of the Financial Statements.
m. Weighted – average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Rs. 56.56
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted – average information:	Refer Note B-7 of schedule 18 - Notes to Accounts forming part of the Financial Statements.
i. risk free interest rate	
ii. expected life	
iii. expected volatility	
iv. expected dividends, and	
v. the price of the underlying share in market at the time of option grant	

**IBFSL – ICSL Employees Stock Option Plan II - 2006 – As on March 31, 2011**

Particulars	
a. Options Granted	720,000
b. Exercise price	Rs. 100
c. Options vested	175,084 options at Rs.100 per Option 21,900 options at Rs. 100 per Option
d. Options exercised	66,971 options at Rs.100 per Option 21,900 options at Rs. 100 per Option
e. The total number of Shares arising as a result of exercise of option	66,971 options at Rs.100 per Option 21,900 options at Rs.100 per Option
f. Options lapsed	188,305
g. Variation in terms of options	Not applicable
h. Money realized by exercise of options	8,887,100
i. Total number of options in force	245,724 options at Rs. 100 per Option 197,100 options at Rs.100 per Option
j. Employee wise details of options granted to;	
i. Senior Management personnel	Mr. Gagan Banga – 299,160
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	

Annexure forming part of the Directors' Report (Contd.)

k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 19.42
l.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Refer Note B-7 of schedule 18 - Notes to Accounts forming part of the Financial Statements.
m.	Weighted – average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Rs. 100.00
n.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted – average information:	Refer Note B-7 of schedule 18 - Notes to Accounts forming part of the Financial Statements.
	i. risk free interest rate	
	ii. expected life	
	iii. expected volatility	
	iv. expected dividends, and	
	v. the price of the underlying share in market at the time of option grant	

**Employees Stock Option – 2008 – As on March 31, 2011**

Particulars		
a.	Options Granted	7,500,000
b.	Exercise price	6,702,250 options at Rs. 95.95 per option 367,350 options at Rs. 125.90 per option 230,400 options at Rs. 158.50 per option 200,000 options at Rs. 153.65 per option
c.	Options vested	1,643,217 options at Rs. 95.95 per option 14,310 options at Rs. 125.90 per option
d.	Options exercised	896,630 options at Rs. 95.95 per option
e.	The total number of Shares arising as a result of exercise of option	896,630 options at Rs. 95.95 per option
f.	Options lapsed	1,325,854
g.	Variation in terms of options	Not Applicable
h.	Money realized by exercise of options	86,031,648.50
i.	Total number of options in force	4,704,016 options at Rs. 95.95 per option 143,100 options at Rs. 125.90 per option 230,400 options at Rs. 158.50 per option 200,000 options at Rs. 153.65 per option
j.	Employee wise details of options granted to;	
	i. Senior Management personnel	Mr. Gagan Banga – 786,000
	ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	
	iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 19.42
l.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Refer Note B-7 of schedule 18 - Notes to Accounts forming part of the Financial Statements.
m.	Weighted – average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Rs. 100.88
n.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted – average information:	Refer Note B-7 of schedule 18 - Notes to Accounts forming part of the Financial Statements.
	i. risk free interest rate	
	ii. expected life	
	iii. expected volatility	
	iv. expected dividends, and	
	v. the price of the underlying share in market at the time of option grant	

# Report on Corporate Governance

## 1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sound Corporate Governance practices and responsible corporate behaviour contribute to long term performance of companies. Best practices on governance issues are an evolutionary and continuing process. There is no single template to define good governance. Broadly, however, good Corporate Governance practices should aim at striking a balance between interests of various stakeholders on the one hand and the duties and responsibilities of the Board and senior management in overseeing the affairs of the Company on the other.

The Corporate Governance policy in the Company encompasses the simple tenets of integrity, transparency and fairness in whatever the company does and what it basically aims at achieving is a complete adherence to the applicable statutes while at the same time ensuring a complete commitment to values and the highest ethical standards in every facet of its operations and in each of the functional areas. This in turn ensures that best in the class concept of Corporate Governance practices become a way of life in the Company.

In line with the nature and size of operations of the Company, the Corporate Governance framework in Indiabulls Financial Services Limited ("IBFSL" or "the Company") is based on the following main principles:

- Constitution of a Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities and duties.
- Transparency and independence in the functions of the Board.
- Ensuring timely flow of information to the Board

and its Committees to enable them to discharge their functions effectively.

- Independent verification and assured integrity of financial reporting.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders and protection of their rights and interests.
- A sound system of risk management and internal control.
- Compliance with applicable laws, rules and regulations in letter and spirit.

## 2. BOARD OF DIRECTORS (BOARD)

### (A) Composition and size of the Board

The Board of Directors in IBFSL has been constituted in a manner which ensures appropriate mix of Executive/Non-Executive and independent directors to ensure proper governance and management. The Board members have collective experience in diverse fields like finance, banking engineering and technology.

The Board consists of eight directors, two of whom including the Chairman and the CEO are Executive Directors. The remaining six directors are Non-Executive Directors, with four of such directors being Independent Directors. The Chairman being an Executive Director, the number of Independent Non-Executive Directors on the Board is 50% of the Board strength at any point of time. The details of Directors, number of directorships held by them in other companies as also the number of their memberships and chairmanships on various board Committees, as on March 31, 2011 are depicted in the table given below:

Sl. No.	Name of the Director	Category of Directorship	No. of Directorships in other Companies*	No. of Memberships/Chairmanships in Board Committees of various companies (including the Company)**	
				Member	Chairman
1.	Mr. Sameer Gehlaut	Executive Director	3	3	1
2.	Mr. Rajiv Rattan	Non-Executive Director	5	2	Nil
3.	Mr. Saurabh K Mittal	Non-Executive Director	2	3	Nil
4.	Mr. Gagan Banga	Executive Director	6	1	Nil
5.	Mr. Aishwarya Katoch	Non-Executive Independent Director	3	7	3
6.	Mr. Shamsher Singh Ahlawat	Non-Executive Independent Director	4	5	5
7.	Mr. Karan Singh	Non-Executive Independent Director	5	4	2
8.	Mr. Prem Prakash Mirdha	Non-Executive Independent Director	4	4	Nil

\* Does not include directorships held in foreign companies & private limited companies.

\*\*Only memberships / chairmanships of the Audit Committees / Shareholders Grievance Committees in various public limited companies, considered.

No Director is related to any other Director on the Board.

**(B) Number and Dates of Board Meetings held, the attendance record of Directors thereat and at the last AGM held**

During the FY 2010-11 the Board met 18 (Eighteen) times .The dates of the Board meetings were April 9, 2010, April 26, 2010, April 27, 2010, May 17, 2010, May 24, 2010, July 2, 2010, July 24, 2010, August 25, 2010, August 31, 2010, September 1, 2010, October 21, 2010, October 22, 2010, December 02, 2010, December 31, 2010, January 21, 2011, February 2, 2011, February 7, 2011 and March 25, 2011.

The last Annual General Meeting of the Company was held on June 14, 2010.

A table depicting the attendance of Directors at various board meetings held during the FY 2010-11 and at the Annual General Meeting last held is given below:

Sl. No.	Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
1.	Mr. Sameer Gehlaut (DIN: 00060783)	12	No
2.	Mr. Rajiv Rattan (DIN: 00010849)	16	Yes
3.	Mr. Saurabh K. Mittal (DIN: 01175382)	15	No
4.	Mr. Gagan Banga (DIN: 00010894)	18	No
5.	Mr. Aishwarya Katoch (DIN: 00557488)	17	Yes
6.	Mr. Shamsher Singh Ahlawat (DIN: 00017480)	18	Yes
7.	Mr. Karan Singh (DIN: 00017236)	16	Yes
8.	Mr. Prem Prakash Mirdha (DIN: 01352748)	14	No

**(C) Code of Conduct**

The Board has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company <http://financial.indiabulls.com> All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this Report.

The code of conduct seeks to ensure that the Directors and the Senior Management Personnel observe a total commitment to their duties and responsibilities while ensuring a complete adherence with the applicable statutes on one hand and values and ethics on the other.

**3. COMMITTEES OF THE BOARD**

The Board has constituted various Committees, some of them are Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievance Committee, Nomination Committee, Integrated Risk Management Committee and Asset Liability Management Committee, which act in accordance with the terms of reference determined by the Board. Meetings of each of these Committees are convened by the respective Chairmen. Matters requiring Board's attention/approval are placed before the Board. The role, the composition of these Committees including the number of meetings held during the financial year and the related attendance details are provided hereunder.

**(A) Audit Committee**

**Composition**

The Audit Committee comprises of four members namely Mr. Shamsher Singh Ahlawat as the Chairman, Mr. Aishwarya Katoch, Mr. Karan Singh and Mr. Saurabh K. Mittal all Non-Executive Directors. Three out of the four members comprising the Committee i.e. Mr. Shamsher Singh Ahlawat, Mr. Karan Singh and Mr. Aishwarya Katoch, are Independent Directors. Mr. Amit Jain is the Secretary to the Audit Committee.

**Terms of reference of the Audit Committee**

The terms of reference of the Audit Committee, inter-alia, include:

- to oversee the financial reporting process and disclosure of financial information;
- to review with management, quarterly, half yearly and annual financial statements and ensure their accuracy and correctness before submission to the Board;
- to review with management and internal auditors, the adequacy of internal control systems, approving the internal audit plans and reviewing the efficacy of their function, discussion and review of periodic audit reports including findings of internal investigations;
- to recommend the appointment of the

internal and statutory auditors and fixing their remuneration;

- to hold discussions with the Statutory and Internal Auditors to decide about the scope of audit.

**Meetings and Attendance during the year**

During the financial year ended March 31, 2011 the Committee met four times. The dates of the meetings being April 24, 2010, July 23, 2010, October 20, 2010 and January 20, 2011.

The attendance record of Committee members in respect of the meetings so held is depicted in the table given below:

Name of the Member	No. of meetings attended
Mr. Shamsheer Singh Ahlawat	4
Mr. Aishwarya Katoch	2
Mr. Saurabh K. Mittal	Nil
Mr. Karan Singh	4

The Chief Financial Officer, Statutory and Internal Auditors attended the meetings by invitation.

**(B) Remuneration Committee**

**Composition**

The Company has in place a Remuneration Committee comprising of three Independent Non-Executive Directors namely, Mr. Aishwarya Katoch, as Chairman, Mr. Prem Prakash Mirdha and Mr. Shamsheer Singh Ahlawat.

**Terms of reference**

The terms of reference of Remuneration Committee, inter-alia, include:

- to recommend to the Board compensation terms of the Executive Directors;
- to assist the Board in determining and implementing the Company's Policy on the remuneration of Executive Directors.

**Meetings**

During the year, the Committee met once on January 12, 2011 and the meeting was attended by all of its members.

**Remuneration Policy**

Company's remuneration Policy is market led and takes into account the competitive circumstance of the business so as to attract and retain quality talent and leverage performance significantly.

**Director's Remuneration:**

**(i) Remuneration of Executive Directors**

The Table given below specifies the details of remuneration package of Executive Directors and their relationships with other Directors.

Name of the Director	Relationship With other Director	Salary and allowances (Rs.) per annum	Performance linked incentive (Rs.)	Monetary Value of perquisites (Rs.)	Sitting Fee	Total (Rs.)
Sameer Gehlaut	None	73,736,140	Nil	39,829,786	Nil	113,565,926
Gagan Banga	None	23,333,336	Nil	Nil	Nil	23,333,336

Notes:

- Aforesaid components of remuneration include the Basic salary and House rent Allowance. For Mr. Gagan Banga it also includes Transport Allowance, Medical, LTA and Supplementary Allowance, Children Education Allowance, Children Hostel Allowance, Professional Development Allowance. Variable Merit payment, Telephone Expenses, Car Running Maintenance.
- Perquisite represents Gratuity, Superannuation and leave encashment, as applicable as per the terms of service, based on actuarial valuation.
- The terms and conditions of service of Executive Directors are contractual in nature and are governed by applicable rules and policy of the Company.
- Mr. Gagan Banga has been granted an aggregate of 1,480,160 stock options under various employee stock option schemes prevailing in the Company convertible into an equivalent number of Equity Shares of the Company during the exercise period provided under the relevant stock option schemes.

**(ii) Remuneration of Non-Executive Directors**

Non- Executive Directors have not been paid any remuneration/sitting fees during the FY 2010-11.

**(C) Shareholders' / Investors' Grievance Committee**

**Composition**

The Shareholders/investors grievance Committee is at present constituted by the Board presently comprises of three directors namely, Mr. Aishwarya Katoch, Mr. Sameer Gehlaut and Mr. Karan Singh.

Mr. Aishwarya Katoch and Mr. Karan Singh are Independent Non-Executive Directors. Mr. Katoch is the Chairman of the Committee.

**Terms of Reference**

The scope, terms of reference and functioning of the Committee is as per areas prescribed by Clause 49 of the Listing Agreement. One of the primary functions carried out by the Committee is to approve requests for share transfers and transmissions and to approve the requests pertaining to remat of shares/sub-division/ consolidation/issue of renewed and duplicate share certificates etc. and for this purpose the required authority has been delegated to Mr. Karan Singh.

The Committee oversees all matters encompassing the shareholders' / investors' related issues.

**Meetings and Attendance during the year**

During the financial year ended March 31, 2011, the Committee met four times. The dates of the meetings being June 29, 2010, September 27, 2010, December 27, 2010 and March 30, 2011.

The attendance record of Committee members to the meetings so held is depicted in the table given below:

Name of the Member	No. of meetings attended
Mr. Aishwarya Katoch	4
Mr. Sameer Gehlaut	1
Mr. Karan Singh	4

**Name and designation of Compliance Officer**

Mr. Amit Jain, Company Secretary is the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with Stock Exchanges.

**Details of queries / complaints received and resolved during the year 2010-11**

Sl. No.	Nature of Complaint	Received	Redressed	Pending
1.	Letters from SEBI/Stock Exchanges	6	6	Nil
2.	Non-receipt of dividend	461	461	Nil
3.	Change/correction of bank mandate on dividend warrants	47	47	Nil
<b>Total</b>		<b>514</b>	<b>514</b>	<b>Nil</b>

**(D) Nomination Committee**

**Composition**

The Nomination Committee comprises of three members namely Mr. Shamsher Singh Ahlawat Mr. Aishwarya Katoch and Mr. Karan Singh.

**Terms of reference of the Nomination Committee**

The terms of reference of the Nomination Committee, inter-alia, include:

- to undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the board based upon qualification, expertise, track record, integrity and other fit and proper criteria.
- to prescribe criteria such as educational qualification, age, specialized skill, political etc towards eligible criteria for director.

- to devise a model deed of covenants to be obtained from the directors binding them to discharge their responsibilities to the best of their ability

**Meetings and Attendance during the year**

During the financial year ended March 31, 2011 the Committee met two times. The dates of the meetings being November 15, 2010 and February 23, 2011.

The attendance record of Committee members in respect of the meetings so held is depicted in the table given below:

Name of the Member	No. of meetings attended
Mr. Shamsher Singh Ahlawat	2
Mr. Aishwarya Katoch	2
Mr. Karan Singh	2



**(E) Integrated Risk Management Committee**

**Composition**

The Integrated Risk Management Committee comprises of six members namely Mr. Gagan Banga, Mr. Mukesh Garg, Mr. Subhankar Ghosh, Mr. Dharmendra Patro, Mr. Akhil Gupta and Mr. Ashwini Hooda.

**Terms of reference of the Integrated Risk Management Committee**

The terms of reference of the Integrated Risk Management Committee, inter-alia, include:

- to devise policies and guidelines for identification, measurement, monitoring and control for all major risk categories.
- to ensure that resources allocated for risk management are adequate given the size nature and volume of the business.
- to ensure that the managers and staff, who implement, monitor and control, risk, possess sufficient knowledge and expertise.
- to review and approve market risk limits.
- to ensure robustness of financial models, and the effectiveness of all systems used to calculate market risk.
- to ensure robust Management information system relating to risk reporting.

**Meetings and Attendance during the year**

During the financial year ended March 31, 2011 the Committee met five times. The dates of the meetings being August 27, 2010, October 28, 2010, November 30, 2010, December 06, 2010 and March 29, 2011.

The attendance record of Committee members in respect of the meetings so held is depicted in the table given below:

Name of the Member	No. of meetings attended
Mr. Gagan Banga	1
Mr. Mukesh Garg	4
Mr. Subhankar Ghosh	4
Mr. Dharmendra Patro	4
Mr. Akhil Gupta	4
Mr. Ashwini Hooda	3
Mr. Aishwarya Katoch*	1
Mr. Shamsher Singh Ahlawat*	1
Mr. Sameer Gehlaut*	Nil
Mr. Rajiv Rattan*	Nil
Mr. Ashok Sharma*	1
Mr. Sanjay Bakliwal*	1

\* During the FY 2010-11, Mr. Aishwarya Katoch, Mr. Shamsher Singh Ahlawat, Mr. Sameer Gehlaut, Mr. Rajiv Rattan, Mr. Ashok Sharma and Mr. Sanjay Bakliwal cease to be members of the Integrated Risk Management Committee and in their place Mr. Mukesh Garg, Mr. Subhankar Ghosh, Mr. Dharmendra Patro, Mr. Akhil Gupta and Mr. Ashwini Hooda were appointed as members of the said committee.

**(F) Asset Liability Management Committee (ALCO)**

**Composition**

The Asset Liability Management Committee comprises of four members namely Mr. Gagan Banga, Mr. Mukesh Garg, Mr. Ashok Sharma and Mr. Ashwini Hooda.

**Terms of reference of the Asset Liability Management Committee**

The terms of reference of the Asset Liability Management Committee, inter-alia, include:

- To keep an eye on the structure / composition of the company's assets and liabilities.
- Analysing of required maturity profile and mix of incremental assets and liabilities.
- Articulate interest rate view of the company and deciding on the future business strategy.
- Review and articulate funding policy.
- Decide the transfer pricing policy of the company.
- Evaluate market risk involved in launching of new products.
- Approval of Inter corporate loans to subsidiaries/associate companies.
- Approval of policy on tolerance limits for different time buckets.
- Fixing up PLR from time to time.
- Assessment of opportunity cost and maintenance of liquidity.
- Analyzing various risks like liquidity risk, interest rate risk, investment risk and business risks.

**Meetings and Attendance during the year**

During the financial year ended March 31, 2011 the Committee met Thirteen times. The dates of the meetings being April 12, 2010, August 28, 2010, October 04, 2010, October 22, 2010, November 10, 2010, November 26, 2010, December 06, 2010, January 06, 2011, January 28, 2011, February 07, 2011, February 25, 2011, March 07, 2011 and March 25, 2011.



The attendance record of Committee members in respect of the meetings so held is depicted in the table given below:

Name of the Member	No. of meetings attended
Mr. Gagan Banga	13
Mr. Mukesh Garg	11
Mr. Ashok Sharma	13
Mr. Ashwini Hooda	Nil
Mr. Subhankar Ghosh*	2
Mr. Anil Mittal*	2
Mr. Sameer Gehlaut*	Nil
Mr. Rajiv Rattan*	Nil

\* During the FY 2010-11, Mr. Subhankar Ghosh, Mr. Anil Mittal, Mr. Sameer Gehlaut and Mr. Rajiv Rattan cease to be members of the Asset Liability Management Committee and in their place Mr. Mukesh Garg and Mr. Ashwini Hooda were appointed as members of the said committee.

#### 4. GENERAL BODY MEETINGS

##### A. Location and time of last three Annual General Meetings (AGMs)

The location and time of the last three AGMs are as follows:

Year	Location	Date	Time
2007-08	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	September 05, 2008	10:45 A.M.
2008-09	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	September 30, 2009	10.30 A.M.
2009-10	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	June 14, 2010	10.00 A.M.

##### B. Details of special resolutions passed in the previous three AGMs:

- (1) In the AGM of the Company for the year 2007-2008 held on September 05, 2008, three special resolutions as briefly described below, were passed:
  - (i) Special resolution in terms of Section 372 A of the Companies Act, 1956 pertaining to investment of the Company's funds in (1) Indiabulls Asset Management Company Limited, (2) Indiabulls Trustee Company Limited, (3) Indiabulls life Insurance Company Limited and (4) Indian Commodity Exchange Limited (formerly known as International Multi Commodity Exchange Limited), up to an aggregate sum of Rs. 1000/- Crores in each of these Companies.
  - (ii) Special resolution in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to effect the amendments to the various Employees Stock Option Plans/ Schemes of the Company in respect of the schedules provided under such schemes, for vesting of options covered thereunder, granted by the Company to its employees.
  - (iii) Special resolution in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to effect the amendments to the various Employees Stock Option Plans/ Schemes of the Company in respect of the schedules provided under such schemes, for vesting of options covered thereunder, granted by the Company to the employees of the subsidiaries of the Company.
- (2) In the AGM of the Company for the year 2008-09 held on September 30, 2009 no special resolutions were passed.
- (3) In the AGM of the Company for the year 2009-2010 held on June 14, 2010, two special resolutions as briefly described below, were passed:
  - (i) Special resolution in terms of Section 81(1A) of the Companies Act, 1956, pertaining to issue of Non Convertible Debentures, for an amount up to Rs. 3000/- Crore of tenure upto 7 years and Warrants convertible into a maximum of 45,000,000 Equity Shares at a later date, to qualified Institutional buyers (QIBs) through qualified institutions placement (QIP) basis.
  - (ii) Special resolution in terms of Section 31 of the Companies Act, 1956 to amend the Articles of Association of the Company.

### C. Postal Ballot during the FY 2010-11

During the year 2010-11, no resolution was passed by the Company through Postal Ballot.

### D. Procedure for Postal Ballot

For conducting a Postal Ballot notice specifying the resolutions proposed to be passed through Postal Ballot as also the relevant explanatory statement & the postal ballot forms are dispatched to all the shareholders along with self addressed postage prepaid envelope. The shareholders are requested to send back the postal ballot forms duly filled up & signed in the postage prepaid envelopes provided to them by the Company, so as to reach the scrutiniser (in whose name the envelopes are made) on or before the 30<sup>th</sup> day from the date of issue of notice by the Company.

The scrutiniser compiles the postal ballot result out of the postal ballot forms found valid and hands over the results to the Chairman. The Chairman there upon declares the results of the postal ballot and the same are also displayed on a notice at the registered office of the Company.

## 5. DISCLOSURES

### (i) Details on materially significant related party transactions

Details of materially significant related party transactions made during the year 2010-11, are contained in the notes to the annual accounts which form a part of the Annual Report.

### (ii) Details of non-compliance, penalties etc imposed by Stock Exchange, SEBI etc. on any matter related to capital markets, during the last three years.

The Company has completed six years of existence as a listed entity and during this period there has been no instance of any non compliance by the Company on any matter related to capital markets and hence no penalties or strictures being imposed on the Company by SEBI or the Stock Exchanges or any other statutory authority.

### (iii) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee.

The Company has in place a highly effective Whistle blower policy which sets out the process and mechanism whereby employees at various levels in the organisation can bring to the notice

of the management any violations of the applicable laws regulations as also any unethical or unprofessional conduct.

All such reports are taken up for consideration at appropriate intervals depending upon the gravity of the matter reported so that adequate rectifying measures can be initiated in the right earnest, at the appropriate levels.

In order to encourage the employees to freely air their views and voice their concerns on various matters and to prevent any victimisation of the employees, identity of the employees is kept strictly confidential.

It would be important to mention here that the Audit Committee set by the Board constitutes a vital component of the whistle blower mechanism and instances of financial misconduct if any, are reported to the Audit Committee. No employee is denied access to the Audit Committee.

### (iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49.

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this Report. The status on compliance with the Non-mandatory requirements are given at the end of the Report.

### (v) Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)

Persons constituting "group" as defined under Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time, include the following:

Mr. Sameer Gehlaut  
Mr. Saurabh K Mittal  
Mr. Rajiv Rattan  
Inuus Infrastructure Private Limited  
Orthia Developers Private Limited  
Priapus Developers Private Limited  
Priapus Properties Private Limited  
Hespera Realty Private Limited  
Hespera Infrastructure Private Limited  
Hespera Properties Private Limited  
Orthia Land Development Private Limited  
Hespera Real Estate Private Limited  
Priapus Constructions Private Limited  
Inuus Real Estate Private Limited

Orthia Real Estate Private Limited  
Inuus Land Development Private Limited  
Priapus Real Estate Private Limited  
Hespera Realcon Private Limited

## 6. MEANS OF COMMUNICATION

- (i) **Publication of Results** : The quarterly / annual results of the Company are published in the leading newspapers viz The Economic Times / Financial Express / Business Standard (English) and Jansatta (Hindi).
- (ii) **News, Release etc** : The Company has its own website <http://financial.indiabulls.com> and all vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations etc. are regularly posted on the website.
- (iii) **Investors' Relation** : The Company's website contains a separate dedicated section "Investor Relation" where Shareholders' information is available.
- (iv) **Management's Discussion and Analysis Report** has been included in the Annual Report, which forms a part of the Annual Report.

## 7. GENERAL SHAREHOLDERS' INFORMATION

### (A) Date, Time and Venue of AGM

The date, time and venue of the ensuing AGM have been indicated in the Notice Convening the AGM, which forms a part of the Annual Report.

### (B) Profile of Directors seeking re-appointment

In accordance with provisions of Section 255 and 256 of the Companies Act, 1956, and the Articles of Association of the Company, one-third of the Directors liable to retire by rotation every year shall so retire by rotation at the Annual General Meeting and are eligible to be reappointed. Consequently, at the ensuing AGM, Mr. Saurabh K Mittal and Mr. Shamsheer Singh Ahlawat shall retire by rotation and being eligible offer themselves for reappointment, in accordance with the provisions of the Companies Act, 1956. A brief profile of the said directors are given below:

#### Mr. Saurabh K Mittal

Mr. Saurabh K Mittal has been a director since January 10, 2000. He is also a co-founder of Indiabulls group of companies. Mr. Mittal graduated with a degree in Electric Engineering from the Indian Institute of Technology, Delhi and also hold Masters in Business

Administration from Harvard Business School, where he was elected Baker Scholar. Previously, Mr. Mittal has worked at Citigroup Asset Management and Farallon Capital Management, securities broking and real estate / infrastructure development businesses.

Mr. Saurabh K Mittal is also on the Board of several other Indiabulls group companies namely Indiabulls Real Estate Limited, Ceres Real Estate Private Limited, Indiabulls Mining Private Limited, Hespera Realty Private Limited, Ceres Trading Services Private Limited, Ceres Power Transmission Private Limited, Ceres Electricity Distribution Private Limited, Lucerne Trading Services Private Limited, Indiabulls Electricity Distribution Private Limited, Indiabulls Power Limited., Hespera Realcon Private Limited, Hespera Land Development Private Limited, Ceres Energy Private Limited, and Alona Builders And Developers Private Limited.

He holds 18,987,083 equity shares in the Company.

#### Mr. Shamsheer Singh Ahlawat

Mr. Shamsheer Singh Ahlawat has been an independent director since December 20, 2004. He holds a post graduate degree in history from St. Stephens College, New Delhi. He is a retired banker from State Bank of India. During his tenure with the Bank, Mr. Singh worked on various assignments at the Merchant Banking and Credit Division of the State Bank of India. Mr. Singh is involved in social welfare activities including that of running a school providing free education in Jhajhar, Haryana.

Mr. Shamsheer Singh Ahlawat is also on the Board of several other Indiabulls group companies namely Indiabulls Real Estate Limited, Store One Retail India Limited, Indiabulls Power Limited., Indiabulls Constructions Limited and Indiabulls Wholesale Services Limited and is a chairman of the Audit committee, Compensation committee, member of the Remuneration committee and Nomination committee of the Indiabulls Financial Services Limited. Chairman of the Audit committee, member of the Remuneration committee and Compensation committee of the Indiabulls Real Estate Limited and Store One Retail India Limited. Chairman of the Audit committee, Shareholders'/Investors' Grievance committee, Remuneration committee and Compensation committee of Indiabulls Power Limited.

He does not hold any shares in the Company.

**(C) Financial Calendar 2011-12 (tentative)**

Tentative Schedule	Tentative Date
Financial reporting for the quarter ending June 30, 2011	Upto August 14, 2011
Financial reporting for the half year ending September 30, 2011	Upto November 14, 2011
Financial reporting for the quarter ending December 31, 2011	Upto February 14, 2012
Financial reporting for the quarter and year ending March 31, 2012	Upto May 15, 2012*
Annual General Meeting for the year ending March 31, 2012	Upto September 30, 2012

\*As provided under Clause 41 of the Listing Agreement, Board may also consider publication of Audited results for the FY 2011-2012 by May 30, 2012 instead of publishing unaudited results for the fourth quarter.

**(D) Date of Book Closure**

Information about the Book Closure dates has been provided in the Notice convening the AGM, which forms a part of the Annual Report.

**(E) Dividend Payment date**

Information about the Dividend payout date has been provided in the Notice convening the AGM, which forms a part of the Annual Report.

**(F) (i) Distribution of shareholding as on March 31, 2011**

Sl.No.	Category of Shares	No of holders	% to total holders	Value in Rs.	% to nominal value
1	1 - 5000	96780	98.96	20873924	3.36
2	5001 - 10000	439	0.45	3249332	0.52
3	10001 - 20000	193	0.20	2811498	0.45
4	20001 - 30000	71	0.07	1757630	0.28
5	30001 - 40000	41	0.04	1513150	0.24
6	40001 - 50000	26	0.03	1181198	0.19
7	50001 - 100000	76	0.08	5558246	0.90
8	100001 & Above	171	0.17	585039258	94.06
<b>Total</b>		<b>97797</b>	<b>100.00</b>	<b>621984236</b>	<b>100.00</b>

**(ii) Shareholding pattern as on March 31, 2011**

Sr. no.	Category	No. of Shares	% holding
1.	Promoters and Promoters Group	100555118	32.33
2.	Mutual Funds	10153263	3.26
3.	Banks	213055	0.07
4.	FIs	101277956	32.57
5.	Private Bodies Corporate	16183065	5.20
6.	Indian Public	20198949	6.50
7.	NRIs / OCBs	7869620	2.53
8.	GDRs (Shares underlying)	7125441	2.29
9.	Other foreign entities	18882254	6.07
10.	Others	28533397	9.18
<b>Total</b>		<b>310992118</b>	<b>100.00</b>

**(G) Dematerialisation of shares and liquidity**

Equity Shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the depositories i.e. NSDL and CDSL.

As on March 31, 2011, 99.90 % Equity shares of the Company representing 310,691,891 out of a total of 310,992,118 Equity shares were held in dematerialised form and the balance 300,227 shares representing 0.10% of the total equity capital of the Company were held in physical form.

Subsequent to FY 2010-2011, and consequent upon issue of an aggregate 116,070 (One Lac Sixteen Thousand and Seventy) Equity shares of face value Rs. 2/- each under Employees Stock Option Schemes namely IBFSL – ICSL Employees Stock Option Plan – 2006, IBFSL – ICSL Employees Stock Option Plan II – 2006 and Employees Stock Option Plan – 2008, on April 08, 2011 and May 03, 2011 the outstanding equity shares stands increased to 311,108,188 Equity shares out of which 310,807,961 representing 99.90% equity shares were held in dematerialized form and the balance 300,227 shares representing 0.10% of the total equity capital of the Company were held in physical form.

**(H) Outstanding GDRs**

The number of outstanding GDRs as on March 31, 2011 was 7,125,441. Each GDR represents one equity share of Rs. 2/- each in the Company.

**(I) Listing on Stock Exchanges**

The Company's securities are listed on the following stock exchanges as of March 31, 2011:

Equity Shares	Global Depository Receipts (GDRs)
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	Luxembourg Stock Exchange Societe de la Bourse de Luxembourg, 11 av de la Porte – Neuve, L-2227, Luxembourg.
National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	

**(J) Stock Code**

Bombay Stock Exchange Ltd. - 532544  
National Stock Exchange of India Ltd- INDIABULLS/EQ  
ISIN for Dematerialisation – INE894F01025

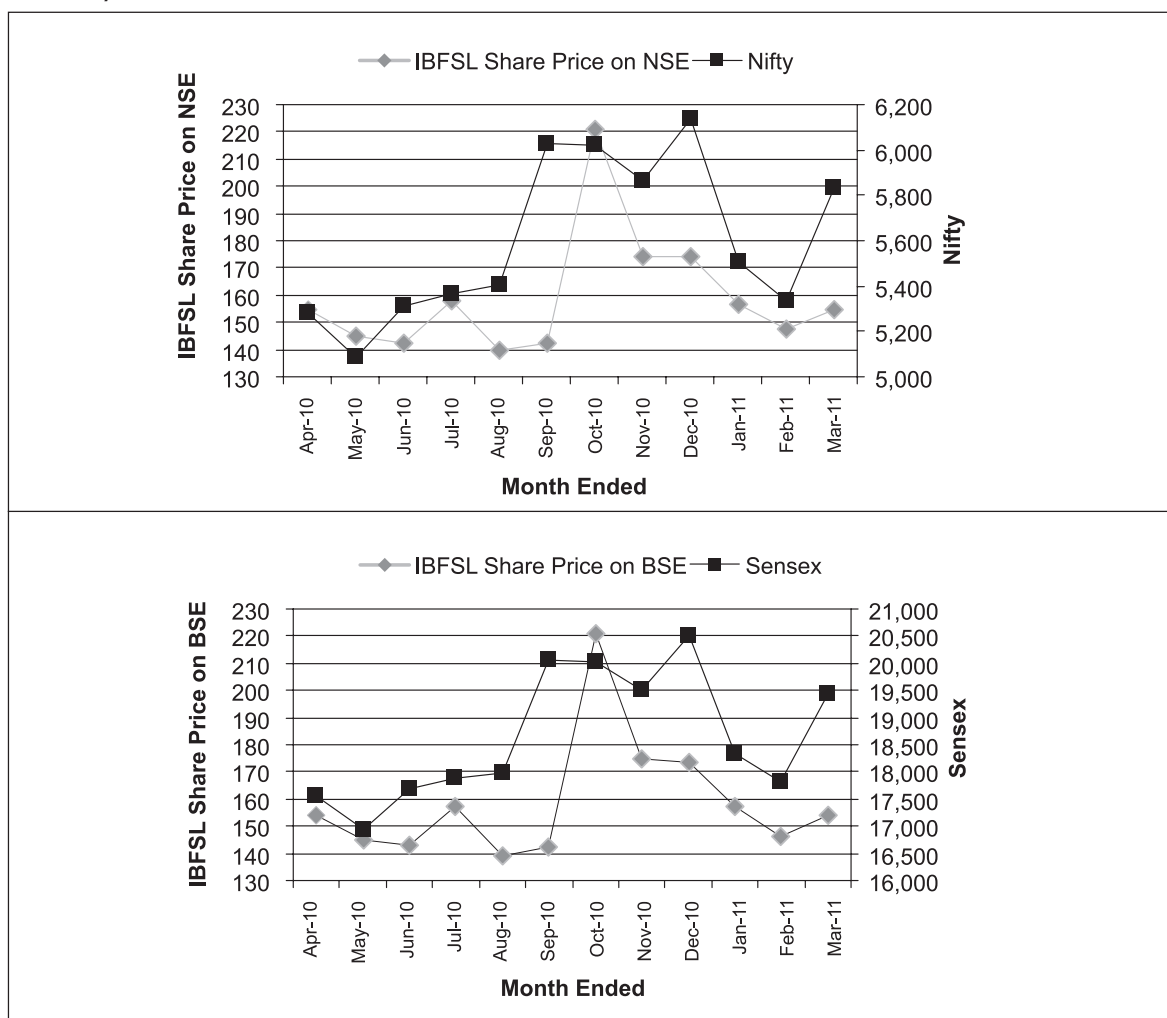
**(K) Stock Market Price at National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)**

(Figures in Rs.)

Month	Share Prices at NSE		Share Prices at BSE	
	High	Low	High	Low
April 2010	161.90	105.00	161.00	105.05
May 2010	166.50	131.75	166.75	132.00
June 2010	150.70	129.50	150.50	129.80
July 2010	167.50	138.00	167.00	137.50
August 2010	173.80	136.40	173.90	136.00
September 2010	152.40	139.10	152.10	139.50
October 2010	222.80	142.00	222.80	142.05
November 2010	241.40	156.25	240.70	157.05
December 2010	188.40	161.50	187.80	161.05
January 2011	184.50	142.25	184.50	142.65
February 2011	159.95	133.25	160.00	133.75
March 2011	158.50	134.35	158.40	135.25

(L) Performance of the Company in comparison to broad – based indices

NSE Nifty & BSE Sensex.



M) Registrar and Transfer Agents

M/s Karvy Computershare Private Limited are acting as the Registrar and Transfer Agents of the Company for handling the share related matters both in physical and dematerialised mode.

The contact details are as under:

Karvy Computershare Private Limited  
 Unit : Indiabulls Financial Services Limited  
 Plot No.17-24 Vital Rao Nagar  
 Madhapur Hyderabad - 500081  
 Contact Person : Mr. K Sreedhara Murthy,  
 Asst.Gen.Manager  
 Tel : 040-44655000/23420815-23420825  
 Fax: 040-23420814  
 E-mail: einward.ris@karvy.com

(N) Share Transfer System

For speedy processing of share transfers, the Board has delegated powers to approve share transfers to the Share transfer cum Shareholders/investors grievance Committee. The share transfer requests, are processed on the first, third and fifth Monday, if any, of every month thereby ensuring that share transfers are processed and the transferred certificates sent to the concerned investors well within the stipulated time as prescribed under the Listing agreements.

(O) Address for Correspondence

(i) Registered Office:  
 Indiabulls Financial Services Limited  
 F-60, Malhotra Building, 2<sup>nd</sup> Floor,  
 Connaught Place, New Delhi- 110 001

(ii) **Corporate Office:**

"Indiabulls House"  
448-451, Udyog Vihar, Phase V,  
Gurgaon-122 001, Haryana

Indiabulls House, Indiabulls Finance Centre,  
Senapati Bapat Marg, Elphinstone Road  
Mumbai-400 013

**8. COMPLIANCE CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY**

A certificate from Mr. S. K. Hota, Practicing Company Secretary certifying the Company's compliance with the provisions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to and forms a part of this Report.

The certificate is also being forwarded to the Stock Exchanges in India where the Securities of the Company are listed.

**9. CEO & CFO CERTIFICATION**

The certificate required under Clause 49(V) of the listing agreement duly signed by the CEO and CFO has been submitted to the Board.

**10. NON-MANDATORY REQUIREMENTS**

**(A) Non-Executive Chairman**

The Company has an Executive Chairman and hence the requirements recommended as to a non-executive chairman under the clause 49, are not required to be adopted by the Company.

**(B) Remuneration Committee**

The Company has a properly constituted Remuneration Committee in place. For details as to the constitution of the Remuneration

Committee and the functional responsibility vested in it, please refer to point no. 3 in the earlier part of this report.

**(C) Shareholders Rights**

The Company is getting its quarterly / half yearly and Annual financial results published in leading newspapers with wide distribution across the country and regularly updates and other important information on its public domain website.

**(D) Unqualified Financial Statements**

The Auditors' Report on the audited annual accounts of the Company does not contain any qualification from the Statutory Auditors and it shall be the endeavor of the Company to continue the trend by building up accounting systems and controls which ensure complete adherence to the applicable accounting standards and practices obviating the possibility of the Auditors qualifying their report as to the audited accounts.

**(E) Whistle Blower Policy**

The Company has a well established Whistle blower policy in place which lays down an effective mechanism for the employees to report violations of laws, rules and regulations as also unethical conduct, at the appropriate management levels for taking timely and appropriate actions in respect thereof, without loss of time. For a detailed description of the whistle blower policy please refer to point no.5 (iii) of the Report.

At present the Company has not adopted the non mandatory requirements as to any of the other matters recommended under Annexure 1D to the Clause 49 of the Listing Agreements with the Stock Exchanges.



**ANNUAL DECLARATION BY CEO  
PURSUANT TO CLAUSE 49(1) (D) (ii) OF LISTING AGREEMENT**

As the Chief Executive Officer of IBFSL and as required by Clause 49(1)(D)(ii) of the Listing Agreement, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the FY 2010-11.

Sd/-  
Gagan Banga  
Chief Executive Officer

Date: May 31, 2011  
Place: New Delhi

**CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS  
OF CORPORATE GOVERNANCE**

To,  
The Members of Indiabulls Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Indiabulls Financial Services Limited ("the Company"), for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

We state that there is no outstanding investor grievances as on March 31, 2011 as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S. K. Hota & Associates**  
Company Secretaries

Sd/-  
S. K. Hota  
Proprietor  
CP No: 6425

Place: New Delhi  
Date: May 31, 2011



# Auditors' Report

To The Board of Directors of Indiabulls Financial Services Limited

1. We have audited the attached Consolidated Balance Sheet of Indiabulls Financial Services Limited ("the Company") and its subsidiaries (the company and its subsidiaries constitute the "Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3.a. As stated in Note A (v) of Schedule O, the Consolidated Financial statements includes the financial statements of fifteen subsidiaries, which we did not audit, whose financial statement reflects the Group's share of assets of Rs. 2,697,944,548 as at March 31, 2011, total revenues of Rs. 686,644,215 and net cash inflows amounting to Rs. 1,887,518,924 for the year ended on that date as considered in the Consolidated Financial Statements; and of one associate which reflects the Group share of profit of Rs. 707,760 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associates is based solely on the report of the other auditors.
- b. Further, as stated in Note A (iv) of Schedule O, the Consolidated Financial statements reflects the Group share of Loss of Rs. 82,720,919 in one associate which we did not audit, for the period from April 1, 2010 to December 12, 2010. The unaudited financial statements for the said associate for the period have been certified by the Management, on which, we have relied upon for the purpose of our examination of the Consolidated Financial Statements.
4. We report that the Consolidated Financial Statements have been prepared by Indiabulls Financial Services Limited's management in accordance with the requirements of Accounting Standard 21, (Consolidated Financial Statements) and Accounting Standard 23, (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and associate, and on the basis of unaudited financial statements as certified by the management of the above mentioned associate, and to the best of our information and according to the explanations given to us; in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - b. in the case of the Consolidated Profit and Loss account, of the profit of the Group for the year ended on that date; and
  - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117366W)

**K. A. Katki**  
Partner

(Membership No.: 038568)  
Mumbai: April 22, 2011

# Consolidated Balance Sheet

of Indiabulls Financial Services Limited Group as at March 31, 2011

	Schedule	Amount (Rs.)	
		As at March 31, 2011	As at March 31, 2010
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	621,984,236	619,789,042
Reserves and Surplus	B	44,775,804,504	42,480,902,012
		45,397,788,740	43,100,691,054
<b>Share Application Pending Allotment</b> (Refer Note B 4 of Schedule O)		2,732,718	-
<b>Minority Interest</b>		1,210,921,877	1,108,737,518
		46,611,443,335	44,209,428,572
<b>Loan Funds</b>			
Secured Loans	C	171,685,768,845	44,995,301,330
Unsecured Loans	D	21,501,000,000	33,500,000,000
		193,186,768,845	78,495,301,330
<b>TOTAL</b>		<b>239,798,212,180</b>	<b>122,704,729,902</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	787,596,130	705,909,215
Less: Depreciation / Amortisation		366,170,679	265,961,098
Net Block		421,425,451	439,948,117
Capital work in progress / Capital Advances		22,830,963	4,959,203
		444,256,414	444,907,320
<b>Investments</b>	F	30,893,734,265	11,683,353,179
<b>Deferred Tax Assets (Net)</b> (Refer Note B 19 of Schedule O)		721,600,706	250,796,306
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	G	76,551,432	221,691,665
Cash and Bank Balances		21,413,253,661	12,312,748,221
Other Current Assets		2,091,071,595	1,248,357,312
Loans and Advances		196,632,006,041	109,056,422,404
		220,212,882,729	122,839,219,602
<b>Less : Current Liabilities and Provisions</b>	H		
Current Liabilities		5,936,984,072	8,406,343,654
Provisions		6,537,277,862	4,107,202,851
		12,474,261,934	12,513,546,505
<b>Net Current Assets</b>		207,738,620,795	110,325,673,097
<b>TOTAL</b>		<b>239,798,212,180</b>	<b>122,704,729,902</b>
Significant Accounting Policies and Notes to Accounts	O		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board

**K. A. Katki**  
Partner

**Sameer Gehlaut**  
Chairman & Whole Time Director

**Gagan Banga**  
CEO & Whole Time Director

**Amit Jain**  
Company Secretary

Mumbai, April 22, 2011

Mumbai, April 22, 2011

# Consolidated Profit and Loss Account

of Indiabulls Financial Services Limited Group for the year ended March 31, 2011

	Schedule	Year ended March 31, 2011	Amount (Rs.) Year ended March 31, 2010
<b>INCOME</b>			
Revenue from operations	I	24,727,082,124	16,256,508,589
Other Income	J	372,474,765	93,895,694
		<b>25,099,556,889</b>	<b>16,350,404,283</b>
<b>EXPENDITURE</b>			
Operating Expenses	K	282,961,484	171,980,559
Personnel Costs	L	1,656,187,515	1,363,561,118
Administrative and Other Expenses	M	4,140,920,427	4,176,418,226
Interest and Finance Charges	N	8,994,694,358	5,980,816,071
Depreciation / Amortisation	E	109,915,385	84,403,176
		<b>15,184,679,169</b>	<b>11,777,179,150</b>
<b>Profit before tax</b>		<b>9,914,877,720</b>	<b>4,573,225,133</b>
Provision for Taxation			
- Current Tax (Including Wealth Tax)		2,877,049,828	1,606,663,281
- Tax Adjustment in respect of earlier years		(597,054)	1,686,734
- Deferred Tax Credit (Net)		(470,804,399)	(109,887,817)
<b>Profit After Tax</b>		<b>7,509,229,345</b>	<b>3,074,762,935</b>
Minority Interest		81,747,487	61,788,552
<b>Profit After Minority Interest</b>		<b>7,427,481,858</b>	<b>3,012,974,383</b>
Balance of Profit Brought Forward		2,867,908,773	2,764,576,479
<b>Amount Available for appropriation</b>		<b>10,295,390,631</b>	<b>5,777,550,862</b>
<b>Appropriation:</b>			
Dividend paid on Preference Shares		-	78,217,802
Interim Dividend paid on Equity Shares		1,552,642,450	-
Proposed Final Dividend on Equity Shares		1,555,132,650	1,549,472,605
Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		-	112,280,700
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS allotment		1,806,605	221,362
Corporate Dividend Tax on Dividend paid on Preference Shares		-	13,293,116
Corporate Dividend Tax on Interim Dividend paid on Equity Shares		257,874,504	-
Corporate Dividend Tax on Proposed Final Dividend on Equity shares		252,281,394	257,348,031
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		-	19,082,106
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS allotment		300,055	37,620
Transfer to General Reserve		608,700,000	264,200,000
Transfer to Special Reserve (U/s 36(1)(viii) of Income Tax Act, 1961)		190,000,000	-
Transfer to Reserve Fund (U/s 45-IC of R.B.I. Act, 1934)		1,349,597,767	578,675,912
Transfer To Reserve Fund (U/s 29C of the N.H.B. Act, 1987)		437,654,838	36,812,835
Transfer to Capital Redemption Reserve		60,000,000	-
		<b>6,265,990,263</b>	<b>2,909,642,089</b>
<b>Balance of Profit Carried forward</b>		<b>4,029,400,368</b>	<b>2,867,908,773</b>
<b>Earnings Per Share - Basic and Diluted</b> (Refer Note B 20 of Schedule O)			
- Basic (Rs.)		23.86	9.94
- Diluted (Rs.)		23.63	9.84
- Face value per Equity Share (Rs.)		2.00	2.00
Significant Accounting Policies and Notes to Accounts	○		

In terms of our report attached

For **Deloitte Haskins & Sells** Chartered Accountants For and on behalf of the Board

**K. A. Katki**  
Partner

**Sameer Gehlaut**  
Chairman & Whole Time Director

**Gagan Banga**  
CEO & Whole Time Director

**Amit Jain**  
Company Secretary

Mumbai, April 22, 2011

Mumbai, April 22, 2011

# Consolidated Cash Flow Statement

of Indiabulls Financial Services Limited Group for the year ended March 31, 2011

	Amount (Rs.)	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>A Cash flow from operating activities :</b>		
Net Profit before tax	9,914,877,720	4,573,225,133
Adjustments for :		
Share of Loss / (Profit) in Associates	82,013,159	22,822,801
Employee Compensation Expense	24,994,201	-
Provision for Doubtful Loans	676,541,429	(481,515,176)
Contingent Provisions against Standard Assets	397,413,683	-
Bad Debts written off	999,235,729	3,094,600,312
Interest on Taxes	79,569,294	3,455,888
Profit on Sale of Long Term Investment	(284,896,271)	-
Unrealised gains on Appreciation on Mutual Funds (Current investments)	(24,351,348)	(388,482)
Provision for Gratuity / Compensated Absences and Superannuation Expenses	58,830,308	30,132,514
Premium on Forward Contracts and Unrealised mark to market Loss on derivatives	48,833,058	-
Loss on sale on fixed assets	25,458,899	10,406,900
Interest on Vehicle Loans	460,606	801,032
Depreciation / Amortisation	109,915,385	84,403,176
	<u>2,194,018,132</u>	<u>2,764,718,965</u>
Operating Profit before working capital changes	12,108,895,852	7,337,944,098
Adjustments for:		
Trade and other receivables	(89,497,693,390)	(40,917,080,769)
Trade Payables and other liabilities (Refer Note No. 2 below)	(2,522,572,067)	6,086,672,578
	<u>(92,020,265,457)</u>	<u>(34,830,408,191)</u>
Cash (used in) / generated from operations	<u>(79,911,369,605)</u>	<u>(27,492,464,093)</u>
Direct taxes paid	(2,415,413,339)	(1,562,481,058)
	<u>(2,415,413,339)</u>	<u>(1,562,481,058)</u>
<b>Net cash used in from operating activities</b>	<b><u>(82,326,782,944)</u></b>	<b><u>(29,054,945,151)</u></b>
<b>B Cash flow from investing activities :</b>		
Purchase of Fixed assets	(137,103,838)	(90,668,538)
Sale of Fixed Assets	2,380,460	669,438
Net receipts from Investment in long term Fixed Deposits (Refer Note No. 3 below)	4,815,275,966	9,084,008,489
Redemption of Securities & Pass Through Certificates	204,951,518	1,104,583,769
Aggregate cash flows consequent to conversion of Subsidiary to Associate	-	(730,619,827)
Proceeds from sale of Long term Investments	2,473,500,000	-
<b>Net cash generated from investing activities</b>	<b><u>7,359,004,106</u></b>	<b><u>9,367,973,331</u></b>
<b>C Cash flow from financing activities :</b>		
Redemption of Non Convertible Preference Shares	-	(1,568,653,719)
Net proceeds from Issue of Equity Shares (including Securities Premium)	99,450,168	9,607,467,484
Debenture/Share Issue Expenses	(770,576,988)	(178,482,264)
Share Application Pending Allotment	2,732,718	-
Distribution of Equity Dividends (including Corporate Dividend Tax)	(3,615,064,823)	(724,013,828)
Distribution of Preference Dividends (including Corporate Dividend Tax)	-	(136,763,570)
Subscription amount received towards of Share Warrants	137,500,000	-

# Consolidated Cash Flow Statement

of Indiabulls Financial Services Limited Group for the year ended March 31, 2011 (Contd.)

	Year ended March 31, 2011	Amount (Rs.) Year ended March 31, 2010
Interest on Vehicle Loans	(460,606)	(801,032)
Proceeds / (Repayment) from Borrowings (Net)	95,816,467,515	(7,545,639,650)
Repayments / Proceeds from issue of Commercial Papers (Net)	(12,050,000,000)	10,750,000,000
Proceeds from issue of Non Convertible Debentures (Net)	30,925,000,000	7,000,000,000
<b>Net cash generated from financing activities</b>	<b>110,545,047,984</b>	<b>17,203,113,421</b>
<b>D Exchange difference on translation of balances denominated in foreign currency</b>	<b>110,405</b>	<b>-</b>
<b>E Net Decrease in cash and cash equivalents (A+B+C+D)</b>	<b>35,577,379,551</b>	<b>(2,483,858,399)</b>
<b>F Cash and cash equivalents at the beginning of the year</b>	<b>13,390,903,818</b>	<b>15,874,762,217</b>
<b>G Cash and cash equivalents at the close of the year (E + F) (Refer Note 4 below)</b>	<b>48,968,283,369</b>	<b>13,390,903,818</b>

## Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 on 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
- Includes an amount of Rs. 89,345,477 (Previous Year Rs. 315,983,634) as amount payable on assigned loans.
- Fixed Deposits of Rs. 125,128,950 (Previous year Rs. 2,969,748,180) have been placed as collateral for Assignment/Securitisation deals on which assignees have a paramount lien.
- Cash and cash equivalents at the close of the Year include:

Cash and Bank balances (Refer Schedule G)	21,413,253,661	12,312,748,221
Current Investments in Units in Mutual Fund considered as temporary deployment of funds (Refer Schedule F)	30,727,497,456	9,041,547,963
	<u>52,140,751,117</u>	<u>21,354,296,184</u>
Less: Fixed Deposit Accounts Having maturity more than 3 months	3,147,727,918	7,963,003,884
Less : Unrealised gains on appreciation of Non-Trade Current Investments	24,739,830	388,482
<b>Cash and cash equivalents as restated</b>	<b>48,968,283,369</b>	<b>13,390,903,818</b>
- Current Investments in Units of Mutual Funds as on March 31, 2011 amounting Rs. 4,237,966 (Previous Year Rs. 7,130,177), are placed as collateral with bank for assignment / securitization deals on which assignees have a lien.
- Unclaimed Dividend Balances in designated bank accounts are not available for use by the Company.
- Previous year figures are regrouped wherever considered necessary.

In terms of our report attached

For **Deloitte Haskins & Sells** Chartered Accountants For and on behalf of the Board

**K. A. Katki**  
Partner

**Sameer Gehlaut**  
Chairman & Whole Time Director

**Gagan Banga**  
CEO & Whole Time Director

**Amit Jain**  
Company Secretary

Mumbai, April 22, 2011

Mumbai, April 22, 2011

# Schedules

Forming part of Consolidated Balance Sheet of Indiabulls Financial Services Limited Group as at March 31, 2011

	Amount (Rs.)	
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
Authorised		
2,000,000,000 (Previous Year 2,000,000,000) Equity Shares of Rs. 2 each	4,000,000,000	4,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 300 each	7,500,000,000	7,500,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 157.39 each	3,934,750,000	3,934,750,000
Issued, subscribed and paid up (Refer Note B 4 of Schedule O)		
310,992,118 (Previous Year 309,894,521) Equity Shares of Rs. 2 each fully paid up	621,984,236	619,789,042
Of the above:		
(a) 76,935,375 (Previous Year 76,935,375) Equity Shares of Face Value of Rs. 2 each are allotted as fully paid up Bonus Shares by capitalisation of Securities Premium Account		
(b) 500,000 (Previous Year 500,000) Equity Shares of Face Value of Rs. 2 each are issued for consideration other than cash		
<b>Per Balance Sheet</b>	<b>621,984,236</b>	<b>619,789,042</b>
<b>SCHEDULE B</b>		
<b>RESERVE AND SURPLUS</b>		
1. Capital Reserve on Consolidation		
Balance as per last Balance Sheet	449,038,269	443,603,438
Add: Additions during the year	-	5,434,831
	449,038,269	449,038,269
2. Capital Reserve		
Balance as per last Balance Sheet	-	-
Add: Addition on account of Issue of Share Warrants - QIP (Refer Note B 5 of Schedule O)	137,500,000	-
	137,500,000	-
3. Capital Redemption Reserve		
Balance as per last Balance Sheet	3,627,392	3,627,392
Add: Amount Transferred during the year	60,000,000	-
	63,627,392	3,627,392
4. Securities Premium Account		
Balance as per last Balance Sheet	35,279,499,708	25,963,043,992
Add: Transfer from Stock Compensation Adjustment Account	6,140,335	-
Add: Additions during the year (Refer Note B 4 of Schedule O)	97,254,974	9,494,937,980
	35,382,895,017	35,457,981,972
Less: Shares / Debentures issue expenses written off (Refer Note B 16 of Schedule O)	770,576,988	178,482,264
Less: Premium on Redemption of Non Convertible Debentures (Refer Note B 16 of Schedule O)	981,387,428	-
	33,630,930,601	35,279,499,708
5. Stock Compensation adjustment		
Employee Stock options outstanding	61,403,350	-
Less: Deferred Employee Compensation expense	36,409,149	-
Less: Transferred to Securities Premium account on account of exercise of Esops	6,140,335	-
	18,853,866	-
6. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Balance as per last Balance Sheet	-	-
Add: Amount Transferred during the year (Refer Note B 30 of Schedule O)	190,000,000	-
	190,000,000	-
7. Reserve Fund (u/s 45-IC of the R.B.I. Act, 1934)		
Balance as per last Balance Sheet	2,510,915,690	1,947,686,916
Add: Amount Transferred during the year	1,349,597,767	578,675,912
Less: Transferred to Minority Interest	20,436,872	15,447,138
	3,840,076,585	2,510,915,690



# Schedules

Forming part of Consolidated Balance Sheet of Indiabulls Financial Services Limited Group as at March 31, 2011 (Contd.)

	Amount (Rs.)	
	As at March 31, 2011	As at March 31, 2010
8. Reserve Fund (U/s 29C of N.H.B. Act, 1987)		
Balance as per last Balance Sheet	306,179,411	269,366,576
Add: Amount Transferred during the year	437,654,838	36,812,835
	743,834,249	306,179,411
9. General Reserve		
Balance as per last Balance Sheet	1,063,732,769	799,532,769
Add: Amount Transferred during the year	608,700,000	264,200,000
	1,672,432,769	1,063,732,769
10. Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	-	-
Add: Amount credited during the year	110,405	-
	110,405	-
11. Surplus as per Profit and Loss account	4,029,400,368	2,867,908,773
<b>Per Balance Sheet</b>	<b>44,775,804,504</b>	<b>42,480,902,012</b>

## Schedule C

### SECURED LOANS

(Refer Note B 15 of Schedule O)

Redeemable Non Convertible Debentures (Refer Note B 16 of Schedule O)		
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,100,000,000	-
10.75% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,000,000,000	1,000,000,000
10.40% Non Convertible Debentures of Face value Rs. 1,000,000 each	2,500,000,000	-
10.10% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,500,000,000	-
10.00% Non Convertible Debentures of Face value Rs. 1,000,000 each	6,000,000,000	-
9.00% Non Convertible Debentures of Face value Rs. 1,000,000 each	300,000,000	300,000,000
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each	4,500,000,000	-
8.50% Non Convertible Debentures of Face value Rs. 1,000,000 each	750,000,000	750,000,000
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,350,000,000	1,350,000,000
7.80% Non Convertible Debentures of Face value Rs. 1,000,000 each	75,000,000	-
7.60% Non Convertible Debentures of Face value Rs. 1,000,000 each	150,000,000	-
7.35% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,500,000,000	1,500,000,000
7.25% Non Convertible Debentures of Face value Rs. 1,000,000 each	3,200,000,000	3,200,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each	15,100,000,000	-
Term Loans		
Vehicle Loans	3,226,849	6,535,522
From Banks	117,725,504,063	30,761,658,875
From Others	-	-
Working Capital Loans		
From Banks	14,931,965,753	6,126,596,397
From Others	-	-
Interest Accrued and Due on above	72,180	510,536
<b>Per Balance Sheet</b>	<b>171,685,768,845</b>	<b>44,995,301,330</b>

## SCHEDULE D

### UNSECURED LOANS

Short Term Loans (Repayable Within One Year)

Intercorporate Deposits	51,000,000	-
Other Loans		
- From Banks (Repayable within One Year Rs. Nil (Previous Year Rs. Nil))	1,000,000,000	1,000,000,000
Commercial Papers (Repayable Within One Year)	20,450,000,000	32,500,000,000
(Maximum balance outstanding during the year Rs. 40,350,000,000 (Previous Year Rs. 32,500,000,000))		
	21,501,000,000	33,500,000,000
<b>Per Balance Sheet</b>	<b>193,186,768,845</b>	<b>78,495,301,330</b>

# Schedules

Forming part of Consolidated Balance Sheet of Indiabulls Financial Services Limited Group as at March 31, 2011 (Contd.)

## SCHEDULE E FIXED ASSETS

Particulars	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK		Amount (Rs.)
	As at April 01, 2010	Additions during the year	Adjustments/ Sales during the year	As at March 31, 2011	As at April 01, 2010	Provided during the year	Adjustments during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	
<b>A. Tangible Assets</b>											
Freehold Land**	1,000,000	-	-	1,000,000	-	-	-	-	1,000,000	-	1,000,000
Buildings	-	10,255,100	-	10,255,100	-	52,666	-	52,666	10,202,434	-	-
Computers	151,761,168	20,846,751	1,106,155	171,501,764	81,479,144	26,229,166	760,784	106,947,526	64,554,238	70,282,024	70,282,024
Office Equipment	66,623,320	13,429,142	153,222	79,899,240	13,473,481	3,604,245	32,776	17,044,950	62,854,290	53,149,839	53,149,839
Furniture & Fixtures	230,237,559	42,907,367	33,394,212	239,750,714	57,294,921	30,357,639	8,459,502	79,193,058	160,557,656	172,942,638	172,942,638
Vehicles*	77,144,705	26,729,240	2,891,574	100,982,371	13,874,131	8,524,946	452,742	21,946,335	79,036,036	63,270,574	63,270,574
<b>TOTAL (A)</b>	<b>526,766,752</b>	<b>114,167,600</b>	<b>37,545,163</b>	<b>603,389,189</b>	<b>166,121,677</b>	<b>68,768,662</b>	<b>9,705,804</b>	<b>225,184,535</b>	<b>378,204,654</b>	<b>360,645,075</b>	<b>360,645,075</b>
<b>B. Intangible Assets</b>											
Software	179,142,463	5,064,478	-	184,206,941	99,839,421	41,146,723	-	140,986,144	43,220,797	79,303,042	79,303,042
<b>TOTAL (B)</b>	<b>179,142,463</b>	<b>5,064,478</b>	<b>-</b>	<b>184,206,941</b>	<b>99,839,421</b>	<b>41,146,723</b>	<b>-</b>	<b>140,986,144</b>	<b>43,220,797</b>	<b>79,303,042</b>	<b>79,303,042</b>
<b>TOTAL (A+B)</b>	<b>705,909,215</b>	<b>119,232,078</b>	<b>37,545,163</b>	<b>787,596,130</b>	<b>265,961,098</b>	<b>109,915,385</b>	<b>9,705,804</b>	<b>366,170,679</b>	<b>421,425,451</b>	<b>439,948,117</b>	<b>439,948,117</b>
<b>PREVIOUS YEAR</b>	<b>621,936,597</b>	<b>97,399,329</b>	<b>13,426,711</b>	<b>705,909,215</b>	<b>183,908,295</b>	<b>84,403,176</b>	<b>2,350,373</b>	<b>265,961,098</b>	<b>439,948,117</b>	<b>444,907,320</b>	<b>444,907,320</b>
<b>Add: Capital Work in progress / Capital Advances</b>									<b>22,830,963</b>	<b>4,959,203</b>	<b>4,959,203</b>
									<b>444,256,414</b>	<b>444,907,320</b>	<b>444,907,320</b>

\*Includes vehicles having original cost of Rs. 8,793,468 (Previous Year Rs. 17,559,544) which are hypothecated to Banks.

\*\*Mortgaged as Security against Secured Non Convertible Debentures (Refer Note No B 15 of Schedule O)



# Schedules

Forming part of Consolidated Balance Sheet of Indiabulls Financial Services Limited Group as at March 31, 2011 (Contd.)

	As at March 31, 2011		Amount (Rs.) As at March 31, 2010	
<b>SCHEDULE F</b>				
<b>INVESTMENTS</b>				
(A) Long Term Investments, Non Trade, Unquoted (At Cost)				
- In Equity Shares of Associate Companies	14,680,955		381,418,867	
Add: Capital Reserve arising on Consolidation	-	14,680,955	<u>5,434,831</u>	386,853,698
- 28,000,000 (Previous Year Nil) Fully paid up Equity shares of face value Rs. 5 each in Indian Commodity Exchange Limited		101,555,854		-
- In Preference Shares		-		2,000,000,000
(B) Current Investments, Non Trade, Unquoted				
- In Units of Mutual Fund		30,727,497,456		9,041,547,963
- In Pass Through Certificates		-		204,951,518
- In Bonds		50,000,000		50,000,000
<b>Per Balance Sheet</b>		<b>30,893,734,265</b>		<b>11,683,353,179</b>
Aggregate Market value of quoted Investment		-		-
Aggregate book value of quoted Investment		-		-
Aggregate book value of Unquoted Investment		<b>30,893,734,265</b>		<b>11,683,353,179</b>
<b>SCHEDULE G</b>				
<b>A. CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
1. Sundry Debtors (Unsecured, considered good, unless otherwise stated)				
Debits outstanding for a period exceeding six months		66,974,997		82,180,677
Other Debts		9,576,435		139,510,988
		<u>76,551,432</u>		<u>221,691,665</u>
2. Cash and Bank Balances				
Cash on hand		30,602,182		126,656,533
Cheques on hand		3,336,999		3,916,825
Balances with Scheduled Banks				
In Current Accounts#		15,231,586,562		4,219,170,979
In Deposit Accounts (Refer Note B 9 & B 18 of Schedule O)		6,147,727,918		7,963,003,884
		<u>21,413,253,661</u>		<u>12,312,748,221</u>
# includes Rs.9,707,450 (Previous Year 5,328,023) in designated unclaimed dividend accounts)				
3. Other Current Assets				
Interest Accrued				
- On Fixed Deposits, Pass Through Certificates & Bonds		429,511,263		395,931,379
- On Loans		1,661,560,332		852,425,933
		<u>2,091,071,595</u>		<u>1,248,357,312</u>
<b>Total (A)</b>		<b>23,580,876,688</b>		<b>13,782,797,198</b>
<b>B. LOANS AND ADVANCES</b>				
(Unsecured considered good, unless otherwise stated)				
1. Loans and Other Credit facilities				
(a) Secured Loans (Refer Note B 17 of Schedule O)				
- Considered Good		186,964,613,336		76,750,461,935
- Considered Doubtful		280,812,345		121,930,169
Less : Securitised / Assigned		<u>2,422,510,985</u>		<u>2,385,455,413</u>
		184,822,914,696		74,486,936,691
(b) Unsecured Loans				
- Considered Good		10,086,374,721		33,360,025,698
- Considered Doubtful		916,815,378		-
Less : Securitised / Assigned		<u>1,529,328,008</u>		<u>2,600,790,314</u>
		9,473,862,091		30,759,235,384

# Schedules

Forming part of Consolidated Balance Sheet of Indiabulls Financial Services Limited Group as at March 31, 2011 (Contd.)

	As at March 31, 2011	Amount (Rs.) As at March 31, 2010
2. Retained Interest on Securitisation of Loans	-	4,444,967
3. Deferred Purchase Consideration on Assignment of loans	138,130,879	436,142,242
4. Advances recoverable in cash or in kind or for value to be received:- Considered Good	548,340,976	1,695,922,317
5. Security Deposits	368,428,321	148,987,751
6. Margin Money Placed with Assignees	142,800,000	161,924,000
7. Advance Income Tax / Tax Deducted At Source (Net of Provision for Tax Rs. 3,666,207,871 (Previous Year Rs. 3,519,702,759))	1,137,459,621	1,362,754,595
8. Advance Fringe Benefits Tax (Net of Provision for Tax Rs. 2,471,281 (Previous Year Rs. 2,471,281))	69,457	74,457
<b>Total (B)</b>	<b>196,632,006,041</b>	<b>109,056,422,404</b>
<b>Per Balance Sheet (A+B)</b>	<b>220,212,882,729</b>	<b>122,839,219,602</b>
<b>SCHEDULE H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
1. Sundry Creditors (Refer Note B 26 of Schedule O)		
a. Dues to Micro and Small Enterprises	-	-
b. Dues to Others	10,436,004	21,461,087
2. Temporary Overdrawn Bank Balances as per books	4,633,248,688	7,787,479,769
3. Unclaimed Dividends	9,707,450	5,328,023
4. Other Current Liabilities	1,194,246,453	276,091,141
5. Amount payable on assigned loans	89,345,477	315,983,634
<b>Total (A)</b>	<b>5,936,984,072</b>	<b>8,406,343,654</b>
<b>B. PROVISIONS</b>		
1. Provision for Doubtful Assets	1,800,007,038	1,123,465,609
2. Contingent Provisions against Standard Assets	397,413,683	-
3. Provision for Superannuation	128,045,581	88,215,795
4. Provision for Gratuity	50,792,008	35,118,785
5. Provision for Compensated Absences	20,487,153	17,159,854
6. Premium on Redemption on Non Convertible Debentures (Accrued but not due)	981,387,428	-
7. Provision for Taxation (Net of Advance Income Tax / Self Assessment Tax Paid / Tax Deducted At Source Rs. 2,983,039,543 (Previous Year Rs. 1,025,959,059))	1,351,539,993	1,036,226,238
8. Provision for Fringe Benefits Tax (Net of Advances Rs. 78,998,036 (Previous Year Rs. 79,695,035))	190,934	195,934
9. Proposed Final Dividend on Equity Shares	1,555,132,650	1,549,472,605
10. Corporate Dividend Tax on Proposed Final Dividend on Equity Shares	252,281,394	257,348,031
<b>Total (B)</b>	<b>6,537,277,862</b>	<b>4,107,202,851</b>
<b>Per Balance Sheet (A+B)</b>	<b>12,474,261,934</b>	<b>12,513,546,505</b>

# Schedules

Forming part of Consolidated Profit and Loss Account of Indiabulls Financial Services Limited Group for the year ended March 31, 2011

	Year ended March 31, 2011	Amount (Rs.) Year ended March 31, 2010
<b>SCHEDULE I</b>		
<b>REVENUE FROM OPERATIONS</b>		
Interest on Financing activities (Refer Note B 25(b) of Schedule O)	21,246,374,328	14,131,083,923
Profit on Current Non Trade Investment / Dealing in Securities (Net)	50,882,286	2,009,337
Profit on sale of Long term Non Trade Investment	284,896,271	-
Dividend Income on units of Mutual Funds and on Equity Shares	680,316,495	216,525,008
Income From Advisory Services / Fee Income	669,349,691	210,136,852
Other Operating Charges (Refer Note B 25(a) of Schedule O)	1,764,508,104	1,656,852,030
Commission on Insurance and Mutual Fund	30,754,949	39,901,439
<b>Per Profit and Loss Account</b>	<b>24,727,082,124</b>	<b>16,256,508,589</b>
<b>SCHEDULE J</b>		
<b>OTHER INCOME</b>		
Sundry Credit balances written back / Bad debts recovered	357,639,842	82,015,401
Miscellaneous Income	14,834,923	11,880,293
<b>Per Profit and Loss Account</b>	<b>372,474,765</b>	<b>93,895,694</b>
<b>SCHEDULE K</b>		
<b>OPERATING EXPENSES</b>		
Stamp Duty	23,229,249	21,256,024
Demat Charges	894,594	723,437
Commission	168,144,962	98,343,939
Client Verification and Collection Charges	90,692,679	51,657,159
<b>Per Profit and Loss Account</b>	<b>282,961,484</b>	<b>171,980,559</b>
<b>SCHEDULE L</b>		
<b>PERSONNEL COSTS</b>		
Salaries	1,546,363,675	1,320,855,482
Contribution to Provident Funds and Other Funds	12,602,340	2,326,097
Staff Welfare Expenses	13,134,734	10,247,025
Provision for Gratuity, Compensated Absences and Superannuation Expenses	59,092,565	30,132,514
Employee Compensation Expense	24,994,201	-
<b>Per Profit and Loss Account</b>	<b>1,656,187,515</b>	<b>1,363,561,118</b>

# Schedules

Forming part of Consolidated Profit and Loss Account of Indiabulls Financial Services Limited Group for the year ended March 31, 2011 (Contd.)

	Year ended March 31, 2011		Amount (Rs.) Year ended March 31, 2010	
<b>SCHEDULE M</b>				
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>				
Advertisement		59,245,292		24,492,280
Recruitment Expenses		489,347		2,711,906
Repairs & Maintenance - Others		115,924,010		67,388,254
Electricity Expenses		38,031,436		30,166,033
Printing & Stationery		19,604,974		13,000,984
Rent and charges		339,112,470		112,562,402
Rates and Taxes		11,393,131		21,071,771
Communication Expenses		59,211,181		53,679,818
Travelling & Conveyance		84,570,365		69,284,576
Professional Charges		456,257,341		273,561,320
Auditors Remuneration (Excluding Service Tax of Rs. 1,661,905 (Previous Year Rs. 1,668,840)				
As Auditors		13,983,250		13,577,329
Certification		1,200,000		1,200,000
Other Attest Services		-		275,000
Out of Pocket Expenses		1,300,000		1,300,000
Business Promotion		23,270,632		-
Bad Loans / Advances written off	1,423,273,445		3,576,115,488	
Less: Adjusted against provision for earlier years	424,037,716	999,235,729	647,196,186	2,928,919,302
Provision for Doubtful Loans		1,100,579,146		165,681,010
Contingent Provisions against Standard Assets		397,413,683		-
Assignment Expenses		220,202,407		352,887,356
Insurance		27,575		27,813
Loss on sale of fixed assets		25,458,899		10,406,900
Preliminary Expenses		240,592		239,640
Share of Loss in Associates		82,013,159		22,822,801
Foreign Exchange translation loss		222,732		-
Miscellaneous Expenses		91,933,076		11,161,731
<b>Per Profit and Loss Account</b>		<b>4,140,920,427</b>		<b>4,176,418,226</b>
<b>SCHEDULE N</b>				
<b>INTEREST &amp; FINANCE CHARGES</b>				
Bank / Finance Charges		12,426,630		37,310,512
Interest on Commercial Papers		1,729,080,077		1,837,004,961
Interest on Vehicles Loans		460,606		801,032
Interest on Non Convertible Debentures		1,321,006,825		144,062,950
Processing and other Fees		121,267,118		103,921,480
Interest on Intercorporate Deposit		2,179,725		-
Interest on Taxes		79,569,294		3,455,888
Interest on loans		5,722,954,891		3,848,312,771
Interest on Overdraft Facility		5,749,192		5,946,260
Interest on Securitised Loans		-		217
<b>Per Profit and Loss Account</b>		<b>8,994,694,358</b>		<b>5,980,816,071</b>

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### SCHEDULE 'O'

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011.

#### A. Significant Accounting Policies:

##### i. Basis of Consolidation:

The consolidated financial statements are prepared in accordance with Accounting Standard (AS) - 21 on 'Consolidated Financial Statements' and Accounting Standard (AS) - 23 on 'Accounting for Investment in Associates in Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006. Reference in these notes to Company, Holding Company, Companies or Group shall mean to include Indiabulls Financial Services Limited ("IBFSL") or any of its subsidiaries, unless otherwise stated.

##### ii. Principles of consolidation:

The consolidated financial statements comprise of the Financial Statements of Indiabulls Financial Services Limited, its subsidiaries and associates. The financial statements of the group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of inter-company transactions are eliminated on consolidation.

##### iii. Goodwill / Capital Reserve on consolidation:

Goodwill / Capital Reserve represents the difference between the company's share in the net worth of subsidiaries, and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital Reserve on consolidation is adjusted against Goodwill on consolidation, if any. The Goodwill on consolidation is evaluated for impairment whenever events or changes in circumstances indicate that its carrying amount may have been impaired.

##### iv. Investment in Associates

Investment in entities in which the holding company has significant influence but not a controlling interest are reported according to the equity method i.e. the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated Profit and Loss Account includes the investor's share of the results of the operations of the investee.

The particulars of investment in associate companies as at March 31, 2011 are as under:

Name of Associates	Country of Incorporation	Year / Period	Ownership interest (%)	Original cost of investment (Rs.)	Share of post acquisition Reserves and Surplus (Rs.)	Carrying cost of Investment (Rs.)	Auditor
Indiabulls Asset Reconstruction Company Limited	India	01-April-10 to 31-March-11	24.02%	12,250,000	2,430,955	14,680,955	Ajay Sardana Associates
		01-April-09 to 31-March-10			1,723,195	13,973,195	
Indian Commodity Exchange Limited (Formerly known as International Multi Commodity Exchange Limited)	India	01-April-10 to 12-December-10	40.00%	400,000,000	(105,895,074)	-	Ajay Sardana Associates
		23-October-09 to 31-March-10			(24,212,005)		
		30-July-09 to 22-October-09	44.44%		1,037,850		

# Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

## v. Companies included in consolidation:

Name of subsidiaries	Country of Incorporation	Year / Period ended included In consolidation	Proportion of Ownership Interest	Auditor
Indiabulls Collection Agency Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
Ibulls Sales Limited (Formerly known as Fast Loan Services Limited)	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	A Sardana & Co.
Indiabulls Insurance Advisors Limited (Formerly known as Indiabulls Insurance Advisors Private Limited)	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Sumit Mohit & Company
Indiabulls Finance Company Private Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	57.50%	Deloitte Haskins & Sells
Indiabulls Capital Services Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Sumit Mohit & Company
Indiabulls Housing Finance Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Deloitte Haskins & Sells
Nilgiri Financial Consultants Limited (Formerly known as Nilgiri Financial Consultants Private Limited)	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
Indiabulls Infrastructure Credit Limited (Formerly known as Indiabulls Commercial Credit Limited)	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
Indiabulls Advisory Services Limited (Formerly known as Divya Shakti Trading Services Limited)	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Sumit Mohit & Company
Indiabulls Asset Holding Company Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
Indiabulls Life Insurance Company Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
Indiabulls Asset Management Company Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
Indiabulls Trustee Company Limited	India	01-April-2010 to 31-March-2011 01-April-2009 to 31-March-2010	100%	Sapra Associates
Indian Commodity Exchange Limited (Formerly known as International Multi Commodity Exchange Limited)	India	N.A.	N.A.	Ajay Sardana Associates
		10-June-2009 to 29-July-2009	52.63%	
		01-April-2009 to 09-June-2009	100%	
Indiabulls Holdings Limited	India	07-April-2010 to 31-March-2011	100%	Sharma Goel & Co.
Indiabulls Venture Capital Management Company Limited	India	01-April-2010 to 31-March-2011	100%	Sharma Goel & Co.
		03-March-2010 to 31-March-2010		
Indiabulls Venture Capital Trustee Company Limited	India	01-April-2010 to 31-March-2011	100%	Sharma Goel & Co.
		03-March-2010 to 31-March-2010		
Indiabulls Alternative Asset Management Private Limited	Singapore	20-August-2010 to 31-March-2011	100%	Ernst & Young LLP

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the holding company for its independent financial statements.

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### vi. Information relating to Subsidiaries including subsidiaries of subsidiaries:

(In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8th February, 2011)

Sr. No	Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus (Net of debit balance of profit & loss account)	Total Assets (Fixed Assets + Current Assets + Deferred Tax Assets)	Total Liabilities (Debts + Current Liabilities & Provisions + Deferred tax Liabilities)	Details of Investments (excluding investment in the subsidiary companies) - Treasury Bill	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend (including Corporate Dividend Tax)
1	Indiabulls Collection Agency Limited	2010-11	Rs.	1,500,000	128,138,927	125,288,734	1,165,188	5,515,381	8,434,494	8,076,358	1,334,088	6,742,270	-
		2009-10		1,500,000	121,396,657	12,358,524	1,961,867	112,500,000	9,829,460	9,653,204	1,789,512	7,863,692	-
2	Ibolls Sales Limited (Formerly Fast Loan Services Limited)	2010-11	Rs.	500,000	607,198	18,880,316	17,773,119	-	122,949,112	1,170,916	327,407	843,509	-
		2009-10		500,000	(236,312)	15,144,898	14,881,210	-	753,963	(95,520)	-	(95,520)	-
3	Indiabulls Insurance Advisors Limited	2010-11	Rs.	500,000	(1,046,883,808)	34,096,689	1,080,980,497	-	633,713	54,653	(3,800,348)	3,855,001	-
		2009-10		500,000	(1,050,738,809)	44,791,044	1,095,529,853	-	-	(2,608,744)	721,793	(2,586,841)	-
4	Nilgiri Financial Consultants Limited	2010-11	Rs.	500,000	49,532,569	57,830,575	7,798,005	-	1,469,028	614,684	85,940	528,744	-
		2009-10		500,000	49,003,825	57,713,197	8,209,372	-	1,728,653	948,790	358,233	590,557	-
5	Indiabulls Finance Company Private Limited	2010-11	Rs.	76,086,960	2,773,140,987	2,147,294,025	59,633,758	761,567,680	355,702,419	343,732,759	103,298,973	240,433,786	-
		2009-10		76,086,960	2,532,707,201	1,337,944,197	6,333,211	1,277,183,175	265,588,303	261,776,022	80,044,987	181,731,035	-
6	Indiabulls Housing Finance Limited	2010-11	Rs.	1,556,896,560	5,778,145,462	34,986,840,763	28,966,444,629	1,314,645,888	3,333,839,827	1,091,465,919	303,191,729	788,274,190	-
		2009-10		1,350,000,000	2,196,767,712	10,628,544,801	10,812,294,345	3,730,517,256	1,791,468,820	254,159,039	70,094,866	184,064,173	-
7	Indiabulls Capital Services Limited	2010-11	Rs.	50,000,000	(173,089,712)	26,963,847	233,601,395	83,547,836	4,292,810	1,951,522	17,737,072	(15,785,550)	-
		2009-10		50,000,000	(157,304,162)	189,762,553	379,333,240	82,266,525	2,981,518	1,928,234	(184,221)	1,744,013	-
8	Indiabulls Infrastructure Credit Limited	2010-11	Rs.	100,000,000	686,121,322	2,191,840,083	1,756,492,620	350,773,859	678,658,719	582,376,879	161,731,469	420,645,410	-
		2009-10		140,000,000	4,225,475,912	1,332,752,635	540,846,769	3,573,570,046	105,141,333	104,127,158	34,081,411	70,045,747	-
9	Indiabulls Advisory Services Limited (Formerly Divya Shakti Trading Services Limited)	2010-11	Rs.	25,500,000	22,204,251	4,778,704	1,130,762	44,056,309	5,598,208	4,963,620	704,460	4,259,160	-
		2009-10		45,500,000	1,997,945,091	7,277,588	4,815,994	2,041,000,000	23,914,286	23,570,515	7,229,509	16,341,006	-
10	Indiabulls Asset Holding Company Limited	2010-11	Rs.	500,000	(659,994)	45,156	205,150	-	27,575	(29,322)	-	(29,322)	-
		2009-10		500,000	(630,672)	24,478	155,150	-	-	(87,885)	-	(87,885)	-
11	Indiabulls Life Insurance Company Limited	2010-11	Rs.	500,000	(39,224,067)	2,325,780	41,049,847	-	10,000	(3,797,066)	141,976	(3,939,042)	-
		2009-10		500,000	(35,285,025)	8,077,572	42,862,597	-	8,065,669	1,183,546	-	1,183,546	-
12	Indiabulls Asset Management Company Limited	2010-11	Rs.	150,000,000	(10,771,903)	140,680,787	1,452,690	-	9,446,878	(5,980,789)	(1,033,762)	(4,947,027)	-
		2009-10		150,000,000	(5,824,876)	2,864,618	3,189,494	144,500,000	10,321,621	(4,669,363)	2,948,685	(7,618,048)	-
13	Indiabulls Trustee Company Limited	2010-11	Rs.	5,000,000	325,676	5,450,562	124,886	-	335,080	296,749	95,435	201,314	-
		2009-10		5,000,000	124,362	5,252,649	128,287	-	316,800	217,289	106,027	111,262	-
14	Indiabulls Holdings Limited	2010-11	Rs.	1,500,000	(144,850)	377,210	22,060	-	-	(144,850)	-	(144,850)	-
		2009-10		500,000	(167,370)	354,690	22,060	-	-	(25,740)	-	(25,740)	-
15	Indiabulls Venture Capital Management Company Limited	2010-11	Rs.	500,000	(167,370)	354,690	22,060	-	-	(25,740)	-	(25,740)	-
		2009-10		500,000	(141,630)	380,430	22,060	-	-	(141,630)	-	(141,630)	-
16	Indiabulls Venture Capital Trustee Company Limited	2010-11	Rs.	500,000	(167,870)	354,190	22,060	-	-	(25,740)	-	(25,740)	-
		2009-10		500,000	(142,130)	379,930	22,060	-	-	(142,130)	-	(142,130)	-
17	Indiabulls Alternative Asset Management Private Limited	2010-11	Rs.	7,690,800	(7,949,253)	382,128	530,447	-	-	(7,949,253)	-	(7,949,253)	-

Note: For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent INR (Rs.), following exchange rates are used for 1 INR / (Re.)

Sr No	Currency	Balance Sheet (Closing Rate)		Profit & Loss Account (Average Rate)	
		2010-11	2009-10	2010-11	2009-10
1	SGD	35.42	N.A.	34.82	N.A.



# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### vii. Basis of Accounting:

These financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India and Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006.

### viii. Prudential Norms:

The Non Banking Financial Companies in the Group follow the Reserve Bank of India ("RBI") directions in respect of "Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007"), dated February 22, 2007 in respect of income recognition, income from investments, accounting of investments, asset classification, disclosures in the balance sheet and provisioning. The housing finance company in the group follows the provisions of the Housing Finance Companies (NHB) Directions, 2001 ("NHB Directions, 2001"). Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006 and Guidance Notes issued by the Institute of Chartered Accountants of India ("ICAI") are followed insofar as they are not inconsistent with the RBI directions, 2007 / NHB directions, 2001.

### ix. Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the year in which the results are known / materialised.

### x. Revenue Recognition:

Interest Income from financing activities and others is recognised on an accrual basis. In terms of the RBI Directions, 2007 / NHB Directions, 2001 interest income on Non-performing assets ('NPAs') is recognised only when it is actually realised.

Income from Fee based Advisory Services is recognised on an accrual basis.

Interest Income on Inter Corporate Deposits

and Fixed Deposits are recognised on accrual basis.

Commission on insurance policies sold is recognised when the Company under its agency code sells the insurance policies and when the same is accepted by the principal insurance company.

Commission on Mutual Funds is recognised on accrual basis.

Transactions in respect of Investment / dealing in securities are recognised on trade dates.

Repayment of loans is as stipulated in the respective loan agreements or by way of Equated Monthly Installments (EMI's) comprising principal and interest. EMI's commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month and accounted for on accrual basis.

Processing Fee received in respect of loans is accounted for in the year in which the loan is disbursed.

Revenue from interest charged to customers on delayed payments is recognised on a daily / weekly basis up to the last day of accounting year.

Dividend income on equity shares is recognised when the right to receive the dividend is unconditional as at the balance sheet date. In terms of the RBI Directions, 2007 / NHB Directions, 2001 wherever applicable, Dividend Income on units of Mutual Fund held by NBFC / Housing companies is recognised on cash basis.

### xi. Securitisation / Assignment of Loan portfolio:

Derecognition of loans securitised in the books of the Company, recognition of gain / loss arising on securitisation and accounting for credit enhancements provided by the Company is based on the Guidelines issued by the Reserve Bank of India.

Derecognition of loans assigned in the books of the Company is based on the concept of surrender of control over the loans resulting in a "true sale" of loans.

Income on Assignment of Loans is recognised on entering into deal with the assignee, wherever applicable, and is the difference between the Net Present Value of future assigned loan receivables discounted at the

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

assignee's rate as agreed upon and the principal outstanding at the inception of deal.

Credit enhancement in the form of cash collateral, if provided by the Company, by way of deposits /mutual fund is included under Cash and bank balances / Loans and Advances/ Investments, as applicable.

### xii. Fixed Assets:

#### (a) Tangible Assets:

Fixed assets are stated at cost, net of tax / duty credits availed, if any, wherever applicable, less accumulated depreciation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

#### (b) Intangible Assets:

Intangible assets are stated at cost, net of tax / duty credits availed, if any, wherever applicable, less any accumulated amortisation / impairment losses. Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

### xiii. Depreciation / Amortisation:

- a) Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date the asset is put to use. Lease hold improvements are amortised over the period of Lease. Depreciation on sale / deduction from fixed asset is provided for up to the date of sale / deduction, as the case may be. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.
- b) Intangible assets consisting of Software are amortised on a straight line basis over a period of four years from the date when the assets are available for use.

### xiv. Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of, an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash

generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

### xv. Investments:

Investments are classified as long term and current investments. Long term investments are carried at cost less provision, if any, for any diminution other than temporary in their value. In terms of the RBI Directions, 2007, unquoted current investments in equity shares are valued at cost or break-up value, whichever is lower. Unquoted current investments in units of mutual funds are valued at the net asset value declared by the mutual fund in respect of each particular scheme. Other unquoted current investments are valued at carrying value. Quoted Current investments are valued at lower of cost and fair value.

### xvi. Stock of Securities:

Stock of securities is valued at lower of cost and net realisable value. Cost is determined on weighted average basis.

### xvii. Employee benefits:

Company's contribution to Provident Fund is charged to profit and loss account. The company has unfunded defined benefit plans namely leave encashment (long term compensated absences) and gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the Projected Unit Credit Method. Superannuation (Pension & Medical coverage) payable to certain Director on retirement is actuarially valued at the end of the year using the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of change in actuarial assumptions and are recognised in Profit and Loss account as income or expenses.

### xviii. Deferred Employee Stock Compensation Cost:

Deferred employee stock compensation cost for stock options are recognised on the basis of generally accepted accounting principles and are measured by the difference between

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

the intrinsic value of the company's shares on stock options grant date and the exercise price to be paid by the option holders. The compensation expense is amortised over the vesting period of the options. The fair value of options for disclosure purpose is measured on the basis of a valuation performed, as certified by an independent firm of Chartered Accountants in respect of stock options granted.

### xix. Taxes on Income:

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates by the Balance Sheet date, to the extent that the timing differences are expected to crystallise.

Deferred Tax Assets are recognised where realisation is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty of realisation backed by convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### xx. Derivative Transactions:

The contracts entered by the Company during the year are, - Interest Rate Swap (IRS) Contract. All outstanding Interest Rate Swap contracts are marked-to-market as at the year end. Losses are recognised to the profit and loss account based on category of contracts and gains are ignored, in line with the Announcement made by the ICAI dated March 29, 2008. Any profit/loss arising on cancellation/unwinding of IRS contract are recognized as income or expenses for the period.

### xxi. Leases:

In case of assets taken on operating lease, the lease rentals are charged to the Profit and Loss Account in accordance with Accounting Standard (AS) 19 – 'Leases' as notified by the Companies (Accounting Standards) Rules, 2006.

### xxii. Foreign Currency Transactions :

a) Transactions denominated in foreign

currencies are recorded at the exchange rates prevailing on the date of transaction.

- b) Monetary items denominated in foreign currencies at the year end are translated at year end rates.
- c) In case of Foreign Exchange Contract, the difference between the year-end rate and the rate on the date of the contract is recognized as exchange difference and the premium on such forward contracts is recognized over the life of the forward contract. Any profit/loss arising on cancellation or renewal of forward contract is recognized as income or expense for the period.
- d) Non monetary foreign currency items are carried at cost.
- e) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account.
- f) In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the profit and loss account are translated at the average exchange rate during the year. The differences arising out of the translation are transferred to foreign currency translation reserve, in the balance sheet until the disposal of the net investments at which time they are recognised as income or as expenses.

### xxiii. Borrowing Cost:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of the asset. All other borrowing costs are charged to Profit & Loss Account.

### xxiv. Share/Debenture Issue Expenses:

Share/Debenture issue expenses are adjusted against securities premium account to the extent of balance available and thereafter, the balance portion is charged off to the Profit and Loss Account, as incurred.

### xxv. Equity Index / Stock Futures:

- a) Initial Margin – Equity Index/ Stock Futures, representing the initial margin paid, and Margin Deposits representing additional margin paid over and above

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

the initial margin, for entering into a contract for equity index/ stock futures which are released on final settlement/ squaring-up of the underlying contract, are disclosed under Loans and Advances.

- b) Equity index/ stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the Mark-to-Market Margin – Equity Index/ Stock Futures Account, represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the balance sheet date.
- c) As on the balance sheet date, profit/loss on open positions in equity index/ stock futures is accounted for as follows:
- Credit balance in the Mark-to-Market Margin – Equity Index/Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss Account.
  - Debit balance in the Mark-to-Market Margin – Equity Index/Stock Futures Account, being the anticipated loss, is adjusted in the Profit and Loss Account.
- d) On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/ squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in Mark-to-Market Margin – Equity Index/Stock Futures Account after adjustment of the provision for anticipated losses is recognised in the Profit and Loss Account. When more than one contract in respect of the relevant series of equity index/stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

### xxvi. Commercial Papers:

The liability is recognised at face value of the commercial paper at the time of issue of

commercial paper. The discount on issue of commercial paper is amortised over the tenure of the instrument.

### xxvii. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

### B. Notes to accounts:

#### 1. Overview:

Indiabulls Financial Services Limited ("the Company", "IBFSL") was incorporated on January 10, 2000 as a Private Limited Company to invest in various subsidiaries and also to invest, acquire, hold, purchase or procure equity shares, debentures, bonds, mortgages, obligations, securities of any kind issued or guaranteed by any company and provide loans and other credit facilities.

On March 30, 2001, the Company was registered under Section 45-IA of the Reserve Bank of India (R.B.I.) Act, 1934 to carry on the business of a Non Banking Financial Company but does not have permission from the R.B.I. to accept public deposits. The Company was converted into a public limited company pursuant to Section 44 of the Companies Act, 1956 on February 03, 2004.

#### 2. Contingent liability not provided for in respect of:

##### Indiabulls Financial Services Limited:

- a) Corporate counter guarantees outstanding in respect of credit facilities availed by subsidiaries for the year ended March 31, 2011 amounting to Rs. 500,000,000 (Previous Year Rs. 1,868,625,530).
- b) Corporate counter guarantees outstanding in respect of assignment

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## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

- agreements entered by company's subsidiary with different assignees as at March 31, 2011 is Rs. 69,536,145 (Previous Year Rs. 256,162,252) against which collateral deposit of Rs. 142,800,000 for year ended March 31, 2011 (Previous Year Rs. 161,924,000) is being provided to the assignees by the company's subsidiary in the form of Fixed Deposit Receipts.
- c) Corporate counter guarantee outstanding in respect of credit facilities availed by erstwhile subsidiary companies Rs. Nil (Previous Year Rs. 1,200,000,000) against which collateral fixed deposits of Rs. Nil (Previous Year Rs. 600,000,000) has been provided by those erstwhile subsidiaries for whom the counter guarantee was given.
- d) Capital commitments as at March 31, 2011 (net of advances) Rs. 8,277,368 (Previous Year Rs. 984,863).
- e) Demand raised u/s 143(3) of the Income Tax Act, 1961 for Rs. 33,821,339 (Previous Year Rs. Nil) with respect to the Financial Year 2007-08 against which an appeal has been filed with CIT (Appeals).
- f) Arbitration award passed by the international arbitrator against the Company for Rs. 1,920,007,000 (Previous Year Rs. Nil) for purchase of 42.5% stake in Indiabulls Finance Company Limited (IFCPL), which is disputed by the Company. The company currently holds 57.5% equity stake in IFCPL (Refer Note No. 32).
- amounts to Rs. 31,012,297 (Previous Year Rs. Nil). The matters in dispute are under appeal before CIT( Appeals )-XV, New Delhi.
- b) The company has provided a collateral amounting to Rs. 4,237,966 (Previous year Rs. 7,130,177) in the form of investments in mutual funds for the assignment/securitization deal entered into by Indiabulls Housing finance limited, a fellow subsidiary, with Reliance Capital Limited.

The Company is involved in various legal proceedings as respondents / defendants for various claims including those related to regulatory matters relating to conduct of its business. In respect of these claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defenses the ultimate disposition of these matters will not have material adverse effect on its Financial Statements.

3. During the year the Non-Banking Financial Companies in the Group has complied with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as issued by the Reserve Bank of India vide notification dated February 22, 2007. The housing finance company in the group has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2001 ("NHB Directions, 2001").
4. **Changes in capital structure during the year from April 01, 2010 to March 31, 2011:**

On April 9, 2010, the Company has issued 22,650 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008.

On April 27, 2010, the Company has issued 30,000 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, and 26,640 Equity Shares of Rs. 2 each, at a premium of Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006.

On May 24, 2010, the Company has issued 201,987 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, 75,028 Equity Shares of Rs. 2 each, at a premium of

### **Indiabulls Housing Finance Limited:**

- a) Capital commitments in respect of acquisition of fixed assets at various branches as at the year end (net of advances paid) Rs. 2,940,733 (Previous Year Rs. 182,412).

### **Indiabulls Advisory Services Limited:**

- a) Disallowance u/s 143(3) of The Income Tax Act, 1961 for Rs. 352,226,127 (Previous Year Rs. Nil) with respect to the Financial Year 2007-08 against which an appeal has been filed with CIT (Appeals).

### **Indiabulls Capital Services Limited:**

- a) Contingent liability in respect of income tax demand arising out of assessment u/s 143 (3) of the Income Tax Act, 1961



# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 5,016 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.

On September 1, 2010, the Company has issued 77,710 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, 4,248 Equity Shares of Rs. 2 each, at a premium of Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 3,828 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.

On October 22, 2010, the Company has issued 125,066 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, 39,500 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 22,296 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.

On December 1, 2010, the Company has issued 260,842 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, 5,978 Equity Shares of Rs. 2 each, at a premium of Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 19,932 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.

On January 19, 2011, the Company has issued 176,282 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, and 594 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.

As a consequence of the above, as at March 31, 2011, the Issued, Subscribed and Paid-up Equity Share Capital of stands Rs. 621,984,236 divided into 310,992,118 no's of shares of face value Rs. 2 each fully paid up.

As at the year end, the Company has received share application money towards exercise of

ESOP's by certain eligible employees aggregating to Rs. 2,732,718 (Previous Year Rs. Nil). The same has been shown as Share application money pending allotment.

5. During the current financial year, in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in respect of the issue of the Secured Non Convertible Debentures of the Company to QIBs under Qualified Institutions Placement (Refer Note no. 14), the Company issued 27,500,000 Share Warrants being issued at a Warrant Issue Price of Rs.5 per Share Warrant, with a right exercisable by the Warrant holder to exchange each Warrant with one equity share of the Company of face value Rs.2 each, any time before the expiry of 60 months from the date of allotment of the Warrants, at a Warrant Exercise Price of Rs.225 per equity share. Subscription amount received on Warrant Issue Price of Rs.5 per Share Warrant is neither adjustable with the Warrant Exercise Price, nor refundable by the Company; hence the same has been credited to Capital Reserve Account.
6. During the financial year 2007-08 the Company restructured its business operations through a scheme of arrangement Under Sections 391 – 394 of the Companies Act, 1956 (duly sanctioned by the Hon'ble High Court of Judicature at Delhi on November 23, 2007). The Scheme of Arrangement provided for the amalgamation of Indiabulls Credit Services Limited ("ICSL") with the Company and the demerger of the securities broking and advisory business (a part of fee income) of the Company as a going concern, to Indiabulls Securities Limited ("ISL"). Upon coming into effect of the Scheme on December 24, 2007 and with effect from the Appointed Date on April 01, 2007, ICSL stands amalgamated with the Company and the securities broking and advisory business (a part of Fee Income) of the Company stands demerged from the Company and transferred to and vested in ISL on a going concern basis.
7. **Minority Interest includes:**
  - 1) As at March 31, 2011, 3,233,696 (Previous Year 3,233,696) Equity Shares of Rs. 10 each fully paid up issued by subsidiary company Indiabulls Finance Company Private Limited.
  - 2) Proportionate share in the movements in Reserves & Surplus of the said subsidiary.



# Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

## 8. Employees Stock Options Schemes:

### Stock option schemes in lieu of stock options schemes of erstwhile subsidiary Indiabulls Credit Services Limited of the Company:

On January 02, 2006, the erstwhile Indiabulls Credit Services Limited ("ICSL" or "the erstwhile Company") established the Indiabulls Credit Services Limited Employees Stock Options Scheme ("ICSL ESOS" or "Plan"). Under the plan, the erstwhile Company was authorised to issue up to 6,000,000 equity settled options of Rs. 10 each to eligible employees including employees of other Indiabulls Group Companies. Employees covered by the plan were granted an option to purchase shares of the erstwhile Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the erstwhile Company administered the plan.

On January 02, 2006, the erstwhile Company granted 6,000,000 equity settled options at an exercise price of Rs. 12.50 per share. These options were to vest uniformly over a period of 5 years, with effect from April 01, 2007, whereby 20% of the options were to vest on each vesting date as per the vesting schedule.

On July 28, 2006, the erstwhile Company established the Indiabulls Credit Services Limited Employees Stock Option Plan II ("ICSL ESOP II" or "Plan II"). Under the plan, the erstwhile Company was authorized to issue up to 9,000,000 equity settled options of Rs.10 each to eligible employees including employees of other Indiabulls Group Companies. Employees covered by the plan were granted an option to purchase shares of the erstwhile Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the erstwhile Company administered the plan.

On July 28, 2006, the erstwhile Company granted 3,000,000 equity settled options at an exercise price of Rs. 30 per share and on October 25, 2006, granted further 6,000,000 options under the 'ICSL ESOP (M) II' as described below. The 3,000,000 options were to vest uniformly over a period of 5 years, with effect from November 01, 2007, whereby 20% of the options were to vest on each vesting date as per the vesting schedule.

Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 of the

Companies Act, 1956, duly approved by the Hon'ble High Court of Delhi vide order dated November 23, 2007. Indiabulls Credit Services Limited stands amalgamated with Indiabulls Financial Services Limited ("IBFSL, the Company") with effect from the Appointed Date i.e. April 01, 2007 and effective from December 24, 2007 (the "Effective Date") the ICSL PLANS stand terminated and in lieu, in terms of Clause 15 (c) (i) of the Scheme, NEW PLANS have been created in IBFSL for the outstanding, unvested options, for the benefit of the erstwhile Indiabulls Credit Services Limited option holders, on terms and conditions not less favourable than those provided in the erstwhile ICSL PLANS and taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of IBFSL for every 10 (ten) equity shares of face value Rs. 10 each of ICSL .

Accordingly, pursuant to Shareholders approval, in lieu of ICSL PLANS, IBFSL had created the following Employees Stock Option Plans which are collectively referred to as NEW PLANS.

S. No.	ERSTWHILE ICSL PLANS	NEW PLANS
1	Indiabulls Credit Services Limited Employees Stock Option Plan 2006 dated January 2, 2006	IBFSL - ICSL Employees Stock Option Plan 2006
2	Indiabulls Credit Services Limited Employees Stock Option Plan II-2006 dated July 28, 2006	IBFSL - ICSL Employees Stock Option Plan II-2006

The NEW PLANS have been treated as continuation of respective ICSL PLANS except the number and exercise price of options which have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of the Company for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

### Employees Stock Option Plan - 2008

Pursuant to a resolution passed by the shareholders on December 8, 2008, the Company had established Employees Stock Option Plan - 2008 (ESOP - 2008 or Scheme) in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

1999 ("SEBI Guidelines"). Under the Scheme, the company was authorised to grant 7,500,000 equity settled options to eligible employees including its directors (other than promoter directors) and employees of its subsidiary companies including their directors. All options under the Scheme are exercisable for equity shares of the Company. Employees covered by the plan were granted an option to purchase shares of the Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the Company administered the plan. In terms of Scheme, on December 8, 2008, the Company had granted 7,500,000 options at an exercise price of Rs. 95.95, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on December 7, 2008 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share based Payments ("the Guidelines"). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options will vest with effect from first vesting date i.e. December 8th, 2009, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

The Fair values of the options under the plans using the Black-Scholes model based on the following parameters are Rs.52.02 per option.

S. No	Particulars	ESOP – 2008
1	Exercise price	Rs. 95.95
2	Expected volatility	97%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	11 Years
5	Expected Dividends yield	4.62%
6	Risk Free Interest rate	6.50%

The expected volatility was determined based on historical volatility data.

### IBFSL ESOP - 2010

The members of the Company at their Extraordinary General Meeting dated September 30, 2010 approved the IBFSL ESOP -2010 scheme consisting of 30,000,000 stock options representing 30,000,000 fully paid up equity shares of Rs. 2/- each of the Company to be issued in one or more tranches to eligible employees of the Company or to eligible employees of the subsidiaries of the Company. The same has not yet been granted till March 31, 2011.

### Indiabulls Employees' Welfare Trust

During the year, pursuant to the approval accorded at an Extra Ordinary General Meeting of the members of the Company held on September 30, 2010, the "Indiabulls Employees' Welfare Trust" (Trust) has been formed on October 04, 2010 with an initial corpus of Rs. 50,000, contributed equally by the Company and four other listed Settlor entities, to administer and implement the Company's current un granted Employee Stock Option Schemes ("ESOP") and any future ESOP / Employee Stock Purchase Schemes of the Settlor entities. IBFSL being one of the Settlers, has contributed its share of Rs. 10,000 as its initial contribution towards the Corpus of the said Trust. The Trust is administered by independent Trustees. In terms of the Trust Deed, Equity shares of the Settlor entities are purchased by the Trust to the extent permissible in terms of the ESOP scheme as approved by the Members of the Company for the purposes of allotment of the same to eligible Employees of settlor companies and their subsidiaries, upon exercise of options granted by the Compensation Committee of settlor companies, at a price to be determined by the Trust based on its carrying cost. During the year, there has been no new grant made by the Company which is required to be administered by the Trust.

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## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

The other disclosures in respect of the Scheme are as under:-

	IBFSL – ICSL Employees Stock Option Plan 2006	IBFSL – ICSL Employees Stock Option Plan II – 2006	Employees Stock Option Plan - 2008	Employees Stock Option Plan - 2008 -Regrant <sup>§</sup>	Employees Stock Option Plan - 2008 -Regrant <sup>§§§</sup>	IBFSL – ICSL Employees Stock Option Plan 2006 -Regrant <sup>§§</sup>	Employees Stock Option Plan - 2008 -Regrant <sup>§§§§</sup>	IBFSL – ICSL Employees Stock Option Plan II - 2006 -Regrant <sup>§§</sup>
Total Options under the Scheme *	1,440,000	720,000	7,500,000	N.A.	N.A.	N.A.	N.A.	N.A.
Options issued	1,440,000	720,000	7,500,000	N.A.	N.A.	N.A.	N.A.	N.A.
Vesting Period and Percentage	Four years, 25% each year	Four years, 25% each year	Ten years,15% First year, 10% for next eight years and 5% in last year	N.A.	N.A.	N.A.	N.A.	N.A.
Vesting Date	April 01	November 01	December 08	January 01	July 16	August 27	January 11	August 27
Revised Vesting Period & Percentage	Eight years**, 12% each year for 7 years and 16% during the 8th year	Nine years***, 11% each year for 8 years and 12% during the 9th year	N.A.	Ten years, 10% for every years	Ten years, 10% for every years	Ten years, 10% for every years	Ten years, 10% for every years	Ten years, 10% for every years
Exercise Price* (Rs.)	41.67	100.00	95.95	125.90	158.50	95.95	153.65	100.00
Exercisable Period	4 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date
Outstanding at the beginning of the year(Nos.)	757,116	463,795	7,130,557	367,350	N.A.	395,000	N.A.	219,000
Regrant Addition	N.A.	N.A.	N.A.	N.A.	230,400	N.A.	200,000	N.A.
Regrant Date	N.A.	N.A.	N.A.	31.12.2009	16.07.2010	27.08.2009	11.01.2011	27.08.2009
Options vested during the year (Nos.)	80,622	33,435	574,969	14,310	-	39,500	-	21,900
Exercised during the year (Nos.)	111,894	29,766	894,537	-	-	39,500	-	21,900
Expired during the year (Nos.)	-	-	-	-	-	-	-	-
Cancelled during the year	-	-	-	-	-	-	-	-
Lapsed during the year	152,776	188,305	1,101,604	224,250	-	-	-	-
Re-granted during the year <sup>§</sup>	-	-	430,400	N.A.	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	492,446	245,724	4,704,016	143,100	230,400	355,500	200,000	197,100
Exercisable at the end of the year (Nos.)	43,400	45,988	548,050	14,310	-	-	-	-
Remaining contractual Life (Weighted Months)	74	83	101	111	117	113	123	113

\* The number and exercise price of options have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of the Company for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

\*\* The Vesting Period has been revised by the approval of the Shareholders of the Holding Company in the 9th Annual General Meeting held on 5th September, 2008. The revised vesting percentage has been calculated on the unvested options i.e 1,080,000 options as on the date of approval.

\*\*\* The Vesting Period has been revised by the approval of the Shareholders of the Holding Company in the 9th Annual General Meeting held on 5th September, 2008.

§ The Board Compensation Committee of the Company, at its meeting held on December 31, 2009, regranted 367,350 (Three Lac Sixty Seven Thousand Three Hundred Fifty) Stock Options under its "Employees Stock Option Plan 2008" to the Eligible Employees at an exercise price of Rs.125.90, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on December 30, 2009 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share based Payments ("the Guidelines). As the options have been regranted at intrinsic value, there is no employee stock compensation expense on account of the same.

§§ The Board Compensation Committee of the Company, at its meeting held on August 27, 2009, regranted 395,000 (Three Lac Ninety Five Thousand) Stock Options under its "IBFSL – ICSL Employees Stock Option Plan 2006" and 219,000 (Two Lac Nineteen Thousand) "IBFSL – ICSL Employees Stock Option Plan II - 2006" to the Eligible Employee at an exercise price of Rs.95.95 and Rs.100.00 respectively. As the options have been regranted at less

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## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

than the intrinsic value, the employee stock compensation expense on account of the same amounting to Rs. 24,994,201 has been debited to the Profit and Loss Account for the year ended March 31, 2011.

\$\$\$ The Board Compensation Committee of the Company, at its meeting held on July 16, 2010, regranted 230,400 (Two Lac Thirty Thousand Four Hundred) Stock Options under its "Employees Stock Option Plan 2008" to the Eligible Employees at an exercise price of Rs.158.50, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on July 15, 2010 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines). As the options have been regranted at intrinsic value, there is no employee stock compensation expense on account of the same.

\$\$\$\$ The Board Compensation Committee of the Company, at its meeting held on January 11, 2011, regranted 200,000 (Two Lac) Stock Options under its "Employees Stock Option Plan 2008" to the Eligible Employees at an exercise price of Rs.153.65, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on January 10, 2011 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines). As the options have been regranted at intrinsic value, there is no employee stock compensation expense on account of the same.

The Fair value of the options as determined by an Independent firm of Chartered Accountant, which have been regranted under the plan using the Black-Scholes model based on the following parameters is as under:-

S. No.	Particulars	ESOP – 2008 Regrant	ESOP – 2008 Regrant	IBFSL – ICSL Employees Stock Option Plan 2006- Regrant	IBFSL – ICSL Employees Stock Option Plan II 2006- Regrant	ESOP – 2008 Regrant
1.	Exercise price	Rs 125.90	Rs. 158.50	Rs. 95.95	Rs.100.00	Rs. 153.65
2.	Expected volatility	99.61%	99.60%	75.57%	75.57%	99.60%
3.	Expected forfeiture percentage on each vesting date	Nil	Nil	Nil	Nil	Nil
4.	Option Life (Weighted Average)	9.80 Years	9.80 Years	9.80 Years	9.80 Years	9.80 Years
5.	Expected Dividends yield	3.19%	2.89%	4.69%	4.50%	2.98%
6.	Weighted Average Fair Value	83.48	90.24	106.30	108.06	84.93
7.	Risk Free Interest rate	7.59%	7.63%	7.50%	7.50%	7.63%

The expected volatility was determined based on historical volatility data.

### Fair Value Methodology:

As the erstwhile ICSL Plans/New Plans were issued based on the fair value of the options on the date of the grant, there is no impact of the same on the net profit and earnings per share.

The ESOP 2008 (including re-grant) were issued at the Intrinsic value of the options on the date of the grant. Had the compensation cost for the stock options granted under ESOS – 2008 (including re-grant) been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:-

Amount	March 31, 2011 Rs.	March 31, 2010 Amount Rs.
Net Profit available to Equity Share Holders (as reported)	7,407,044,986	2,906,016,327
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs. 4,398.05 lacs (Previous Year Rs. 4,016.82 lacs)] (pro forma)	78,249,092	110,538,260
Net Profit available to Equity Share Holders (as per Pro Forma)	7,328,795,894	2,795,478,067
Basic earnings per share (as reported)	23.86	9.94
Basic earnings per share (pro forma)	23.61	9.56
Diluted earnings per share (as reported)	23.63	9.84
Diluted earnings per share (pro forma)	23.38	9.47

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## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### 9. Details of Assignment/Securitisation of loans undertaken by the Group:

#### Indiabulls Financial Services Limited

The Company has entered into various agreements for the assignment/securitisation of loans with assignees, wherein it has assigned/securitised a part of its secured and unsecured loan portfolio amounting to Rs. 43,579,594,517 (Previous Year Rs. 37,705,716,297) upto March 31, 2011, being the principal value outstanding as on the date of the deals. The Company does not anticipate any losses on account of the said corporate guarantees, in the event of the rights under guarantee being exercised by the assignees.

The Company assigned/securitised various loan portfolios to banks and/or other institutions which are derecognised in the books of accounts of the Company in terms of accounting policy mentioned at Schedule 18 A (v) above and the purchase consideration not received upfront is recognised as deferred purchase consideration under loans and advances. Due to foreclosures and repurchase transactions with different assignees during the year, the company has repurchased and reinstated the loan balances in the books of account aggregating to Rs. 159,666,716 (Previous Year Rs. 2,524,013,972) The Company has also reversed the proportionate upfront income so accounted on assignment/securitisation. The Company has recognized income on assignment of Rs. NIL which is net of income reversal on account of foreclosure and repurchase of assigned loans during the year amounting to Rs. 24,548,130 (Previous Year Rs. 139,908,779) in the Profit & Loss Account.

#### Indiabulls Housing Finance Limited

The Company has entered into various agreements for the assignment/securitisation of loans with assignees, wherein it has assigned/securitised a part of its secured loan portfolio amounting to Rs. 25,960,281,124 (Previous Year Rs. 13,774,377,021) upto March 31, 2011, being the principal value outstanding as on the date of the deals. The Company's holding company, Indiabulls Financial Services Limited ("IBFSL") and its subsidiary have issued various corporate guarantees aggregating to Rs. 76,599,422 (Previous Year Rs. 256,162,252) in favour of the assignees. The Company does not anticipate any losses on account of the said corporate guarantees, in the event of the rights under guarantee being exercised by the assignees. Cash Collateral in form of fixed deposits amounting to Rs. 15,736,614 (Previous Year Rs. 61,222,332) is provided by IBFSL

and investments in mutual funds amounting to Rs. 4,237,966 (Previous Year Rs. 7,130,177) is provided by Indiabulls Capital Services Limited to some assignees against principal value outstanding as on the date of the deals of Rs. 3,688,007,190 (Previous Year Rs. 3,688,007,190).

The Company assigned/securitised various loan portfolios to banks and/or other institutions which are derecognised in the books of accounts of the Company in terms of accounting policy mentioned at Schedule 18 A (iv) above and the purchase consideration not received upfront is recognised as deferred purchase consideration under Loans and Advances. The Company, due to foreclosures and repurchase transactions with different assignees during the year, has reinstated the repurchased loan balances in the books of account aggregating to Rs. 424,142,565 (Previous Year Rs. 1,136,779,547). The Company has also reversed the proportionate upfront income so accounted on assignment/securitisation. The Company has recognised income reversal on account of foreclosure and repurchase of assigned loans during the year amounting to Rs. 195,654,277 (Previous Year Rs. 212,978,577) in the Profit & Loss Account.

10. During the financial year 2008-09 there was a variation in the terms of Appointment of Mr. Rajiv Rattan pursuant to Section 302 of the Companies Act, 1956. Mr. Rajiv Rattan who was appointed as a Whole-time Director of the Company on February 27, 2004 (effective from February 28, 2004) and had been drawing remuneration from the Company with effect from August 1, 2005, pursuant to the shareholders approval, accorded in the Annual General Meeting of the Company dated July 26, 2005. Subsequently effective from March 6, 2008, he was designated as Vice Chairman of the Company. While the terms of his remuneration as approved by the Shareholders authorise him to receive remuneration from the Company upto February 27, 2009, in the Board meeting dated July 25th 2008 Mr. Rajiv Rattan expressed his desire to continue as the Vice Chairman of the Company, without any remuneration, effective September 1, 2008. The last drawn remuneration by Mr. Rajiv Rattan was Rs. 36,90,500/- per month. Accordingly, in deference of his desire the Board had decided that with effect from September 1, 2008 Mr. Rajiv Rattan would be Vice Chairman of the Company without any remuneration.
11. During the financial year 2008-09 the Company had advanced a sum of Rs. 1,455,673,000 by way of loans to three of its wholly owned subsidiaries – viz. Indiabulls Insurance Advisors Limited, Indiabulls



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## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Capital Services Limited and Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services Limited). Those subsidiaries had incurred / provided for losses aggregating to Rs. 2,275,330,373 primarily as a result of dealing in securities in the previous financial year 2008-09. Based upon the availability of resources with those subsidiaries as at the previous financial year end to repay those loans, the Company had written off loans given to two of those subsidiaries -viz. Indiabulls Insurance Advisors Limited and Indiabulls Capital Services Limited aggregating to Rs. 1,136,173,000 as bad loans /advances. During the current financial year Indiabulls Capital Services Limited has repaid an amount of Rs. 147,000,000 out of the Loan outstanding of Rs.180,000,000 as a consequence of the same the outstanding balance is Rs. 33,000,000 as at March 31, 2011.

12. Investments by the company in the equity share capital of Indiabulls Insurance Advisors Limited and Indiabulls Capital Services Limited are considered as strategic and long term in nature and are held at a cost of Rs. 500,000 and Rs. 50,000,000 respectively. The company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in value has been made in books of account.

13. As at March 31, 2011, the Company holds 100% of the equity capital of Indiabulls Asset Holding Company Limited, Indiabulls Life Insurance Company Limited at a cost of Rs. 500,000 each. Based on the audited financials those companies as at and for the year ended March 31, 2011, there has been an erosion in the value of investment made in those companies as the operations in those companies have not yet commenced / are in the process of being set up. Considering the investment in these companies as strategic and long term in nature, the company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in value has been made in books of account.

#### 14. Goodwill / Capital Reserve:

As at the beginning of the previous year, the Company had recorded Capital Reserve on consolidation of Rs. 443,603,438. Consequent to the allotment of Equity Shares during the previous year by Indian Commodity Exchange Limited (ICEX) comprising of 14,000,000 Equity Shares of Rs. 10/- each fully paid up to Abhinay Trading Private Limited, the stake of the Company in ICEX reduced from 52.64% to 44.44%. As a result thereof, ICEX

became an associate of the Company. Capital Reserve was enhanced to the extent of Rs. 5,434,831 on account of the same. After the above adjustment, the net capital reserve on consolidation had increased to Rs. 449,038,269. There is no change in the same as at the year end.

#### 15. Secured loans from banks and others include:

- a) Vehicle Loans amounting to Rs. 3,226,849 (Previous Year Rs. 6,535,522) from Banks which are secured against hypothecation of vehicles and Secured loans from Banks / others amounting to Rs. 132,657,469,816 (Previous Year Rs. 36,888,255,272) which are secured against book debts and balances of receivables included in loans and other credit facilities.
- b) Secured Non-Convertible Debentures amounting to Rs. 39,025,000,000 (Previous Year Rs. 8,100,000,000) are secured by an equitable charge against immovable property and specific pool of receivables. As at the year end, the Company is in the process of creating the charges on such assets.

#### 16. Redeemable Non Convertible Debentures:

##### Indiabulls Financial Services Limited

During the year, in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in respect of the issue of the Securities of the Company to QIBs under Qualified Institutions Placement, the Company issued and allotted the following Securities:

- (i) 5,500 - 10 per cent, secured redeemable non-convertible debentures of face value of Rs.1,000,000 each due August 2015 for cash aggregating to Rs. 5,500,000,000;
- (ii) 1,000 - 8.9 per cent, secured redeemable non-convertible debentures of face value of Rs.1,000,000 each due February 2012 for cash aggregating to Rs.1,000,000,000.

During the year, the Company has also issued, Secured and Unsecured Redeemable Non-Convertible Debentures. Debenture issue expenses of Rs. 770,576,988 (Previous Year Rs. Nil) (including Rs. 10,000,000 paid to Statutory Auditors) and Premium on redemption of 0% Non-Convertible Debentures amounting to Rs. 981,387,428 (Previous Year Rs. Nil) have been adjusted against the Securities Premium Account in terms of the Section 78 of the Companies Act, 1956. The salient features of the same are given below:

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Party	Date of Issue	Date of Maturity	Rate of Interest P.A.	Face Value	Amount (Rs.)
Yes Bank Ltd <sup>#</sup>	24-Sep-09	24-Sep-14	10.75%	1,000,000	1,000,000,000
Religare Mutual Fund <sup>#</sup>	19-Mar-10	19-Mar-12	8.40%	1,000,000	750,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	23-Mar-10	26-Aug-11	8.50%	1,000,000	750,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	30-Mar-10	4-May-11	7.25%	1,000,000	1,400,000,000
UTI Mutual Fund <sup>#</sup>	30-Mar-10	22-Apr-11	7.35%	1,000,000	750,000,000
Reliance Mutual Fund <sup>#</sup>	30-Mar-10	28-May-12	8.40%	1,000,000	300,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	31-Mar-10	4-May-11	7.25%	1,000,000	200,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	31-Mar-10	31-Mar-13	9.00%	1,000,000	300,000,000
LIC Mutual Fund <sup>*</sup>	5-Apr-10	8-Apr-10	MIBOR	1,000,000	1,300,000,000
UTI Mutual Fund <sup>*</sup>	8-Apr-10	15-Apr-10	MIBOR+.1	1,000,000	1,000,000,000
Taurus Mutual Fund(1)	8-Apr-10	6-Jul-10	MIBOR	1,000,000	250,000,000
Peerless Mutual Fund(2)	8-Apr-10	6-Jul-10	MIBOR	1,000,000	250,000,000
Axis Mutual Fund(3)	8-Apr-10	6-Jul-10	MIBOR	1,000,000	1,500,000,000
Peerless Mutual Fund (4)	9-Apr-10	7-Jul-10	MIBOR	1,000,000	250,000,000
Shinsei Mutual Fund(5)	20-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	100,000,000
Peerless Mutual Fund(6)	20-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	300,000,000
Taurus Mutual Fund(7)	20-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	250,000,000
Axis Mutual Fund(8)	22-Apr-10	20-Jul-10	MIBOR-.15	1,000,000	1,000,000,000
Axis Mutual Fund (9)	22-Apr-10	20-Jul-10	MIBOR-.10	1,000,000	1,000,000,000
Axis Mutual Fund (10)	26-Apr-10	23-Jul-10	MIBOR+.1	1,000,000	2,000,000,000
Reliance Mutual Fund (11)	27-Apr-10	25-Jul-10	MIBOR+.3	1,000,000	1,000,000,000
Shinsei Mutual Fund (12)	28-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	230,000,000
Reliance Mutual Fund (13)	30-Apr-10	28-Jul-10	MIBOR	1,000,000	1,800,000,000
Shinsei Mutual Fund (14)	5-May-10	2-Aug-10	MIBOR+.1	1,000,000	150,000,000
Bharti Axa Mutual Fund (15)	6-May-10	3-Aug-10	MIBOR+.1	1,000,000	250,000,000
Reliance Mutual Fund <sup>#</sup>	14-May-10	7-May-12	7.60%	1,000,000	75,000,000
Axis Mutual Fund (16)	17-Jun-10	14-Sep-10	MIBOR+.9	1,000,000	500,000,000
Peerless Mutual Fund (17)	17-Jun-10	14-Sep-10	MIBOR+.9	1,000,000	190,000,000
Peerless Mutual Fund (18)	17-Jun-10	14-Sep-10	MIBOR+.9	1,000,000	250,000,000
HDFC Bank Ltd <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	1,000,000,000
Axis Bank Limited <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	3,000,000,000
ICICI Bank Ltd <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	3,650,000,000
A K Capital Services Ltd <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	560,000,000
Dena Bank <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
IDBI Bank Limited – TBO <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	150,000,000
Central Bank of India <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	500,000,000
Bank of Baroda <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	250,000,000
Bank of India Provident Fund <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Bank of India Pension Fund <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Dena Bank Employee Provident Fund <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	50,000,000
Union Bank of India <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Oriental Bank of Commerce <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Electrosteel Casting Ltd. <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	90,000,000
Reliance Mutual Fund <sup>#<sup>s</sup></sup>	6-July-10	5-July-13	0%	1,000,000	1,500,000,000



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UTI Mutual Fund#§	6-July-10	5-July-13	0%	1,000,000	1,000,000,000
United Bank of India#§	6-July-10	5-July-13	0%	1,000,000	250,000,000
Peerless Mutual Fund#§	6-July-10	5-July-13	0%	1,000,000	100,000,000
State Bank of India#§	10-Aug-10	10-Aug-13	0%	1,000,000	2,500,000,000
Reliance Mutual Fund#	30-Aug-10	29-Feb-12	8.90%	1,000,000	500,000,000
The Nainital Bank Limited#	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Indian Overseas Bank Staff Provident Fund#	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Bank of Maharashtra Employees Pension Fund#	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Indian Overseas Bank Staff Gratuity Fund#	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Infrastructure Development Fund#	27-Aug-10	27-Aug-15	10.00%	1,000,000	400,000,000
Axis Bank Limited#	27-Aug-10	27-Aug-15	10.00%	1,000,000	1,000,000,000
Central Bank of India#	27-Aug-10	27-Aug-15	10.00%	1,000,000	500,000,000
ICICI Bank Ltd#	27-Aug-10	27-Aug-15	10.00%	1,000,000	2,000,000,000
IDBI Bank Limited - TBO#	27-Aug-10	27-Aug-15	10.00%	1,000,000	1,000,000,000
Jharkhand Gramin Bank#	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Sicom LTD#	27-Aug-10	27-Aug-15	10.00%	1,000,000	200,000,000
United Bank of India#	27-Aug-10	27-Aug-15	10.00%	1,000,000	100,000,000
Bank of Maharashtra TIBD#	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
UTI Mutual Fund #	27-Aug-10	27-Feb-12	8.90%	1,000,000	500,000,000
Reliance Mutual Fund #	27-Aug-10	27-Feb-12	8.90%	1,000,000	500,000,000
Yes Bank Ltd #	8-Sep-10	8-Sep-12	8.90%	1,000,000	3,000,000,000
Yes Bank Ltd#	31-Dec-10	31-Dec-12	10.10%	1,000,000	1,500,000,000
IDBI BANK LTD #	7-Feb-11	7-Feb-14	10.00%	1,000,000	500,000,000
State Bank of India#	14-Feb-11	14-Feb-14	10.40%	1,000,000	2,500,000,000
ICICI Prudential Mutual Fund#	25-Mar-11	23-Apr-12	10.90%	1,000,000	650,000,000
ICICI Prudential Mutual Fund#	25-Mar-11	15-May-12	10.90%	1,000,000	450,000,000

\* Redeemed on respective maturity dates given above.

- (1) Call option exercised and redeemed before the due date on April 13, 2010.
- (2) Call option exercised and redeemed before the due date on April 9, 2010.
- (3) Call option exercised and redeemed before the due date on April 20, 2010.
- (4) Call option exercised and redeemed before the due date on April 15, 2010.
- (5) Call option exercised and redeemed before the due date on April 30, 2010.
- (6) Call option exercised and redeemed before the due date on May 4, 2010.
- (7) Call option exercised and redeemed before the due date on April 29, 2010.
- (8) Call option exercised and redeemed before the due date on April 26, 2010.
- (9) Call option exercised and redeemed before the due date on April 26, 2010.
- (10) Call option exercised and redeemed before the due date on May 7, 2010.
- (11) Call option exercised and redeemed before the due date on May 26, 2010.
- (12) Call option exercised and redeemed before the due date on April 30, 2010.
- (13) Call option exercised and redeemed before the due date on May 21, 2010.
- (14) Call option exercised and redeemed before the due date on May 6, 2010.
- (15) Call option exercised and redeemed before the due date on May 14, 2010.
- (16) Call option exercised and redeemed before the due date on June 21, 2010.
- (17) Call option exercised and redeemed before the due date on June 21, 2010.
- (18) Call option exercised and redeemed before the due date on June 22, 2010.

# Secured Non convertible debentures.

§ Redeemable at a premium.

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### Indiabulls Housing Finance Limited

During the year, the Company has issued Fixed Rate, Secured Redeemable Non-Convertible Debentures, the salient features of the same are given below:

Party	Date of Issue	Date of Maturity	Rate of interest p.a.	Face Value (Rs.)	Amount (Rs.)
ICICI Prudential Mutual Fund	30-Mar-10	4-May-11	7.25%	1,000,000	1,200,000,000
UTI Mutual Fund	30-Mar-10	22-Apr-11	7.35%	1,000,000	750,000,000
Reliance Mutual Fund	30-Mar-10	28-May-12	8.40%	1,000,000	300,000,000
ICICI Prudential Mutual Fund	31-Mar-10	4-May-11	7.25%	1,000,000	400,000,000
Reliance Mutual Fund	14-May-10	7-May-12	7.60%	1,000,000	75,000,000

Non Convertible Debentures are secured by immovable properties of the Holding Company and against specific pool of receivables of the Company.

### Indiabulls Infrastructure Credit Limited

During the year, the Company has issued Fixed Rate, Secured Redeemable Non-Convertible Debentures, the salient features of the same are given below:

Party	Date of Issue	Date of Maturity	Rate of interest p.a.	Face Value (Rs.)	Amount (Rs.)
Reliance Mutual Fund	25-Jun-10	07-May-12	7.80%	1,000,000	75,000,000

17. Secured Loans and Other Credit Facilities given to customers amounting to Rs. 184,822,914,696 (Previous Year Rs. 74,486,936,691) are secured against securities both tradable and listed, Commercial Vehicles, Farm Equipments and Mortgage of Properties.

Secured Loans comprising loan against shares given to customers are secured against securities both tradable and listed and equitable mortgage of property / properties or registered mortgage of property / properties.

Secured loans in the nature of Commercial Vehicle, Tractor finance are secured against hypothecation of the respective vehicle. Other secured loans are secured by equitable mortgage of property or registered mortgage of property / properties, securities and personal guarantees accepted as collateral security.

Unsecured Loans comprise of Business Loans, Personal Loans, Personal Loans Plus, Small Business Loans, Big Ticket Unsecured Loans given to customers aggregating to Rs. 9,473,862,091 (Previous Year Rs. 30,759,235,384).

Provision for Loans and Other Credit Facilities in respect of Unsecured and Secured Loans granted is made as per the "Non Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007"). The Company has made additional provision qualifying based on the underlying risk factors and on the best estimates of the management taking into consideration the outstanding balances / ageing of the loans.

In terms of RBI's Notification No. RBI/2010-11/370 DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated January 17, 2011, every Non Banking Financial Company is required to make an additional provision on standard assets at 0.25 percent of the outstanding, standard assets. Accordingly, the Company has recognized Contingent Provisions against Standard Assets of Rs. 397,413,683 (Previous Year Rs. Nil).

The Company has provided loans to the "Indiabulls Employees' Welfare Trust" (Trust) for purchase of equity shares, of which Rs. 6,119,700,000 (excluding Rs. 322,468,505 being interest accrued but not due) (Previous year Rs. Nil) was outstanding as at March 31, 2011. The said loan has been utilised by the Trust towards the purchase of shares of Settlor entities in terms of the Trust deed from the open market. The repayment of the loan granted by the Company to the Trust is dependent on the exercise of the options by the eligible employees, at the exercise price as determined by the Trust based on its carrying cost and the market price of the underlying shares of the unexercised options, as at the end of the exercise period. The fall in value of the underlying equity shares on account of the above, if any, can be determined only at the end of the exercise period.

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### 18. Fixed deposits include:

Fixed Deposits as on March 31, 2011 amounting to Rs. 65,736,614 (Previous Year Rs. 2,969,748,180) which are placed as collateral with banks / others for assignment / securitisation deals on which assignees have a lien.

### 19. Deferred Tax:

In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has credited an amount of Rs. 470,804,399 (Previous Year Credit of Rs. 109,887,817) as deferred tax credit to the profit and loss account.

The breakup of deferred tax assets (net) into major components as at March 31, 2011 is as under:

	For the Year ended March 31, 2011 Amount (Rs.)	For the Year ended March 31, 2010 Amount (Rs.)
<b>Deferred Tax Assets</b>		
Provision for Doubtful Assets	584,012,285	373,187,189
Contingent Provisions against Standard Assets	128,940,869	-
Disallowance u/s 43B of the Income Tax Act, 1961	64,550,613	46,536,175
	<b>777,503,767</b>	<b>419,723,364</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	(16,076,740)	(34,949,876)
Retained Interest on Securitisation / Assignment / Deferred Purchase Consideration	(39,509,197)	(133,898,765)
Others	-	(78,417)
Preliminary expenses	(317,124)	-
	<b>(55,903,061)</b>	<b>(168,927,058)</b>
<b>Net Deferred Tax Assets</b>	<b>721,600,706</b>	<b>250,796,306</b>

### 20. Earnings Per Share (EPS):

The basic earnings per share are computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares, Convertible Preference Shares, Share Warrants and the potential dilutive effect of Employee Stock Option Plan as appropriate.

#### Earnings Per Share

	For the Year ended March 31, 2011 Amount (Rs.)	For the Year ended March 31, 2010 Amount (Rs.)
Profit After Tax and prior period adjustments	7,509,229,345	3,074,762,935
Less: Adjustment for preference dividend and tax there on	-	91,510,918
Less: Share of Minority (including share of Reserve Fund)	102,184,359	77,235,690
<b>Profit available for Equity Shareholders (For Basic / Dilutive EPS)</b>	<b>7,407,044,986</b>	<b>2,906,016,327</b>
Weighted average number of Shares used in computing Basic earnings per share	310,472,560	292,304,222
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options	3,042,890	2,913,626

# Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Weighted average number of Shares used in computing Diluted earnings per share	313,515,450	295,217,848
Nominal Value of Equity Shares	2.00	2.00
Basic Earnings Per Share	23.86	9.94
Diluted Earnings Per Share	23.63	9.84

21. The Company has taken office premises on Lease and Leave & License basis at various locations. Lease rent / License fees amounting to Rs. 305,423,496 (Previous Year: License Fees Rs. 100,840,517) in respect of the same have been charged to Profit and Loss account. The agreements have been executed for a period ranging from 11 months to 10 years with a renewable clause and also provide for termination at will by either party giving a prior notice period between 30 to 90 days. The minimum lease rentals outstanding as at March 31, 2011, are as under:

## Minimum lease rentals

	As at March 31, 2011 Amount (Rs.)	As at March 31, 2010 Amount (Rs.)
Within one Year	357,480,395	83,930,983
One to Five Years	1,098,030,472	174,669,733
Above Five Years	78,110,296	3,257,953

Furniture and Fixtures include an amount of Rs. 158,384,559 towards assets held as Leasehold Improvements, for which the amortisation charge of Rs. 43,275,075 is included under depreciation / amortization expenses for the year.

## 22. Segment Reporting:

Segment information for the Year ended March 31, 2011:

- (a) Primary segment information (by business segments)

	Investing and financing activities	Fee Income	(In Rupees) Total
(i) Segment Revenue	24,026,977,484	700,104,640	24,727,082,124
	16,007,604,388	248,904,201	16,256,508,589
(ii) Segment Results	9,710,338,548	575,988,366	10,286,326,914
	4,471,770,491	248,019,743	4,719,790,234
Less: Interest Expenses			-
Add: Interest Income			-
Less: Unallocated Expenditure net of other unallocated Income			371,449,194
			146,565,101
Less: Income taxes			2,405,648,375
			1,498,462,198
Total Profit after tax			7,509,229,345
			3,074,762,935
(iii) Segment Assets	234,984,977,634	64,287,223	235,049,264,857
	128,920,922,117	221,800,130	129,142,722,247
Unallocated Corporate Assets			17,223,209,257
			6,075,554,160
Total Assets			252,272,474,114
			135,218,276,407

# Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

(iv) Segment Liabilities	202,161,575,535	3,590,257	202,165,165,792
	87,479,797,596	19,360,420	87,499,158,016
Unallocated Corporate Liabilities			3,498,597,705
			3,509,689,819
Total Liabilities			205,663,763,497
			91,008,847,835
(v) Capital Expenditure including capital work in progress/capital advances	110,374,598	-	110,374,598
	47,836,950	-	47,836,950
Unallocated Capital Expenditure			26,729,240
			42,831,588
Total Capital Expenditure including Capital work in Progress/Capital advances			137,103,838
			90,668,538
(vi) Depreciation/Amortisation	101,222,766	25,288	101,248,054
	79,231,246	25,288	79,256,534
Unallocated Depreciation/Amortisation			8,667,331
			5,146,642
Total Depreciation/Amortisation			109,915,385
			84,403,176
(vii) Non cash expenditure other than depreciation	1,183,238,520	-	1,183,238,520
	40,539,414	-	40,539,414

Figures for Previous Year are stated in italics

- (b) The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.
- (c) The group's primary business segments are reflected based on principal business activities carried on by the group. The group's primary business activities are to carry on business of investing and finance related activities (investing in various subsidiaries, financing of loans and credit activities) and Fee Income which mainly comprises of Financial Service related fee based advisory services income, selling of Insurance products as a Licensed Corporate Agent; and other related ancillary services.
- "Others" business segment constitutes profit on investment / dealing in securities. This not being the normal business activity of the company the same is shown as "Others".
- (d) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- (e) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in Significant Accounting Policies (A) above.

## 23. Disclosures in respect of Accounting Standard (AS) - 18 'Related Party Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006:

Nature of relationship	Related party
(a) Related parties where significant influence exists: Associate Companies	Indiabulls Asset Reconstruction Company Limited Indian Commodity Exchange Limited (Formerly Known as International Multi Commodity Exchange Limited) (Upto December 12, 2010)

# Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

(b) Other related parties Key Management Personnel	Mr. Rajiv Rattan, Director Mr. Sameer Gehlaut, Director Mr. Saurabh Mittal, Director Mr. Gagan Banga, Director Mr. Tejinderpal Singh Miglani, Director of Subsidiary Mr. Manish Rathi, Additional Director of Subsidiary w.e.f Nov. 15, 2010 Mr. Ashish Bhardwaj, Director of Subsidiary Mr. Sachin Chaudhary, Whole Time Director of Subsidiary
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(c) The following transactions were carried out during the year with related parties in the ordinary course of business:

Nature of Transaction	Shareholder	Associate	Others	Key Management Personnel	Amount (Rs.)
					Total
<b>Finance</b>					
Intercorporate Deposit received (maximum balance outstanding)	-	51,000,000	-	-	51,000,000
Interest Expense	-	2,179,726	-	-	2,179,726
Loans and Advances (Maximum Balance outstanding during the year)	-	-	-	-	-
Issue of Equity Shares Under Esops Scheme	-	-	-	190,160	190,160
Expenses reimbursement received by Holding Company	-	-	-	-	-
Commission Paid	-	13,097	-	-	13,097
	-	1,244	-	-	1,244
<b>Other receipts and payments</b>					
Remuneration (including perquisite and retirement benefits) by Holding & Subsidiary Company	-	-	-	146,488,641	146,488,641
	-	-	-	102,762,918	102,762,918

(d) Statement of Material Transactions:-

Particulars	Amount (Rs.)	
	For the year ended 31-Mar-11	For the year ended 31-Mar-10
<b>Intercorporate Deposit received (maximum balance outstanding)</b>		
Indiabulls Asset Reconstruction Company Limited	51,000,000	-
<b>Interest Expense</b>		
Indiabulls Asset Reconstruction Company Limited	2,179,726	-
<b>Loans and Advances (Maximum Balance outstanding during the year) (Refer note B.16 of Schedule O)</b>		
Sachin Chaudhary	-	190,160
Kamal Batra	-	-
<b>Issue of Equity Shares Under Esops Scheme</b>		
Gagan Banga	5,980,025	-
<b>Remuneration</b>		
Sameer Gehlaut	113,565,926	80,190,813

## Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Gagan Banga	23,333,336	17,070,230
Sachin Chaudhary	9,589,379	5,501,875
<b>Reimbursement of Expenses</b>		
Indian Commodity Exchange Limited	-	13,097
<b>Commission Paid</b>		
Indian Commodity Exchange Limited	1,244	-

(e) Outstanding balances as on March 31, 2011:

Outstanding balances as on March 31, 2011 (Amount in Rs.)

Nature of Transaction	Shareholder	Associate	Others	Key Management Personnel	Total
Intercorporate Deposit received	-	51,000,000	-	-	51,000,000
	-	-	-	-	-

Related Party relationships as given above are as identified by the Company and relied upon by the Auditors.

24. No borrowing cost has been capitalised during the year.

25. (a) Other Operating Charges includes:

Particulars	For the Year ended March 31, 2011 Amount (Rs.)	For the Year ended March 31, 2010 Amount (Rs.)
Fees / Charges recovered	426,169,508	312,859,350
Loan Processing Fees	1,338,338,596	1,343,992,680
<b>Total</b>	<b>1,764,508,104</b>	<b>1,656,852,030</b>

(b) Interest on Financing Activities Includes:

Particulars	For the Year ended March 31, 2011 Amount (Rs.)	For the Year ended March 31, 2010 Amount (Rs.)
Interest on Loan Financing	20,796,329,908	12,773,275,164
Interest on Fixed Deposits	408,123,284	1,172,156,813
Interest on Pass Through Certificates/Bonds/ Commercial Paper (Current Investments)	41,921,136	185,651,946
<b>Total</b>	<b>21,246,374,328</b>	<b>14,131,083,923</b>

26. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:

- An amount of Rs. Nil and Rs. Nil was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.
- No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and no amount was paid to the supplier beyond the appointed day.
- No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
- No amount of interest was accrued and unpaid at the end of the accounting year.

The above information and that given in Schedule H - "Current Liabilities and Provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

27. As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 - Provisions, Contingent Liabilities and Contingent Assets as notified under the Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.



# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

28. Employee Benefits – Provident Fund, ESIC, Gratuity, Leave (Compensated Absences) and Superannuation (Pension & Medical coverage) benefit plans disclosures as per Accounting Standard (AS) 15 (Revised) – ‘Employee Benefits’ as notified by the Companies (Accounting Standards) Rules, 2006:

Contributions are made to Government Provident Fund and Family Pension Fund, ESIC and other statutory funds which cover all regular employees eligible under applicable Acts. Both the employees and the Company make predetermined contributions to the Provident Fund and ESIC. The contributions are normally based on a certain proportion of the employee’s salary. The Company has recognised an amount of Rs. 12,602,340 (Previous year Rs. 2,326,097) towards employer contribution for the above mentioned funds.

Provision for unfunded Gratuity, Leave encashment (compensated absences) for all employees and unfunded Superannuation (Pension & Medical coverage) payable to certain Promoter Directors on retirement is based upon actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. After the issuance of the Accounting Standard (AS) 15 (Revised) on ‘Employee Benefits’, commitments are actuarially determined using the ‘Projected Unit Credit Method’. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss Account.

Disclosures in respect of Gratuity, Compensated Absences and Superannuation are given below:

	Amounts (Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Reconciliation of liability recognized in the Balance sheet:</b>						
Present Value of commitments (as per Actuarial valuation)	50,792,008	35,118,785	20,487,153	17,159,854	128,045,581	88,215,795
Fair value of plans						
<b>Net liability in the Balance sheet (as per Actuarial valuation)</b>	<b>50,792,008</b>	<b>35,118,785</b>	<b>20,487,153</b>	<b>17,159,854</b>	<b>128,045,581</b>	<b>88,215,795</b>
<b>Movement in net liability recognized in the Balance sheet:</b>						
Net liability as at the beginning of the year	35,118,785	31,279,469	17,159,854	16,033,402	88,215,795	63,049,049
Amount paid during the year	199,616	-	62,642	-	-	-
<b>Net expenses recognized / (reversed) in the Profit and Loss account</b>	<b>15,872,839</b>	<b>3,839,316</b>	<b>3,389,941</b>	<b>1,126,452</b>	<b>39,829,786</b>	<b>25,166,746</b>
Contribution during the year	-	-	-	-	-	-
<b>Net liability as at the end of the year</b>	<b>50,792,008</b>	<b>35,118,785</b>	<b>20,487,153</b>	<b>17,159,854</b>	<b>128,045,581</b>	<b>88,215,795</b>
<b>Expenses recognized in the Profit and Loss account:</b>						
Current service cost	15,303,029	13,533,239	7,228,397	7,562,623	14,226,923	11,030,749
Interest Cost	2,891,547	2,336,356	1,329,111	1,212,189	8,362,848	4,728,679
Past Service Cost	-	1,922,963	-	-	-	-
Expected return on plan assets	-	-	-	-	-	-

# Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

	Amounts (Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Actuarial (gains) / losses	(2,321,737)	(13,953,242)	(5,167,567)	(7,648,360)	17,240,015	9,407,318
Expenses charged / (reversal) to the Profit and Loss account	15,872,839	3,839,316	3,389,941	1,126,452	39,829,786	25,166,746
<b>Return on Plan assets:</b>						
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actuarial (gains) / losses	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Reconciliation of defined-benefit commitments:</b>						
Commitments as at the beginning of the year	35,118,785	31,279,469	17,159,854	16,033,402	88,215,795	63,049,049
Current service cost	15,303,029	13,533,239	7,228,397	7,562,623	14,226,923	11,030,749
Interest cost	2,891,547	2,336,356	1,329,111	1,212,189	8,362,848	4,728,679
Past Service Cost	-	1,922,963	-	-	-	-
Amount paid during the year	(199,616)	-	(62,642)	-	-	-
Paid benefits	-	-	-	-	-	-
Actuarial (gains) / losses	(2,321,737)	(13,953,242)	(5,167,567)	(7,648,360)	17,240,015	9,407,318
<b>Commitments as at the end of the year</b>	<b>50,792,008</b>	<b>35,118,785</b>	<b>20,487,153</b>	<b>17,159,854</b>	<b>128,045,581</b>	<b>88,215,795</b>
<b>Reconciliation of Plan assets:</b>						
Plan assets as at the beginning of the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Contributions during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Paid benefits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actuarial (gains) / losses	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Plan assets as at the end of the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

# Schedules

Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

	Gratuity (Unfunded)				Compensated Absences (Unfunded)				Superannuation (Unfunded)			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
Experience adjustment	-	-	-	-	-	-	-	-	-	-	-	-
On plan liabilities	(544,804)	9,820,184	11,549,214	-#	3,733,288	6,721,279	8,248,930	-#	(27,082,061)	(15,787,788)	11,876,419	-#
On plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Present value of benefit obligation	50,792,008	35,118,785	31,279,469	23,965,216	20,487,153	17,159,854	16,033,402	14,076,174	128,045,581	88,215,795	63,049,049	57,400,000
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Excess of obligation over plan assets) / plan assets over obligation</b>	50,792,008	35,118,785	31,279,469	23,965,216	20,487,153	17,159,854	16,033,402	14,076,174	128,045,581	88,215,795	63,049,049	57,400,000
#Not Available (N.A. means not applicable)												

The actuarial calculations used to estimate commitments and expenses in respect of unfunded Gratuity, Compensated Absences and Superannuation (Pension & Medical coverage) are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expenses:

	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Discount rate - Gratuity and Compensated Absences	8.00%	7.50%	8.00%	7.50%	8.00%	7.50%
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected rate of salary increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Retirement Age	60	60	60	60	60	60

The employer's best estimate of contributions expected to be paid during the annual period beginning after the balance sheet date, towards Gratuity, Compensated Absences and Superannuation is Rs. 23,423,255, Rs. 7,342,612 and Rs. 25,241,254 respectively.

As, this is the Fourth year in which the AS - 15 (Revised) has been applied, the amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous four years have not been furnished.

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

29. During the financial year 2008-09, the Company had entered into a Memorandum of Understanding with MMTC Limited, to establish a Commodities Exchange with 26% ownership with MMTC and had advanced an amount of Rs. 153,840,000 as share money pending allotment as at March 31, 2009. As on March 31, 2009 the Company held 50,000 equity Shares (Face value of Rs. 10/- each) in Indian Commodity Exchange Limited. Subsequent to March 31, 2009, in line with the Government of India ownership guidelines, Indian Commodity Exchange Limited (ICEX) (earlier known as International Multi Commodity Exchange Limited) has received its entire capital contribution of Rs. 10,000 Lacs from Indiabulls Financial Services Ltd (40%), MMTC Ltd (26%), Indian Potash Ltd (10%), Infrastructure Development Finance Company Limited (5%), Krishak Bharati Cooperative Limited (5%) and Abhinay Trading Private Ltd (14%). Consequently during the current financial year ICEX issued 99,950,000 Equity shares (Face value of Rs. 10/- each) - 39,950,000 to IBFSL, 26,000,000 to MMTC Limited, 5,000,000 to Infrastructure Development Finance Company Limited, 5,000,000 to Krishak Bharati Cooperative Limited, 10,000,000 to Indian Potash Limited and 14,000,000 to Abhinay Trading Private Ltd. After the allotment process the shareholding of the Company has been reduced to 40% from the earlier 100%. Consequently ICEX has been classified as an Associate company from the previous status of subsidiary company as IBFSL control does not exist. During the year, in compliance with the directions of Forward Market Commission, ICEX also refunded Rs. 1,000 Lakhs received earlier from United Stock Exchange of India Ltd in the form of Share application money. ICEX passed a resolution in the general meeting of shareholders held on 29th September 2009 for increase in the authorized share capital from Rs.100 Crores to Rs.110 Crores and for sub-division of equity share of nominal value Rs.10/- each into two equity shares of nominal value of Rs.5 each. As a result of above, the authorized share capital of ICEX increased from Rs.100 Crores comprising of 100,000,000 equity shares having nominal value of Rs.10/- each to Rs.110 Crores comprising 220,000,000 equity shares having nominal value of Rs.5/- each. ICEX has gone live effective November 27, 2009. As on March 31, 2010 the Company held 80,000,000 equity shares (Face value of Rs. 5/- each) in ICEX. On December 13, 2010 the Company has sold 26% of its stake in Indian Commodity Exchange Limited (ICEX) to Reliance Exchangenext Limited for a total consideration of Rs. 473,500,000 against proportionate cost of Rs. 260,000,000. As a result thereof, the stake of the Company in ICEX has been reduced to 14% and the same has been reclassified as a long term investment from the earlier status of an associate.
30. A **Indiabulls Housing Finance Limited**
- In terms of Section 29C of the NHB Act, 1987, the Company is required to transfer at least 20% of its Net Profits to a reserve before any dividend is declared. Such a reserve is also considered as an eligible transfer in terms of section 36 (1) (viii) of the Income Tax Act, 1961. The Company has transferred an amount of Rs. 157,654,838 (Previous Year Rs. 36,812,835) to Reserve Fund during the year. Further an additional amount of Rs. 280,000,000 (Previous Year Rs. NIL) has been set apart by way of transfer to an Additional Reserve fund in excess of limit specified u/s 29 C pursuant to circular no. NHB(ND)/DRS/Pol-No. 03/2004-05 dated August 26, 2004 issued by NHB for utilizing the same in future for any business purposes.
- As per the Housing Finance Companies (NHB) Directions 2001, non-performing assets are recognised on the basis of ninety days overdue. Provision for Loans and Other Credit Facilities in respect of Housing and Non-Housing Loans granted is made in terms of paragraph 25 (2) of the Housing Finance Companies (NHB) Directions 2001 and NHB circular NHB(ND)/DRS/Pol-No.09/2004-05 dated May 18, 2005. The Company has made additional provision based on the underlying risk factors and on the best estimates of the management taking into consideration the outstanding balances / ageing of the loans. Provision for doubtful loans includes provision for housing business Rs. 3,035,556 (Previous Year Rs. 3,609,802) and for non-housing business Rs. 54,259,161 (Previous Year Rs. 26,872,741). Provision for Sub-Standard loans includes provision for housing business Rs. 4,705,899 (Previous Year Rs. 4,531,870) and for non-housing business Rs. 14,047,792 (Previous Year Rs. 17,430,152).
- B **Indiabulls Financial Services Limited**
- In terms of Section 36 (1) (viii) of the Income Tax Act, 1961, the Company has during the year transferred an amount of Rs. 190,000,000 (Previous Year Rs. Nil) to a special reserve created to claim the deduction in respect of eligible business under said section.

# Schedules

## Significant Accounting Policies and Notes forming part of Consolidated Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

31. The Company had, during the financial year 2007-08 entered into an MOU with Sogecap, the life insurance arm of Societe Generale of France, for its upcoming life insurance Joint Venture. Sogecap would subscribe to 26% of the paid up capital in the Joint Venture. During the current financial year, the Company and Sogecap, have mutually agreed not to pursue the life insurance joint venture in India. The Company had also earlier received Reserve Bank of India's (RBI) approved to hold up to 74% in its life insurance venture. The life insurance company has already received the RI approval from Insurance Regulatory and Development Authority (IRDA). The company intends to pursue its insurance venture.

32. The Company holds 57.5 % of the capital in Indiabulls Finance Company Private Limited (IFCPL), a subsidiary of the Company. The balance 42.5% or 3,233,969 equity shares are held by Amaprop Limited (Amaprop), vide a Shareholders Subscription and Shareholders Agreement (Shareholders Agreement) entered into between IFCPL, the Company and Amaprop. In terms of the said Shareholders Agreement, Amaprop has, inter-alia, exercised its put option seeking the Company to acquire the entire stake of Amaprop in IFCPL.

Certain disputes arose between the Company and Amaprop as the put price arrived at in accordance with the Shareholders Agreement was rejected by the Reserve Bank of India (RBI) being in excess of the Fair Market Value as per the then prevailing pricing guidelines as stipulated by the RBI. The matter was under arbitration in New York, USA where towards the year end, the Arbitral Tribunal has passed an award in favour of Amaprop requiring the Company to pay approximately Rs. 1,920,007,000 alongwith interest and costs thereon (as given in the award) to Amaprop, for acquiring the 42.5% stake held by Amaprop in IFCPL. Implementation of the Award would result in IFCPL becoming a 100% subsidiary of the Company.

This Award has been contested by the company before the Hon'ble High Court of Judicature at Delhi (the High Court). During the course of the hearing the High Court has suggested that the company should prefer an application to the RBI for its approval to make the remittance of Rs. 1,190,000,128, which in the opinion of the Arbitration Tribunal is the value likely to be accepted by the RBI, as is recorded by it to be in compliance with Circular 49 dated May 4, 2010, issued by the RBI. Subsequent to the year end, the Company has preferred an application to the RBI seeking its approval for purchase of the abovementioned shares in IFCPL from Amaprop at a cost of Rs. 1,190,000,128.

33. In terms of Section 45-IC of the RBI Act, 1934, the Non Banking Finance Companies in the Group are required to transfer at least 20% of its Net Profits to a reserve before any dividend is declared. As at the year end, the Company has transferred an amount of Rs. 1,349,597,767 (Previous Year Rs. 578,675,912) to Reserve Fund.

34. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2011.

35. Previous year's figures have been regrouped and / or re-arranged wherever necessary to conform to current year's groupings and classifications.

Signature for Schedules A to O

For and on behalf of the Board

Sameer Gehlaut  
Chairman & Whole Time Director  
Mumbai, April 22, 2011

Gagan Banga  
CEO & Whole Time Director

Amit Jain  
Company Secretary

# Auditors' Report

## to the Members of Indiabulls Financial Services Limited

1. We have audited the attached Balance Sheet of Indiabulls Financial Services Limited ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117366W)

**K. A. Katki**  
Partner

Mumbai, April 22, 2011 (Membership No. 038568)



# Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- i. Having regard to the nature of the Company's business/activities/result, clauses ii, viii, xiii of CARO are not applicable to the Company.
- ii. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted loans to Eleven Companies. At the year-end, the outstanding balances of such loans granted aggregated to Rs. 40,150,000 from four Companies and the maximum amount involved during the year was Rs. 5,458,420,000 from eleven Companies.
  - (b) The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
  - (c) The receipt of principal amounts and interest on loans classified as non-performing asset / doubtful / bad loans, if any, are as stipulated under the Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. In respect of other loans, the receipts of principal amounts and interest have, during the year, been regular / as per stipulations.
  - (d) In respect of overdue amounts exceeding Rs.1 lakh remaining outstanding as at the year-end, the Management has taken reasonable steps for the recovery of the overdue principal amount.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

  - (a) The Company has taken loans from six Companies during the year. At the year-end, the outstanding balance of such loan taken aggregated Rs. 626,200,000 from four Companies and the maximum amount involved during the year was Rs. 1,420,000,000 from six Companies.
  - (b) The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
  - (c) The payments of principal amounts and interest in respect of such loans are regular / as per stipulations.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. There were no transactions in respect of purchase of inventory and sale of goods during the year. During the course of our audit, we have not observed any major weakness in such internal control system.
- v. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except that in respect of certain purchase and sale of services, for which comparable quotations are not available and in respect of which we are unable to comment.
- vi. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- vii. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

# Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date) (Contd.)

- viii. According to the information and explanations given to us, in respect of Statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Wealth Tax, Service Tax, Cess and any other material statutory dues with the appropriate authorities. During the year, there were no dues payable in respect of Investor Education and Protection Fund, Sales tax, Custom Duty and Excise Duty.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
- (c) There are no disputed dues payable in respect of Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2011. Details of dues of Income-tax which have not been deposited as on March 31, 2011 on account of disputes is given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax, 1961	Disallowance u/s 14A	Commissioner of Income tax (Appeals)- XV, New Delhi.	Year Ended March 31, 2008	33,821,339

- ix. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
- x. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- xi. In our opinion the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares. The Company has not granted loans and advances on the basis of security by way of debentures and other securities.
- xii. Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956. During the year, the Company has not dealt in shares, securities and debentures.

- xiii. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks, are not *prima facie* prejudicial to the interests of the Company. During the year, the Company has not provided guarantees for loans taken by others from financial institutions.
- xiv. In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- xv. According to the information and explanations given to us, and on the basis of the maturity profile of assets and liabilities with a residual maturity of one year, as given in the Asset Liability Management report, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- xvi. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xvii. According to the information and explanations given to us, in respect of Redeemable, Non-Convertible Secured Debentures issued by the Company during the period covered by our report, the Company has issued 30,775 debentures of Rs. 1,000,000 each. The Company has created security in respect of the debentures issued except, in case of 4,100 debentures of Rs. 1,000,000 each, for which as per the information and explanations given to us, the Company is in the process of creating security in respect of such debentures issued.
- xviii. The Company has not raised any money by way of public issues during the year.
- xix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117366W)

**K. A. Katki**  
Partner

Mumbai, April 22, 2011 (Membership No. 038568)

# Balance Sheet

of Indiabulls Financial Services Limited as at March 31, 2011

	Schedule	Amount (Rs.)	
		As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	621,984,236	619,789,042
Reserves and Surplus	2	40,896,887,494	39,922,230,754
		41,518,871,730	40,542,019,796
<b>Share Application Money Pending Allotment</b> (Refer Note B 4 of Schedule 18)		2,732,718	-
<b>Loan Funds</b>			
Secured Loans	3	145,404,079,154	36,138,707,734
Unsecured Loans	4	20,476,200,000	33,320,000,000
		165,880,279,154	69,458,707,734
<b>Total</b>		<b>207,401,883,602</b>	<b>110,000,727,530</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	673,337,098	628,663,455
Less: Depreciation / Amortisation		312,591,091	228,753,302
Net Block		360,746,007	399,910,153
Capital Work in Progress / Capital Advances		15,610,600	2,879,803
		376,356,607	402,789,956
<b>Investments</b>	6	34,652,706,423	10,022,087,479
<b>Deferred Tax Assets (net)</b> (Refer Note B 22 of Schedule 18)		686,490,795	325,724,731
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	7	9,564,955	138,297,688
Cash and Bank Balances	8	19,265,026,346	10,357,667,034
Other Current Assets	9	1,716,706,078	1,105,199,951
Loans and Advances	10	160,560,057,999	98,489,356,040
		181,551,355,378	110,090,520,713
<b>Less: Current Liabilities and Provisions</b>	11		
Current Liabilities		3,973,032,033	6,956,491,765
Provisions		5,891,993,568	3,883,903,584
		9,865,025,601	10,840,395,349
<b>Net Current Assets</b>		171,686,329,777	99,250,125,364
<b>Total</b>		<b>207,401,883,602</b>	<b>110,000,727,530</b>
Significant Accounting Policies and Notes to Accounts	18		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board

**K. A. Katki**  
Partner

**Sameer Gehlaut**  
Chairman & Whole Time Director

**Gagan Banga**  
CEO & Whole Time Director

**Amit Jain**  
Company Secretary

Mumbai, April 22, 2011

Mumbai, April 22, 2011

# Profit and Loss Account

of Indiabulls Financial Services Limited for the year ended March 31, 2011

	Schedule	Year ended March 31, 2011	Amount (Rs.) Year ended March 31, 2010
<b>INCOME</b>			
Revenue from operations	12	20,496,959,042	14,208,090,766
Other Income	13	299,753,883	85,969,931
<b>Total</b>		<b>20,796,712,925</b>	<b>14,294,060,697</b>
<b>EXPENDITURE</b>			
Operating Expenses	14	149,136,157	138,392,422
Personnel Costs	15	1,312,387,642	1,094,982,069
Administrative and Other Expenses	16	3,600,750,367	3,705,647,181
Interest and Finance Charges	17	7,732,242,467	5,338,845,185
Depreciation / Amortisation	5	93,452,717	73,708,770
<b>Total</b>		<b>12,887,969,350</b>	<b>10,351,575,627</b>
<b>Profit before tax</b>		<b>7,908,743,575</b>	<b>3,942,485,070</b>
Provision for taxation			
-Current Tax (Including Wealth Tax)		2,182,600,000	1,347,000,000
-Tax Adjustment in respect of earlier years		-	(3,393,036)
-Deferred Tax Credit (net)		(360,766,064)	(42,724,671)
<b>Profit After Tax</b>		<b>6,086,909,639</b>	<b>2,641,602,777</b>
Balance of Profit brought forward		1,185,525,465	1,366,396,586
<b>Amount available for appropriation</b>		<b>7,272,435,104</b>	<b>4,007,999,363</b>
Appropriation:			
Dividend paid on Preference Shares		-	78,217,802
Interim Dividend paid on Equity Shares		1,552,642,450	-
Proposed Final Dividend on Equity Shares		1,555,132,650	1,549,472,605
Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		-	112,280,700
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment		1,806,605	221,362
Corporate Dividend Tax on Dividend paid on Preference Shares		-	13,293,116
Corporate Dividend Tax on Proposed Final Dividend on Equity shares		252,281,394	257,348,031
Corporate Dividend Tax on Interim Dividend on Equity Shares		257,874,504	-
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		-	19,082,106
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment		300,055	37,620
Transfer to General Reserve		608,700,000	264,200,000
Transfer to Special Reserve (U/s 36(1)(viii) of Income Tax Act, 1961)		190,000,000	-
Transfer to Reserve Fund (U/s 45-IC of R.B.I.Act,1934)		1,217,381,928	528,320,556
<b>Balance of Profit carried forward</b>		<b>1,636,315,518</b>	<b>1,185,525,465</b>
Earnings Per Share - Basic and Diluted (Refer Note B 21 of Schedule 18)			
-Basic (Rs.)		19.61	8.72
-Diluted (Rs.)		19.42	8.64
Face Value per equity share (Rs.)		2.00	2.00
Significant Accounting Policies and Notes to Accounts	18		

In terms of our report attached

For **Deloitte Haskins & Sells** Chartered Accountants For and on behalf of the Board

**K. A. Katki**  
Partner

**Sameer Gehlaut**  
Chairman & Whole Time Director

**Gagan Banga**  
CEO & Whole Time Director

**Amit Jain**  
Company Secretary

Mumbai, April 22, 2011

Mumbai, April 22, 2011

# Cash Flow Statement

of Indiabulls Financial Services Limited for the year ended March 31, 2011

	Amount (Rs.)	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before tax	7,908,743,575	3,942,485,070
Adjustments for :		
Employee Stock Compensation	24,994,201	-
Provision for Doubtful Loans	590,695,750	(405,022,213)
Contingent Provisions against Standard Assets	391,878,816	-
Bad Loans / Advances written off	938,017,607	2,767,748,559
Interest on Taxes	52,785,234	1,983,734
Profit on Sale of Long Term Investment	(213,500,000)	-
Unrealised Profit on Appreciation on Mutual Funds (Current investments)	(21,754,075)	(10,961)
Provision for Gratuity, Compensated Absences and Superannuation Expense	54,939,040	27,374,536
Premium on Forward Contracts and Unrealised mark to market Loss on derivatives	48,833,058	-
Loss on Sale of Fixed Assets	25,447,954	9,168,654
Interest on Vehicle Loans	460,606	801,032
Depreciation / Amortisation	93,452,717	73,708,770
	<u>1,986,250,908</u>	<u>2,475,752,111</u>
Operating Profit before working capital changes	9,894,994,483	6,418,237,181
Adjustments for:		
Trade and other receivables (Refer Note No. 4 Below)	(63,517,623,934)	(38,726,549,859)
Trade Payables and other liabilities (Refer Note No. 2 below)	(3,036,672,217)	5,100,903,296
	<u>(66,554,296,151)</u>	<u>(33,625,646,563)</u>
Cash used in operations	(56,659,301,668)	(27,207,409,382)
Direct taxes (paid)	(2,220,658,718)	(1,340,148,721)
	<u>(2,220,658,718)</u>	<u>(1,340,148,721)</u>
Net cash used in operating activities	<u>(58,879,960,386)</u>	<u>(28,547,558,103)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(81,598,170)	(84,693,406)
Sale of Fixed Assets	1,861,646	494,389
Net receipts from Investment in long term Fixed Deposits (Refer Note No. 3 below)	4,401,444,050	8,465,908,489
Redemption of Securities & Pass Through Certificates	204,951,518	1,104,583,769
Capital Work in Progress	(12,730,797)	7,565,755
Sale of Investments in subsidiaries/associates/ other long term investments	6,474,500,000	-
Purchase of Investments in subsidiaries/associates/ other long term investments	(3,009,190,920)	(4,400,500,000)
Net cash generated from investing activities	<u>7,979,237,327</u>	<u>5,093,358,996</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Redemption of Preference Shares	-	(1,568,653,719)
Net proceeds from issue of equity shares (including Securities Premium)	99,450,168	9,607,467,484
Debenture/Share Issue Expenses	(770,576,988)	(178,482,264)
Share Application Money Pending Allotment	2,732,718	-
Distribution of Equity Dividends (including Corporate Dividend Tax)	(3,615,064,823)	(724,013,828)

# Cash Flow Statement

of Indiabulls Financial Services Limited for the year ended March 31, 2011 (Contd.)

	Amount (Rs.)	
	Year ended March 31, 2011	Year ended March 31, 2010
Distribution of Preference Dividends (including Corporate Dividend Tax)	-	(136,763,569)
Subscription amount received towards of Share Warrants	137,500,000	-
Interest on Vehicle Loans	(460,606)	(801,032)
Proceeds / Repayments from Borrowings (Net)	78,796,571,420	(8,846,931,841)
Repayments / Proceeds from issue of Commercial Papers (Net)	(13,150,000,000)	10,250,000,000
Proceeds from issue of Non Convertible Debentures (Net)	30,774,999,999	4,350,000,000
Net cash generated from financing activities	92,275,151,888	12,751,821,231
<b>D Net Increase / (decrease) in cash and cash equivalents ( A+B+C )</b>	<b>41,374,428,829</b>	<b>(10,702,377,876)</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>2,894,295,053</b>	<b>13,596,672,929</b>
<b>F Cash and cash equivalents at the close of the year ( D + E )(Refer Note No. 5 below)</b>	<b>44,268,723,882</b>	<b>2,894,295,053</b>

## Note :

- 1 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard (AS) - 3 on Cash Flow Statements as notified by the Companies (Accounting Standards) Rules, 2006.
- 2 Includes an amount of Rs. Nil (Previous Year Rs. 68,393,432) as amount payable on assigned loans.
- 3 Fixed Deposits of Rs. 125,128,950 (Previous year Rs. 2,969,748,140) have been placed as collateral for Assignment/Securitisation deals on which assignees have a paramount lien.
- 4 Includes an amount of Rs. 40,597,805 (Previous Year Rs. Nil) as amount receivable on assigned loans.
- 5 Cash and cash equivalents as at the close of the Year include:

Cash and Bank Balances (Refer Schedule 8 )	19,265,026,346	10,357,667,034
Current Investment in Units in Mutual Fund considered temporary deployment of funds (Refer Schedule 6 (B))	28,167,390,503	80,010,961
	<b>47,432,416,849</b>	<b>10,437,677,995</b>
Less : In Fixed Deposit Accounts Having maturity more than 3 months	3,141,927,931	7,543,371,981
Less : Unrealised Profit on Appreciation on Mutual Funds (Current Investments)	21,765,036	10,961
<b>Cash and cash equivalents as restated</b>	<b>44,268,723,882</b>	<b>2,894,295,053</b>
- 6 Unclaimed Dividend Balances in designated bank accounts are not available for use by the Company.
- 7 Previous year's figures are regrouped wherever considered necessary.

In terms of our report attached

For **Deloitte Haskins & Sells** Chartered Accountants

For and on behalf of the Board

**K. A. Katki**  
Partner

**Sameer Gehlaut**  
Chairman & Whole Time Director

**Gagan Banga**  
CEO & Whole Time Director

**Amit Jain**  
Company Secretary

Mumbai, April 22, 2011

Mumbai, April 22, 2011



# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011

	Amount (Rs.)	
	As at March 31, 2011	As at March 31, 2010
<b>1. SHARE CAPITAL</b>		
Authorised		
2,000,000,000 (Previous Year 2,000,000,000) Equity Shares of Rs. 2 each	4,000,000,000	4,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 300 each	7,500,000,000	7,500,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 157.39 each	3,934,750,000	3,934,750,000
Issued, subscribed and paid up (Refer Note B 4 of Schedule 18)		
310,992,118 (Previous Year 309,894,521) Equity Shares of Rs. 2 each fully paid up	621,984,236	619,789,042
Of the above:		
(a) 76,935,375 (Previous Year 76,935,375) Equity Shares of Face Value of Rs. 2 each are allotted as fully paid up Bonus Shares by capitalisation of Securities Premium Account		
(b) 500,000 (Previous Year 500,000) Equity Shares of Face Value of Rs. 2 each are issued for consideration other than cash		
	<b>621,984,236</b>	<b>619,789,042</b>
<b>2. RESERVES AND SURPLUS</b>		
Capital Reserve		
Balance as per last Balance Sheet	-	-
Add: Addition on account of Issue of Share Warrants - QIP (Refer Note B 6 of Schedule 18)	137,500,000	-
	137,500,000	-
Capital Redemption Reserve		
Balance as per last Balance Sheet	3,627,392	3,627,392
Securities Premium Account		
Balance as per last Balance Sheet	35,279,499,707	25,963,043,991
Add: Transfer from Stock Compensation Adjustment Account	6,140,335	-
Add: Additions during the year (Refer Note B 4 of Schedule 18)	97,254,974	9,494,937,980
	35,382,895,016	35,457,981,971
Less: Share/Debenture issue expenses written off (Refer Note B 14 of Schedule 18)	770,576,988	178,482,264
Less: Premium on Redemption of Non Convertible Debentures (Refer Note B 14 of Schedule 18)	981,387,428	-
	33,630,930,600	35,279,499,707
Stock Compensation Adjustment		
Employee Stock options outstanding	61,403,350	-
Less: Deferred Employee Compensation expense	36,409,149	-
	24,994,201	-
Less: Transferred to Securities Premium account on account of exercise of Esops	6,140,335	-
	18,853,866	-
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Balance as per last Balance Sheet	-	-
Add: Amount Transferred during the year (Refer Note B 39 of Schedule 18)	190,000,000	-
	190,000,000	-
Reserve Fund (U/s 45-IC of R.B.I. Act, 1934)		
Balance as per last Balance Sheet	2,389,829,990	1,861,509,434
Add: Amount Transferred during the year (Refer Note B 38 of Schedule 18)	1,217,381,928	528,320,556
	3,607,211,918	2,389,829,990
General Reserve		
Balance as per last Balance Sheet	1,063,748,200	799,548,200
Add: Amount Transferred during the year	608,700,000	264,200,000
	1,672,448,200	1,063,748,200
Surplus as per Profit & Loss Account	1,636,315,518	1,185,525,465
	<b>40,896,887,494</b>	<b>39,922,230,754</b>

# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011  
(Contd.)

	As at March 31, 2011	Amount (Rs.) As at March 31, 2010
<b>3. SECURED LOANS</b>		
(Refer Note B 13 of Schedule 18)		
Redeemable, Non Convertible Debentures (Refer Note B 14 of Schedule 18)		
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,100,000,000	-
10.75% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,000,000,000	1,000,000,000
10.40% Non Convertible Debentures of Face value Rs. 1,000,000 each	2,500,000,000	-
10.10% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,500,000,000	-
10.00% Non Convertible Debentures of Face value Rs. 1,000,000 each	6,000,000,000	-
9.00% Non Convertible Debentures of Face value Rs. 1,000,000 each	300,000,000	300,000,000
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each	4,500,000,000	-
8.50% Non Convertible Debentures of Face value Rs. 1,000,000 each	750,000,000	750,000,000
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,050,000,000	1,050,000,000
7.60% Non Convertible Debentures of Face value Rs. 1,000,000 each	75,000,000	-
7.35% Non Convertible Debentures of Face value Rs. 1,000,000 each	750,000,000	750,000,000
7.25% Non Convertible Debentures of Face value Rs. 1,000,000 each	1,600,000,000	1,600,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each	15,100,000,000	-
Term Loan:		
Vehicle Loans	3,226,849	6,535,522
From Banks	95,225,504,063	24,805,233,345
Working Capital Loans:		
From Banks	13,950,348,242	5,876,938,867
	<b>145,404,079,154</b>	<b>36,138,707,734</b>
<b>4. UNSECURED LOANS</b>		
Short Term Loans (Repayable Within One Year):		
Intercorporate Deposits	626,200,000	320,000,000
Commercial Papers (Repayable Within One Year) (maximum balance outstanding during the year Rs. 38,250,000,000, Previous Year Rs. 32,000,000,000)	18,850,000,000	32,000,000,000
Other Loans (Repayable within One Year Rs. Nil (Previous Year Rs. Nil)):		
From Banks	1,000,000,000	1,000,000,000
	<b>20,476,200,000</b>	<b>33,320,000,000</b>

# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011  
(Contd.)

## 5. FIXED ASSETS

Particulars	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK		Amount (Rs.)
	As at April 01, 2010	As at April 01, 2010	Adjustments/ Sales during year	As at March 31, 2011	As at April 01, 2010	Provided during the year	Adjustments during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	
	A	B	C	D=A+B+C	E	F	G	H=E+F-G	D-H	A-E	
<b>A. Tangible Assets</b>											
Freehold Land**	1,000,000	-	-	1,000,000	-	-	-	-	1,000,000	-	1,000,000
Computers	133,847,351	16,019,739	1,062,155	148,804,935	71,547,924	22,939,129	727,389	93,759,664	55,045,271	62,299,427	
Furniture & Fixtures	210,942,841	31,020,148	33,394,212	208,568,777	52,034,236	22,884,596	8,459,502	66,459,330	142,109,447	158,908,605	
Office Equipment	62,854,658	10,287,282	153,222	72,988,718	12,528,721	3,282,154	32,776	15,778,099	57,210,619	50,325,937	
Vehicles*	66,248,914	21,341,628	2,314,938	85,275,604	13,426,972	7,245,949	395,261	20,277,660	64,997,944	52,821,942	
<b>TOTAL (A)</b>	<b>474,893,764</b>	<b>78,668,797</b>	<b>36,924,527</b>	<b>516,638,034</b>	<b>149,537,853</b>	<b>56,351,828</b>	<b>9,614,928</b>	<b>196,274,753</b>	<b>320,363,281</b>	<b>325,355,911</b>	
<b>B. Intangible Assets</b>											
Software	153,769,691	2,929,373	-	156,699,064	79,215,449	37,100,889	-	116,316,338	40,382,726	74,554,242	
<b>TOTAL (B)</b>	<b>153,769,691</b>	<b>2,929,373</b>	<b>-</b>	<b>156,699,064</b>	<b>79,215,449</b>	<b>37,100,889</b>	<b>-</b>	<b>116,316,338</b>	<b>40,382,726</b>	<b>74,554,242</b>	
<b>TOTAL (A+B)</b>	<b>628,663,455</b>	<b>81,598,170</b>	<b>36,924,527</b>	<b>673,337,098</b>	<b>228,753,302</b>	<b>93,452,717</b>	<b>9,614,928</b>	<b>312,591,091</b>	<b>360,746,007</b>	<b>399,910,153</b>	
<b>PREVIOUS YEAR</b>	<b>555,547,478</b>	<b>84,693,406</b>	<b>11,577,429</b>	<b>628,663,455</b>	<b>156,958,918</b>	<b>73,708,770</b>	<b>1,914,386</b>	<b>228,753,302</b>	<b>399,910,153</b>		
Capital Work in Progress / Capital Advances									15,610,600	2,879,803	
									<b>376,356,607</b>	<b>402,789,956</b>	

\*Includes vehicles having original cost of Rs. 8,793,468 (Previous Year Rs. 17,559,544) which are hypothecated to Banks.

\*\*Mortgaged as Security against Secured Non Convertible Debentures (Refer Note No B 13 of Schedule 18)

# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011  
(Contd.)

	As at March 31, 2011	Amount (Rs.) As at March 31, 2010
<b>6. INVESTMENTS</b>		
<b>(A) - Long Term - Non Trade - Unquoted</b> (Refer Note B 25 of Schedule 18)		
<b>i. In Subsidiary Companies:</b>		
- 50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Insurance Advisors Ltd. (Refer Note B 10 of Schedule 18)	500,000	500,000
- 4,375,000 (Previous Year 4,375,000 ) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Finance Company Private Ltd.	437,500,000	437,500,000
- 5,000,000 (Previous Year 5,000,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Capital Services Ltd. (Refer Note B 10 of Schedule 18)	50,000,000	50,000,000
- 155,689,656 (Previous Year 135,000,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Housing Finance Ltd. (Refer Note B 36 of Schedule 18)	5,253,375,120	2,253,375,000
- 10,000,000 (Previous Year 10,000,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Infrastructure Credit Limited	250,000,000	250,000,000
- Nil (Previous Year 4,000,000) Fully paid up Preference shares of face value Rs. 10 each in Indiabulls Infrastructure Credit Limited	-	4,000,000,000
- 2,550,000 (Previous Year 2,550,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Advisory Services Limited	25,500,000	25,500,000
- Nil (Previous Year 2,000,000) Fully paid up Preference shares of face value Rs. 10 each in Indiabulls Advisory Services Limited	-	2,000,000,000
- 50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Asset Holding Company Limited (Refer Note B 11 of Schedule 18)	500,000	500,000
- 50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Life Insurance Company Limited (Refer Note B 11 of Schedule 18)	500,000	500,000
- 150,000 (Previous Year 150,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Collection Agency limited	100,500,000	100,500,000
- 50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs. 10 each in Ibulls Sales Limited (Formerly Fast Loan Services Limited)	500,000	500,000
- 15,000,000 (Previous Year 15,000,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Asset Management Company Limited	150,000,000	150,000,000
- 500,000 (Previous Year 500,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Trustee Company Limited	5,000,000	5,000,000
- Nil (Previous Year 50,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Venture Capital Management Company Limited (Refer Note B 37 of Schedule 18)	-	500,000
- Nil (Previous Year 50,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Venture Capital Trustee Company Limited (Refer Note B 37 of Schedule 18)	-	500,000
- 150,000 (Previous Year Nil) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Holdings Limited	1,500,000	-
- 224,084 (Previous Year Nil) Fully paid up Equity shares of face value SGD 1 each in Indiabulls Alternative Asset Management Private Limited	7,690,800	-
	<b>6,283,065,920</b>	<b>9,274,875,000</b>

# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011  
(Contd.)

	As at March 31, 2011	Amount (Rs.) As at March 31, 2010
<b>ii. In Associate Companies:</b>		
- 1,225,000 (Previous Year 1,225,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Asset Reconstruction Company Ltd.	12,250,000	12,250,000
- Nil (Previous Year 80,000,000) Fully paid up Equity shares of face value Rs. 5 each in Indian Commodity Exchange Limited (Refer Note B 33 of Schedule 18)	-	400,000,000
	<b>12,250,000</b>	<b>412,250,000</b>
<b>iii. Other Long Term Investments:</b>		
- 28,000,000 (Previous Year Nil) Fully paid up Equity shares of face value Rs. 5 each in Indian Commodity Exchange Limited (Refer Note B 33 of Schedule 18)	140,000,000	-
<b>Sub total (A)</b>	<b>6,435,315,920</b>	<b>9,687,125,000</b>
<b>(B) Current Investments - Non Trade - Unquoted</b> (Refer Note B 26 of Schedule 18)		
Investment in Mutual Funds:		
- Reliance Mutual Fund (Liquidity Fund - Growth Option) No. of Units: 203,207,976.590 (Previous Year : Nil) NAV: 14.7677 (Previous year N.A)	3,000,914,436	-
- Peerless Mutual Fund (Liquid Fund- Super Institutional Growth) No. of Units: 425,218,765.755 (Previous Year : Nil) NAV: Rs. 10.6922 (Previous year N.A)	4,546,524,087	-
- SBI Mutual Fund (SBI Magnum insta Cash Fund- Growth) No. of Units: 45,475,216.007 (Previous Year : 3,914,545.472) NAV: Rs. 21.7758 (Previous year 20.4394)	990,259,209	80,010,961
- Taurus Mutual Fund (Taurus Short Term Income Fund - Growth Plan) No. of Units: 299,455.388 (Previous Year : Nil) NAV: Rs. 1,671.1950 (Previous year N.A.)	500,448,348	-
- UTI Mutual Fund (UTI Liquid Cash Plan Institutional - Growth Option) No. of Units: 2,485,290.343 (Previous Year : Nil) NAV: Rs. 1,610.0580 (Previous year N.A.) (UTI Dynamic Bond Fund - Growth Plan) No. of Units: 459,537,912.483 (Previous Year : Nil) NAV: Rs. 10.5303 (Previous year N.A.)	4,001,461,603	-
- Birla Sun Life Mutual Fund (Birla Sun Life Income Plus- Growth) No. of Units: 127,749,477.527 (Previous Year : Nil) NAV: Rs. 44.0331 (Previous year N.A.) (Birla Sun Life Floating Rate Fund-Short Term-IP-Growth) No. of Units: 281,393,022.662 (Previous Year : Nil) NAV: Rs. 13.0002 (Previous year N.A.)	5,625,205,519	-
- IDFC Mutual Fund (IDFC Saving Advantage Fund -Plan- Growth) No. of Units: 726,992.055 (Previous Year : Nil) NAV: Rs. 1,382.8757(Previous year N.A.)	1,005,339,648	-

# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011  
(Contd.)

	As at March 31, 2011	Amount (Rs.) As at March 31, 2010
Investment in Pass Through Certificates:		
- Reliance Mutual Fund	-	204,951,518
Investment in Bonds:		
-9.25% Unsecured Redeemable Non-Convertible Subordinated Bonds of Dena Bank of Face Value of Rs. 1,000,000 each	50,000,000	50,000,000
<b>Sub total (B)</b>	<b>28,217,390,503</b>	<b>334,962,479</b>
<b>Total (A) + (B)</b>	<b>34,652,706,423</b>	<b>10,022,087,479</b>
Aggregate market value of quoted Investments	-	-
Aggregate book value of quoted Investments	-	-
Aggregate book value of unquoted Investments	34,652,706,423	10,022,087,479
<b>7. SUNDRY DEBTORS</b>		
Debts Outstanding for a period exceeding six months		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Considered doubtful	-	-
Other Debts		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	9,564,955	138,297,688
	<b>9,564,955</b>	<b>138,297,688</b>
<b>8. CASH AND BANK BALANCES</b>		
Cash on hand	26,008,358	116,472,086
Cheques on hand	3,336,999	3,156,465
Balances with scheduled banks		
- in current accounts #	15,093,753,071	2,694,666,502
- in deposit accounts	4,141,927,918	7,543,371,981
	<b>19,265,026,346</b>	<b>10,357,667,034</b>
# includes Rs.9,707,450 (Previous Year 5,328,023) in designated unclaimed dividend accounts)		
<b>9. OTHER CURRENT ASSETS</b>		
Interest Accrued on Fixed Deposits, Pass Through Certificates & Bonds	416,590,592	384,260,203
Interest Accrued on Loans	1,300,115,486	720,939,748
	<b>1,716,706,078</b>	<b>1,105,199,951</b>



# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011  
(Contd.)

	Amount (Rs.)	
	As at March 31, 2011	As at March 31, 2010
<b>10. LOANS AND ADVANCES</b>		
<b>(UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED)</b>		
(i) Loans and Other Credit Facilities		
(a) Secured Loans (Refer Note B 15 of Schedule 18)		
- Considered Good	151,662,811,626	66,413,628,389
Less: Securitised / Assigned	2,170,506,718	1,260,918,386
	<b>149,492,304,908</b>	<b>65,152,710,003</b>
(b) Unsecured Loans (Refer Note B 15 of Schedule 18)		
- Considered Good	9,690,432,555	32,740,995,997
- Considered Doubtful	916,815,378	-
Less: Securitised / Assigned	1,529,328,008	2,600,790,314
	<b>9,077,919,925</b>	<b>30,140,205,683</b>
	<b>158,570,224,833</b>	<b>95,292,915,686</b>
(ii) Retained interest on Securitisation of loans	-	4,444,967
(iii) Deferred Purchase Consideration on assignment of Loans	-	78,110,301
(iv) Loans to Subsidiary Companies-		
(a) Indiabulls Capital Services Limited	33,000,000	180,000,000
(Loans-Maximum balance outstanding at any time during the year Rs. 180,000,000, Previous Year Rs. 180,000,000)		
(b) Indiabulls Housing finance Limited	-	-
(Maximum balance outstanding at any time during the year Rs. 5,194,000,000, Previous Year Rs. 2,788,000,000)		
(c) Indiabulls Life Insurance Company Limited	-	41,570,000
(Loans-Maximum balance outstanding at any time during the year Rs. 44,870,000, Previous Year Rs. 100,000,000)		
(d) Indiabulls Asset Holding Company Limited	150,000	100,000
(Maximum balance outstanding at any time during the year Rs. 150,000, Previous Year Rs. 100,000)		
(e) Ibulls Sales Limited	7,000,000	14,400,000
(Maximum balance outstanding at any time during the year Rs. 70,400,000, Previous Year Rs. 14,400,000)		
(v) Advances recoverable in cash or kind or for value to be received	483,029,013	1,641,281,930
(vi) Security Deposit with others	36,165,208	36,139,160
(vii) Security Deposit for Rent	321,881,840	106,253,722
(viii) Advance Tax / Tax Deducted at Source (Net of provision for Tax Rs. 2,944,566,576 Previous Year Rs. 2,992,026,046)	1,068,009,300	1,094,140,274
(ix) Amount receivable on assigned loans	40,597,805	-
	<b>160,560,057,999</b>	<b>98,489,356,040</b>

# Schedules

Forming part of Balance Sheet of Indiabulls Financial Services Limited as at March 31, 2011  
(Contd.)

	As at March 31, 2011	Amount (Rs.) As at March 31, 2010
<b>11. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
(a) Dues to Micro and Small Enterprises (Refer Note B 29 of Schedule 18)	-	-
(b) Dues to others	9,159,057	19,023,299
Temporary overdrawn bank balance as per books	2,863,128,641	6,649,785,865
Unclaimed Dividends	9,707,450	5,328,023
Other Current Liabilities	1,091,036,885	213,961,146
Amount payable on assigned loans	-	68,393,432
	<b>3,973,032,033</b>	<b>6,956,491,765</b>
<b>Provisions</b>		
Provision for Doubtful Assets	1,589,017,173	998,321,423
Contingent Provisions against Standard Assets	391,878,816	-
Provision for Superannuation	128,045,581	88,215,795
Provision for Gratuity	38,459,183	25,897,263
Provision for Compensated Absences	15,419,427	12,872,093
Premium on Redemption on Non Convertible Debentures (Accrued but not due) (Refer Note B 14 of Schedule 18)	981,387,428	-
Provision for Taxation (net of Advance Tax Rs. 2,599,435,224 Previous Year Rs. 395,430,766)	940,187,424	951,591,882
Provision for Fringe Benefits Tax (net of Advance Tax Rs.78,998,036 Previous Year Rs. 78,998,036)	184,492	184,492
Proposed Final Dividend on Equity Shares	1,555,132,650	1,549,472,605
Corporate Dividend Tax on Proposed Final Dividend	252,281,394	257,348,031
	<b>5,891,993,568</b>	<b>3,883,903,584</b>

# Schedules

Forming part of Profit and Loss Account of Indiabulls Financial Services Limited for the year ended March 31, 2011

	Year ended March 31, 2011	Amount (Rs.) Year ended March 31, 2010
<b>12. REVENUE FROM OPERATIONS</b>		
Interest from Financing Activities (Tax Deducted at Source Rs. 264,567,523, Previous year Rs. 219,029,371)	17,589,726,388	11,181,006,405
Interest on Pass Through Certificates / Bonds / Commercial Paper (Current investments)	41,921,136	185,651,946
Dividend on Units of Mutual Funds/Equity Shares (Current investments)	561,271,065	141,460,400
Interest on Fixed deposits with Banks (Tax deducted at Source Rs. 17,567,890, Previous Year Rs. 124,563,617)	384,432,700	1,085,352,438
Income from Advisory Services (Tax deducted at Source Rs. 413,625, Previous Year Rs. 400,000)	333,750,000	122,902,543
Commission on Insurance	29,753,762	39,901,439
Other Operating Charges (Refer Note B 31 of Schedule 18)	1,301,944,050	1,451,025,902
Profit on Sale of Long Term Investment (Refer Note B 33 of Schedule 18)	213,500,000	-
Profit on Redemption / Appreciation on Mutual Funds (Current investments) Previous Year Rs. Nil )(Refer Note B 26 (a) of Schedule 18)	40,650,875	700,902
Income from Service Fee	9,066	88,791
	<b>20,496,959,042</b>	<b>14,208,090,766</b>
<b>13. OTHER INCOME</b>		
Miscellaneous Income	10,844,673	4,023,855
Sundry Credit balances written back/ Bad debts recovered	288,909,210	81,946,076
	<b>299,753,883</b>	<b>85,969,931</b>
<b>14. OPERATING EXPENSES</b>		
Commission	107,780,019	78,701,724
Client Verification Charges	19,578,011	32,673,859
Demat Charges	878,594	723,437
Stamp Duty	17,803,563	20,306,297
Collection Charges	3,095,970	5,987,105
	<b>149,136,157</b>	<b>138,392,422</b>
<b>15. PERSONNEL COSTS</b>		
Salaries (Refer Note B 18 (a) & 23 of Schedule 18)	1,216,516,941	1,056,689,305
Contribution to Provident Fund and Other Funds	5,206,548	2,105,827
Employee Stock Compensation Expense	24,994,201	-
Staff Welfare Expenses	10,507,174	8,812,400
Provision for Gratuity, Compensated Absences and Superannuation Expense	55,162,778	27,374,537
	<b>1,312,387,642</b>	<b>1,094,982,069</b>

# Schedules

Forming part of Profit and Loss Account of Indiabulls Financial Services Limited for the year ended March 31, 2011 (Contd.)

	Amount (Rs.)	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>16. ADMINISTRATIVE AND OTHER EXPENSES</b>		
Advertisement	32,290,502	14,600,148
Recruitment Expenses	475,335	2,023,628
Repairs & Maintenance - others	102,966,572	54,791,000
Electricity Expenses	35,528,779	28,382,075
Printing & Stationery	15,210,372	11,923,898
Rent (Refer Note B 16 of Schedule 18)	319,887,974	98,452,332
Statutory Fees	6,413,591	20,553,584
Communication Expenses	51,519,827	47,545,694
Traveling & Conveyance	73,991,481	59,221,516
Professional Charges	441,846,873	262,967,772
Business Promotion	23,270,632	8,490,075
Auditors' remuneration (Excluding Service Tax Rs. 1,205,100; Previous Year Rs.1,217,975)		
As Auditors -	10,000,000	10,000,000
Certification -	800,000	800,000
Other attest services -	-	275,000
Out of Pocket Expenses -	900,000	900,000
Bad Loans / Advances written off	1,362,055,323	3,338,451,782
Less: Adjusted against provision for earlier years	<u>424,037,716</u>	<u>570,703,223</u>
Provision for Doubtful Loans	1,014,733,467	165,681,010
Contingent Provisions against Standard Assets	391,878,816	-
Assignment expenses	24,548,130	139,908,779
Loss on Sale of Fixed Assets	25,447,954	9,168,654
Donation Expenses	88,500,000	-
Miscellaneous Expenses	2,522,455	2,213,457
	<b>3,600,750,367</b>	<b>3,705,647,181</b>
<b>17. INTEREST AND FINANCE CHARGES</b>		
Interest on Loans	4,684,632,715	3,193,708,167
Interest on Non-Convertible Debentures	1,115,165,659	143,066,649
Interest on Commercial Papers	1,612,115,074	1,836,913,536
Interest on Vehicle Loans	460,606	801,032
Processing and other Fee	89,578,881	62,088,130
Interest on Intercorporate Deposit	122,241,329	63,944,914
Interest on Taxes	52,785,234	1,983,734
Interest on Overdraft facility	-	5,116,512
Interest on Securitised Loan	-	217
Bank / Finance Charges (Refer Note B 30 of Schedule 18)	55,262,969	31,222,294
	<b>7,732,242,467</b>	<b>5,338,845,185</b>

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

### SCHEDULE: 18

#### A Significant Accounting Policies

##### i) Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India and Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006.

##### ii) Prudential Norms:

The Company follows the Reserve Bank of India ("RBI") Directions in respect of "Non Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007"), dated February 22, 2007 in respect of income recognition, income from investments, accounting of investments, asset classification, disclosures in the balance sheet and provisioning. Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006 and Guidance Notes issued by The Institute of Chartered Accountants of India ("ICAI") are followed insofar as they are not inconsistent with the RBI Directions, 2007.

##### iii) Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised.

##### iv) Revenue Recognition:

Interest Income from financing activities and others is recognised on an accrual basis. In terms of the RBI Directions, interest income on Non-performing assets ('NPAs') is recognized only when it is actually realised.

Income from Fee based Advisory Services is recognised on an accrual basis.

Commission on insurance policies sold is recognised when the company under its

agency code sells the insurance policies and when the same is accepted by the principal insurance company.

Transactions in respect of Investment / Dealing in Securities are recognised on trade dates.

Commission on Mutual Funds is recognised on accrual basis.

Processing Fee received in respect of loans is accounted for in the year in which the loan is disbursed.

Repayment of loans is as stipulated in the respective loan agreements or by way of Equated Monthly Installments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month and accounted for on accrual basis.

Dividend income on equity shares is recognised when the right to receive the dividend is unconditional as at the balance sheet date. In terms of the RBI Directions, wherever applicable, Dividend Income on units of Mutual Fund held by NBFC companies is recognized on cash basis.

##### v) Securitisation / Assignment of Loan portfolio:

Derecognition of loans securitised in the books of the company, recognition of gain / loss arising on securitization and accounting for credit enhancements provided by the company is based on the Guidelines issued by the Reserve Bank of India.

Derecognition of loans assigned in the books of the company is based on the concept of surrender of control over the loans resulting in a "true sale" of loans.

Income on Assignment of Loans is recognised on entering into deal agreement with the assignee, wherever applicable, and is the difference between the Net present value of future assigned loan receivables discounted at the assignee's rate as agreed upon and the principal outstanding at the inception of Deal.

Credit enhancement in the form of cash collateral, if provided by the company, by way of deposits is included under Cash and bank balances / Loans and Advances, as applicable.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### vi) Fixed Assets:

#### (a) Tangible Assets:

Tangible fixed assets are stated at cost, net of tax / duty credits availed, less accumulated depreciation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

#### (b) Intangible Assets:

Intangible assets are stated at cost, net of tax / duty credits availed, less accumulated amortization / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

### vii) Depreciation / Amortisation:

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date the asset is put to use. Lease hold improvements are amortised over the period of Lease. Depreciation on sale / deduction from fixed asset is provided for up to the date of sale / deduction, as the case may be. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Intangible assets consisting of Software are amortized on a straight line basis over a period of four years from the date when the assets are available for use.

### viii) Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of, an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is

reassessed and the asset is reflected at the recoverable amount.

### ix) Investments:

Investments are classified as long term and current investments. Long term investments are carried at cost less provision, if any, for any diminution other than temporary in their value. In terms of the RBI Directions, 2007, unquoted current investments in equity shares are valued at cost or break-up value, whichever is lower. Unquoted current investments in units of mutual funds are valued at the net asset value declared by the mutual fund in respect of each particular scheme. Quoted Current investments are valued at lower of cost and fair value. Other unquoted current investments are valued at carrying value.

### x) Stock of Securities:

Stock of securities is valued at lower of cost and net realisable value. Cost is determined on weighted average basis.

### xi) Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of the asset. All other borrowing costs are charged to Profit & Loss Account.

### xii) Commercial Papers:

The liability is recognised at face value of the commercial paper at the time of issue of the commercial paper. The discount on issue of commercial paper is amortised over the tenure of the instrument.

### xiii) Employee benefits:

Company's contribution to Provident Fund is charged to profit and loss account. The company has unfunded defined benefit plans namely leave encashment (long term compensated absences) and gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the Projected Unit Credit Method. Superannuation (Pension & Medical coverage) payable to certain Director on retirement is actuarially valued at the end of the year using the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of change in actuarial assumptions and are recognised in Profit and Loss account as income or expenses.



# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### xiv) Deferred Employee Stock Compensation Cost:

Deferred employee stock compensation cost for stock options are recognised on the basis of generally accepted accounting principles and are measured by the difference between the intrinsic value of the company's shares of stock options at the grant date and the exercise price to be paid by the option holders. The compensation expense is amortised over the vesting period of the options. The fair value of options for disclosure purpose is measured on the basis of a valuation performed, as certified by an independent firm of Chartered Accountants in respect of stock options granted.

### xv) Taxes on Income:

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates as on the Balance Sheet date, to the extent that the timing differences are expected to crystallise.

Deferred Tax Assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognized only if there is a virtual certainty of realization backed by convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### xvi) Derivative Transactions:

During the year the Company has entered into Interest Rate Swap (IRS) Contract. All outstanding Interest Rate Swap contracts are marked-to-market as at the year end. Losses are recognised to the profit and loss account based on category of contracts and gains towards category of contracts are ignored, in line with the Announcement made by the ICAI dated March 29, 2008. Any profit/loss arising on cancellation/unwinding of IRS contract are recognized as income or expenses for the period.

### xvii) Share/Debenture Issue Expenses:

Share/Debenture issue expenses are adjusted against securities premium account to the

extent of balance available and thereafter, the balance portion is charged off to the Profit and Loss Account, as incurred.

### xviii) Equity Index / Stock Futures:

- a. Initial Margin – Equity Index/ Stock Futures, representing the initial margin paid, and Margin Deposits representing additional margin paid over and above the initial margin, for entering into a contract for equity index/ stock futures which are released on final settlement/ squaring-up of the underlying contract, are disclosed under Loans and Advances.
- b. Equity index/ stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the Mark-to-Market Margin – Equity Index/ Stock Futures Account, represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the balance sheet date.
- c. As on the balance sheet date, profit/loss on open positions in equity index/ stock futures is accounted for as follows:
  - Credit balance in the Mark-to-Market Margin – Equity Index/Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the profit and loss account.
  - Debit balance in the Mark-to-Market Margin – Equity Index/Stock Futures Account, being the anticipated loss, is adjusted in the profit and loss account.
- d. On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/ squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in Mark-to-Market Margin – Equity Index/Stock Futures Account after adjustment of the provision for anticipated losses is recognised in the profit and loss account. When more than one contract in respect of the relevant series of equity index/stock futures contract to which the squared-up

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

### xix) Leases:

In case of assets taken on operating lease, the lease rentals are charged to the profit and loss account in accordance with Accounting Standard (AS) 19 – Leases as notified by the Companies (Accounting Standards) Rules, 2006

### xx) Foreign Currency Transactions:

i. Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

ii. Monetary items denominated in foreign currencies at the year end are translated at year end rates. In case of Forward Exchange Contract (FEC), the difference between the year-end rate and the rate on the date of the contract is recognized as exchange difference and the premium on such forward contracts is recognized over the life of the forward contract. Any profit/loss arising on cancellation or renewal of forward contract is recognized as income or expense for the period.

iii. Non monetary foreign currency items are carried at cost.

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account.

### xxi) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

## B Notes to Accounts:

### 1. Overview:

Indiabulls Financial Services Limited ("the Company", "IBFSL") was incorporated on January 10, 2000 as a Private Limited Company to invest in various subsidiaries and also to invest, acquire, hold, purchase or procure equity shares, debentures, bonds, mortgages, obligations, securities of any kind issued or guaranteed by any company and provide loan and other credit facilities.

On March 30, 2001, the Company was registered under section 45-IA of the Reserve Bank of India (RBI) Act, 1934 to carry on the business of a Non Banking Financial Company but does not have permission from the RBI to accept public deposits. The Company was converted into a public limited company pursuant to Section 44 of the Companies Act, 1956 on February 03, 2004.

### 2. Contingent liability not provided for in respect of:

(a) Corporate counter guarantees outstanding in respect of credit facilities availed by subsidiaries for the year ended March 31, 2011 amounting to Rs. 500,000,000 (Previous Year Rs. 1,868,625,530).

(b) Corporate counter guarantees outstanding in respect of assignment agreements entered by company's subsidiary with different assignees as at March 31, 2011 is Rs. 69,536,145 (Previous Year Rs. 256,162,252) against which collateral deposit of Rs. 142,800,000 for year ended March 31, 2011 (Previous Year Rs. 161,924,000) is being provided to the assignees by the company's subsidiary in the form of Fixed Deposit Receipts.

(c) Corporate counter guarantee outstanding in respect of credit facilities availed by erstwhile subsidiary companies Rs. Nil (Previous Year Rs. 1,200,000,000) against which collateral fixed deposits of Rs. Nil (Previous Year Rs. 600,000,000) has been provided by those erstwhile subsidiaries for whom the counter guarantee was given.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

- (d) Capital commitments as at March 31, 2011 (net of advances) Rs. 8,277,368 (Previous Year Rs. 984,863).
- (e) Demand raised u/s 143(3) of the Income Tax Act, 1961 for Rs. 33,821,339 with respect to the Financial Year 2007-08 (Previous Year Rs. Nil) against which an appeal has been filed with CIT (Appeals).
- (f) Arbitration award passed by the international arbitrator against the Company for Rs. 1,920,007,000 (Previous Year Rs. Nil) for purchase of 42.5% stake in Indiabulls Finance Company Limited (IFCPL), which is disputed by the Company. The company currently holds 57.5% equity stake in IFCPL (Refer Note No. 35).
3. During the year the Company has complied with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as issued by the Reserve Bank of India vide notification dated February 22, 2007.
4. Changes in capital structure during the year from April 01, 2010 to March 31, 2011:
- On April 9, 2010, the Company has issued 22,650 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008.
- On April 27, 2010, the Company has issued 30,000 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, and 26,640 Equity Shares of Rs. 2 each, at a premium of Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006.
- On May 24, 2010, the Company has issued 201,987 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, 75,028 Equity Shares of Rs. 2 each, at a premium of Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 5,016 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.
- On September 1, 2010, the Company has issued 77,710 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008,
- 4,248 Equity Shares of Rs. 2 each, at a premium of Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 3,828 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.
- On October 22, 2010, the Company has issued 125,066 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, 39,500 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 22,296 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.
- On December 1, 2010, the Company has issued 260,842 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, 5,978 Equity Shares of Rs. 2 each, at a premium of Rs.39.67 per share in terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 19,932 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.
- On January 19, 2011, the Company has issued 176,282 Equity Shares of Rs. 2 each, at a premium of Rs.93.95 per share in terms of the Employees Stock Option Plan – 2008, and 594 Equity Shares of Rs. 2 each, at a premium of Rs.98.00 per share in terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.
- As a consequence of the above, as at March 31, 2011, the Issued, Subscribed and Paid-up Equity Share Capital of stands Rs. 621,984,236 divided into 310,992,118 no. of shares of face value Rs. 2 each fully paid up.
- During the year, the Company has received share application money towards exercise of ESOP's by certain eligible employees aggregating to Rs. 2,732,718 (Previous Year Rs. Nil). The same has been shown as Share application money pending allotment.
5. During the financial year 2007-08, the Company had restructured its business operations through a scheme of arrangement Under Sections 391 – 394 of the Companies Act, 1956(duly sanctioned by the Hon'ble

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

High Court of Judicature at Delhi on November 23, 2007). The Scheme of Arrangement provided for the amalgamation of Indiabulls Credit Services Limited ("ICSL") with the Company and the demerger of the securities broking and advisory business (a part of fee income) of the Company as a going concern, to Indiabulls Securities Limited ("ISL"). Upon coming into effect of the Scheme on December 24, 2007 and with effect from the Appointed Date on April 01, 2007, ICSL stands amalgamated with the Company and the securities broking and advisory business (a part of Fee Income) of the Company stands demerged from the Company and transferred to and vested in ISL on a going concern basis.

6. During the financial year 2004-2005, the Company completed listing of its equity shares on the Bombay Stock Exchange, Mumbai and the National Stock Exchange by way of an Initial Public Offering consisting of 27,187,519 Equity Shares of Rs. 2 each at a premium of Rs. 17 per share.

During the financial year 2004-05, the Company issued 24,489,000 Global Depository Receipts (GDRs) which were listed at the Luxembourg Stock Exchange, at an offer price of US\$ 2.45 per GDR. Each GDR represents 1 Equity Share of Rs. 2 each of the Company.

During the financial year 2005-06, the Company issued 27,600,000 Global Depository Receipts (GDRs) which were listed at the Luxembourg Stock Exchange, at an offer price of US\$ 5.42 per GDR. Each GDR represents 1 Equity Share of Rs. 2 each of the Company.

During the financial year 2006-07, the Company allotted 11,000,000 Equity shares of Rs. 2 each at a price of Rs. 82 per share to its promoters on conversion of Share Warrants I which was allotted to them on August 9, 2005.

During the financial year 2007-08, the Company has issued 22,970,903 Global Depository Receipts (GDRs) which were listed at the Luxembourg Stock Exchange, at an

offer price of US\$ 13.06 per GDR. Each GDR represents 1 Equity Share of Rs. 2 each of the Company.

The Company during the financial year 2007-08 also allotted 10,000,000 Equity Shares of face value of Rs. 2 each, to its Promoters at a price of Rs. 134.87 per share on conversion of the Share Warrants-II which were allotted to them on June 8, 2006.

As at the year end 7,125,441 (Previous Year: 13,049,556) GDR's were outstanding and were eligible for conversion into equity shares.

During the financial year 2009-10, the Company issued 56,140,350 fully paid-up Equity Shares at a price of Rs. 171/- per Equity Share (including a premium of Rs. 169/- per Equity Share), aggregating to Rs. 9,599,999,850 (Rupees Nine Hundred Fifty Nine Crore, Ninety Nine Lacs, Ninety Nine Thousand, Eight Hundred and Fifty only) to Qualified Institutions Buyers (QIBs) in terms of Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended.

During the current financial year, in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in respect of the issue of the Secured Non Convertible Debentures of the Company to QIBs under Qualified Institutions Placement (Refer Note no. 14), the Company issued 27,500,000 Share Warrants being issued at a Warrant Issue Price of Rs. 5 per Share Warrant, with a right exercisable by the Warrant holder to exchange each Warrant with one equity share of the Company of face value Rs. 2 each, any time before the expiry of 60 months from the date of allotment of the Warrants, at a Warrant Exercise Price of Rs. 225 per equity share. Subscription amount received on Warrant Issue Price of Rs. 5 per Share Warrant is neither adjustable with the Warrant Exercise Price, nor refundable by the Company; hence the same has been credited to Capital Reserve Account.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

The utilization of proceeds of issue of shares by way of IPO, GDR, QIBs, Preference Shares, Preferential allotment and Share Warrants as referred to above, is as under:

Particulars	Amount (Rs.)	
	Year ended March 31, 2011	Year ended March 31, 2010
Balance amount to be utilised in the beginning of the year	-	-
Gross Proceeds of Issue raised through GDR	-	-
Gross Proceeds of Issue raised through Qualified Institutions placement(QIP)	-	9,599,999,850
<b>Total Proceeds raised (A)</b>	<b>-</b>	<b>9,599,999,850</b>
Less: Utilisation of Issue Proceeds		
Share issue expenses - QIP	-	(178,482,264)
Investment in Subsidiary – Indiabulls Asset Management Company Limited	-	-
Investment in Subsidiary – Indiabulls Trustee Company Limited	-	-
Investment in Subsidiary – Indian Commodity Exchange Limited (formerly International Multi Commodity Exchange Limited) (erstwhile subsidiary)	-	-
Investment in Preference Shares of Subsidiary – Indiabulls Infrastructure Credit Limited	-	(4,000,000,000)
Investment in Equity shares of Subsidiary – Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services Limited)	-	-
Investment in Subsidiary – Indiabulls Venture Capital Management Company Limited	-	(500,000)
Investment in Subsidiary – Indiabulls Venture Capital Trustee Company Limited	-	(500,000)
Investment in Associates – Indian Commodity Exchange Limited (formerly International Multi Commodity Exchange Limited) (erstwhile subsidiary)	-	(399,500,000)
Investment in Preference shares of Subsidiary – Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services Limited) (Net)	-	-
Redemption of Preference Share Capital	-	(1,568,653,719)
Purchase of fixed assets	-	(76,836,687)
<b>Utilisation of amount for General Corporate Purpose / Repayment of Borrowings</b>	<b>-</b>	<b>(3,375,527,180)</b>
<b>Total Utilisation of Proceeds (B)</b>	<b>-</b>	<b>(9,599,999,850)</b>
<b>Balance amount being temporary utilization of Proceeds</b>	<b>Nil</b>	<b>Nil</b>

### 7. Employees Stock Options Schemes:

Stock option schemes in lieu of stock options schemes of erstwhile subsidiary Indiabulls Credit Services Limited of the Company:

On January 02, 2006, the erstwhile Indiabulls Credit Services Limited ("ICSL" or "the erstwhile Company") established the Indiabulls Credit Services Limited Employees Stock Options Scheme ("ICSL ESOS" or "Plan"). Under the plan, the erstwhile Company was authorised to issue up to 6,000,000 equity settled options of Rs. 10 each to eligible employees including employees of other Indiabulls Group Companies. Employees covered by the plan were granted an option to purchase shares of the erstwhile Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the erstwhile Company administered the plan.

On January 02, 2006, the erstwhile Company granted 6,000,000 equity settled options at an exercise price of Rs. 12.50 per share. These options were to vest uniformly over a period of 5 years, with effect from April 01, 2007, whereby 20% of the options were to vest on each vesting date as per the vesting schedule.

On July 28, 2006, the erstwhile Company established the Indiabulls Credit Services Limited Employees Stock Option Plan II ("ICSL ESOP II" or "Plan II"). Under the plan, the erstwhile Company was authorized to issue up to 9,000,000 equity settled options of Rs. 10 each to eligible employees including employees of



# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

other Indiabulls Group Companies. Employees covered by the plan were granted an option to purchase shares of the erstwhile Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the erstwhile Company administered the plan.

On July 28, 2006, the erstwhile Company granted 3,000,000 equity settled options at an exercise price of Rs. 30 per share and on October 25, 2006, granted further 6,000,000 options under the 'ICSL ESOP (M) II' as described below. The 3,000,000 options were to vest uniformly over a period of 5 years, with effect from November 01, 2007, whereby 20% of the options were to vest on each vesting date as per the vesting schedule.

Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 of the Companies Act, 1956, duly approved by the Hon'ble High Court of Delhi vide order dated November 23, 2007. Indiabulls Credit Services Limited stands amalgamated with Indiabulls Financial Services Limited ("IBFSL, the Company") with effect from the Appointed Date i.e. April 01, 2007 and effective from December 24, 2007 (the "Effective Date") the ICSL PLANS stand terminated and in lieu, in terms of Clause 15 (c) (i) of the Scheme, NEW PLANS have been created in IBFSL for the outstanding, unvested options, for the benefit of the erstwhile Indiabulls Credit Services Limited option holders, on terms and conditions not less favourable than those provided in the erstwhile ICSL PLANS and taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of IBFSL for every 10 (ten) equity shares of face value Rs. 10 each of ICSL .

Accordingly, pursuant to Shareholders approval, in lieu of ICSL PLANS, IBFSL had created the following Employees Stock Option Plans which are collectively referred to as NEW PLANS.

S. No.	ERSTWHILE ICSL PLANS	NEW PLANS
1	Indiabulls Credit Services Limited Employees Stock Option Plan 2006 dated January 2, 2006	IBFSL – ICSL Employees Stock Option Plan 2006
2	Indiabulls Credit Services Limited Employees Stock Option Plan II – 2006 dated July 28, 2006	IBFSL - ICSL Employees Stock Option Plan II – 2006

The NEW PLANS have been treated as continuation of respective ICSL PLANS except the number and exercise price of options which have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of the Company for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

### **Employees Stock Option Plan - 2008**

Pursuant to a resolution passed by the shareholders on December 8, 2008, the Company had established Employees Stock Option Plan - 2008 (ESOP - 2008 or Scheme) in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines"). Under the Scheme, the company was authorised to grant 7,500,000 equity settled options to eligible employees including its directors (other than promoter directors) and employees of its subsidiary companies including their directors. All options under the Scheme are exercisable for equity shares of the Company. Employees covered by the plan were granted an option to purchase shares of the Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the Company administered the plan. In terms of Scheme, on December 8, 2008, the Company had granted 7,500,000 options at an exercise price of Rs. 95.95, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on December 7, 2008 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share based Payments ("the Guidelines). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options will vest with effect from first vesting date i.e. December 8<sup>th</sup>, 2009, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.



# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

The Fair value of the options under the plan using the Black-Scholes model based on the following parameters is Rs.52.02 per option.

S. No.	Particulars	ESOP – 2008
1	Exercise price	Rs. 95.95
2	Expected volatility	97%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	11 Years
5	Expected Dividends yield	4.62%
6	Risk Free Interest rate	6.50%

The expected volatility was determined based on historical volatility data.

### **IBFSL ESOP - 2010**

The members of the Company at their Extraordinary General Meeting dated September 30, 2010 approved the IBFSL ESOP -2010 scheme consisting of 30,000,000 stock options representing 30,000,000 fully paid up equity shares of Rs. 2/- each of the Company to be issued in one or more tranches to eligible employees of the Company or to eligible employees of the subsidiaries of the Company. The same has not yet been granted till March 31, 2011.

### **Indiabulls Employees' Welfare Trust**

During the year, pursuant to the approval accorded at an Extra Ordinary General Meeting of the members of the Company held on September 30, 2010, the "Indiabulls Employees' Welfare Trust" (Trust) has been formed on October 04, 2010 with an initial corpus of Rs. 50,000, contributed equally by the Company and four other listed Settlor entities, to administer and implement the Company's current un granted Employee Stock Option Schemes ("ESOP") and any future ESOP / Employee Stock Purchase Schemes of the Settlor entities. IBFSL being one of the Settlors, has contributed its share of Rs. 10,000 as its initial contribution towards the Corpus of the said Trust. The Trust is administered by independent Trustees. In terms of the Trust Deed, Equity shares of the Settlor entities are purchased by the Trust to the extent permissible in terms of the ESOP scheme as approved by the Members of the Company for the purposes of allotment of the same to eligible Employees of settlor companies and their subsidiaries, upon exercise of options granted by the Compensation Committee of settlor companies, at a price to be determined by the Trust based on its carrying cost. During the year, there has been no new grants made by the Company which is required to be administered by the Trust.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

The other disclosures in respect of the Schemes are as under:-

	IBFSL – ICSL Employees Stock Option Plan 2006	IBFSL – ICSL Employees Stock Option Plan II – 2006	Employees Stock Option Plan - 2008	Employees Stock Option Plan - 2008 -Regrant <sup>§</sup>	Employees Stock Option Plan - 2008 -Regrant <sup>§§</sup>	IBFSL- ICSL Employees Stock Option Plan 2006- Regrant <sup>§§</sup>	Employees Stock Option Plan - 2008 -Regrant <sup>§§§§</sup>	IBFSL – ICSL Employees Stock Option Plan II-2006 -Regrant <sup>§§</sup>
Total Options under the Scheme *	1,440,000	720,000	7,500,000	N.A.	N.A.	N.A.	N.A.	N.A.
Options issued	1,440,000	720,000	7,500,000	N.A.	N.A.	N.A.	N.A.	N.A.
Vesting Period and Percentage	Four years, 25% each year	Four years, 25% each year	Ten years, 15% First year, 10% for next eight years and 5% in last year	N.A.	N.A.	N.A.	N.A.	N.A.
Vesting Date	April 01	November 01	December 08	January 01	July 16	August 27	January 11	August 27
Revised Vesting Period & Percentage	Eight years**, 12% each year for 7 years and 16% during the 8th year	Nine years***, 11% each year for 8 years and 12% during the 9th year	N.A.	Ten years, 10% for every years	Ten years, 10% for every years	Ten years, 10% for every years	Ten years, 10% for every years	Ten years, 10% for every years
Exercise Price* (Rs.)	41.67	100.00	95.95	125.90	158.50	95.95	153.65	100.00
Exercisable Period	4 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date
Outstanding at the beginning of the year(Nos.)	757,116	463,795	7,130,557	367,350	N.A.	395,000	N.A.	219,000
Regrant Addition	N.A.	N.A.	N.A.	N.A.	230,400	N.A.	200,000	N.A.
Regrant Date	N.A.	N.A.	N.A.	31.12.2009	16.07.2010	27.08.2009	11.01.2011	27.08.2009
Options vested during the year (Nos.)	80,622	33,435	574,969	14,310	-	39,500	-	21,900
Exercised during the year (Nos.)	111,894	29,766	894,537	-	-	39,500	-	21,900
Expired during the year (Nos.)	-	-	-	-	-	-	-	-
Cancelled during the year	-	-	-	-	-	-	-	-
Lapsed during the year	152,776	188,305	1,101,604	224,250	-	-	-	-
Re-granted during the year <sup>§</sup>	-	-	430,400	N.A.	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	492,446	245,724	4,704,016	143,100	230,400	355,500	200,000	197,100
Exercisable at the end of the year (Nos.)	43,400	45,988	548,050	14,310	-	-	-	-
Remaining contractual Life (Weighted Months)	74	83	101	111	117	113	123	113

\* The number and exercise price of options have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of the Company for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

\*\* The Vesting Period has been revised by the approval of the Shareholders of the Holding Company in the 9th Annual General Meeting held on 5th September, 2008. The revised vesting percentage has been calculated on the unvested options i.e. 1,080,000 options as on the date of approval.

\*\*\* The Vesting Period has been revised by the approval of the Shareholders of the Holding Company in the 9th Annual General Meeting held on 5th September, 2008.

§ The Board Compensation Committee of the Company, at its meeting held on December 31, 2009, regranted 367,350 (Three Lac Sixty Seven Thousand Three Hundred Fifty) Stock Options under its "Employees Stock Option Plan 2008" to the Eligible Employees at an exercise price of Rs.125.90, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on December 30, 2009 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share based Payments ("the Guidelines). As the options have been regranted at intrinsic value, there is no employee stock compensation expense on account of the same.

§§ The Board Compensation Committee of the Company, at its meeting held on August 27, 2009, regranted 395,000 (Three Lac Ninety Five Thousand) Stock Options under its "IBFSL – ICSL Employees Stock Option Plan 2006" and 219,000 (Two Lac Nineteen Thousand) "IBFSL – ICSL Employees Stock Option Plan II - 2006" to the Eligible Employee at an exercise price of Rs. 95.95 and Rs.100.00 respectively. As the options have been regranted at less than the intrinsic value, the employee stock compensation expense on account of the same amounting to Rs. 24,994,201 has been debited to the Profit and Loss Account for the year ended March 31, 2011.

§§§ The Board Compensation Committee of the Company, at its meeting held on July 16, 2010, regranted 230,400 (Two Lac Thirty Thousand Four Hundred) Stock Options under its "Employees Stock Option Plan 2008" to the Eligible Employees at an exercise price of Rs.158.50, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on July 15, 2010 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines). As the options have been regranted at intrinsic value, there is no employee stock compensation expense on account of the same.

§§§§ The Board Compensation Committee of the Company, at its meeting held on January 11, 2011, regranted 200,000 (Two Lac) Stock Options under its "Employees Stock Option Plan 2008" to the Eligible Employees at an exercise price of Rs.153.65, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on January 10, 2011 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines). As the options have been regranted at intrinsic value, there is no employee stock compensation expense on account of the same.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

The Fair value of the options as determined by an Independent firm of Chartered Accountant, which have been regranted under the plan using the Black-Scholes model based on the following parameters is as under:-

S. No.	Particulars	ESOP – 2008 Regrant	ESOP – 2008 Regrant	IBFSL – ICSL Employees Stock Option Plan 2006- Regrant	IBFSL – ICSL Employees Stock Option Plan II 2006- Regrant	ESOP – 2008 Regrant
1	Exercise price	Rs. 125.90	Rs. 158.50	Rs. 95.95	Rs. 100.00	Rs. 153.65
2	Expected volatility	99.61%	99.60%	75.57%	75.57%	99.60%
3	Expected forfeiture percentage on each vesting date	Nil	Nil	Nil	Nil	Nil
4	Option Life (Weighted Average)	9.80 Years	9.80 Years	9.80 Years	9.80 Years	9.80 Years
5	Expected Dividends yield	3.19%	2.89%	4.69%	4.50%	2.98%
6	Weighted Average Fair Value	83.48	90.24	106.30	108.06	84.93
7	Risk Free Interest rate	7.59%	7.63%	7.50%	7.50%	7.63%

The expected volatility was determined based on historical volatility data.

### Fair Value Methodology:

As the erstwhile ICSL Plans/New Plans were issued based on the fair value of the options on the date of the grant, there is no impact of the same on the net profit and earnings per share.

The ESOP 2008 (including re-grant) were issued at the Intrinsic value of the options on the date of the grant. Had the compensation cost for the stock options granted under ESOP – 2008 (including re-grant) been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:-

	March 31, 2011 Amount (Rs.)	March 31, 2010 Amount (Rs.)
Net Profit available to Equity Share Holders (as reported)	6,086,909,639	2,550,091,859
Less : Stock-based compensation expense determined under fair value based method:[Gross Rs. 4,398.05 lacs (Previous Year Rs. 4,016.82 lacs)] (pro forma)	78,249,092	110,538,260
Net Profit available to Equity Share Holders (as per Pro Forma)	6,008,660,547	2,439,553,599
Basic earnings per share (as reported)	19.61	8.72
Basic earnings per share (pro forma)	19.35	8.35
Diluted earnings per share (as reported)	19.42	8.64
Diluted earnings per share (pro forma)	19.17	8.26

- During the financial year 2008-09 there was a variation in the terms of Appointment of Mr. Rajiv Rattan pursuant to Section 302 of the Companies Act, 1956. Mr. Rajiv Rattan who was appointed as a Whole-time Director of the Company on February 27, 2004 (effective from February 28, 2004) and had been drawing remuneration from the Company with effect from August 1, 2005, pursuant to the shareholders approval, accorded in the Annual General Meeting of the Company dated July 26, 2005. Subsequently effective from March 6, 2008, he was designated as Vice Chairman of the Company. While the terms of his remuneration as approved by the Shareholders authorise him to receive remuneration from the Company upto February 27, 2009, in the Board meeting dated July 25<sup>th</sup> 2008 Mr. Rajiv Rattan expressed his desire to continue as the Vice Chairman of the Company, without any remuneration, effective September 1, 2008. The last drawn remuneration by Mr. Rajiv Rattan was Rs.3,690,500 per month. Accordingly, in deference of his desire the Board had decided that with effect from September 1, 2008 Mr. Rajiv Rattan would be Vice Chairman of the Company without any remuneration.
- During the financial year 2008-09 the Company had advanced a sum of Rs. 1,455,673,000 by way of loans to three of its wholly owned subsidiaries – viz. Indiabulls Insurance Advisors Limited, Indiabulls Capital Services Limited and Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Limited). Those subsidiaries had incurred / provided for losses aggregating to Rs. 2,275,330,373 primarily as a result of dealing in securities in the previous financial year 2008-09. Based upon the availability of resources with those subsidiaries as at the previous financial year end to repay those loans, the Company had written off loans given to two of those subsidiaries -viz. Indiabulls Insurance Advisors Limited and Indiabulls Capital Services Limited aggregating to Rs. 1,136,173,000 as bad loans /advances. During the current financial year Indiabulls Capital Services Limited has repaid an amount of Rs. 147,000,000 out of the Loan outstanding of Rs.180,000,000 as a consequence of the same the outstanding balance is Rs. 33,000,000 as at March 31, 2011.

10. Investments by the company in the equity share capital of Indiabulls Insurance Advisors Limited and Indiabulls Capital Services Limited are considered as strategic and long term in nature and are held at a cost of Rs. 500,000 and Rs. 50,000,000 respectively. The company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in value has been made in books of account.
11. As at March 31, 2011, the Company holds 100% of the equity capital of Indiabulls Asset Holding Company Limited, Indiabulls Life Insurance Company Limited at a cost of Rs. 500,000 each. Based on the audited financials those companies as at and for the year ended March 31, 2011, there has been an erosion in the value of investment made in those companies as the operations in those companies have not yet commenced / are in the process of being set up. Considering the investment in these companies as strategic and long term in nature, the company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in value has been made in books of account.
12. The Company has entered into various agreements for the assignment/securitisation of loans with assignees, wherein it has assigned/securitised a part of its secured and unsecured loan portfolio amounting to Rs. 43,579,594,517 (Previous Year Rs. 37,705,716,297) upto March 31, 2011, being the principal value outstanding as on the date of the deals. The Company does not anticipate any losses on account of the said corporate guarantees, in the event of the rights under guarantee being exercised by the assignees.

The Company assigned/securitised various loan portfolios to banks and/or other institutions which are derecognised in the books of accounts of the Company in terms of accounting policy mentioned at Schedule 18 A (v) above and the purchase consideration not received upfront is recognised as deferred purchase consideration under loans and advances. Due to foreclosures and repurchase transactions with different assignees during the year, the company has repurchased and reinstated the loan balances in the books of account aggregating to Rs. 159,666,716 (Previous Year Rs. 2,524,013,972) The Company has also reversed the proportionate upfront income so accounted on assignment/securitisation. The Company has recognized income on assignment of Rs. NIL which is net of income reversal on account of foreclosure and repurchase of assigned loans during the year amounting to Rs. 24,548,130 (Previous Year Rs. 139,908,779) in the Profit & Loss Account.

13. Secured loans from banks and others include:

Vehicle Loans amounting to Rs. 3,226,849 (Previous Year Rs. 6,535,522) from Banks which are secured against hypothecation of vehicles and Secured loans from Banks amounting to Rs. 109,175,852,305 (Previous Year Rs. 30,682,172,212) which are secured against book debts and balances of receivables included in loans and other credit facilities. As at the year end, the Company is in the process of creating the charges/security on assets for bank loans amounting to Rs. 18,000,827,658.

Secured Non-Convertible Debentures amounting to Rs. 36,225,000,000 (Previous Year Rs. 5,450,000,000) are secured by an equitable charge against immovable property and balance pool of receivables. As at the year end, the Company is in the process of creating the charges/security on assets for 4,100 Non-Convertible Debentures of Rs. 1,000,000 each amounting to Rs. 4,100,000,000.

14. During the year, in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in respect of the issue of the Securities of the Company to QIBs under Qualified Institutions Placement, the Company issued and allotted the following Securities:
  - (i) 5,500 - 10 per cent, secured redeemable non-convertible debentures of face value of Rs.1,000,000 each due August 2015 for cash aggregating Rs. 5,500,000,000;
  - (ii) 1,000 - 8.9 per cent, secured redeemable non-convertible debentures of face value of Rs.1,000,000 each due February 2012 for cash aggregating Rs.1,000,000,000.

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## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

During the year, the Company has also issued, Secured and Unsecured Redeemable Non-Convertible Debentures. Debenture issue expenses of Rs. 770,576,988 (Previous Year Rs. Nil) (including Rs. 10,000,000 paid to Statutory Auditors) and Premium on redemption of 0% Non-Convertible Debentures amounting to Rs. 981,387,428 (Previous Year Rs. Nil) have been adjusted against the Securities Premium Account in terms of the Section 78 of the Companies Act, 1956. The salient features of the same are given below:

Party	Date of Issue	Date of Maturity	Rate of Interest P.A.	Face Value	Amount (Rs.)
Yes Bank Ltd <sup>#</sup>	24-Sep-09	24-Sep-14	10.75%	1,000,000	1,000,000,000
Religare Mutual Fund <sup>#</sup>	19-Mar-10	19-Mar-12	8.40%	1,000,000	750,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	23-Mar-10	26-Aug-11	8.50%	1,000,000	750,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	30-Mar-10	4-May-11	7.25%	1,000,000	1,400,000,000
UTI Mutual Fund <sup>#</sup>	30-Mar-10	22-Apr-11	7.35%	1,000,000	750,000,000
Reliance Mutual Fund <sup>#</sup>	30-Mar-10	28-May-12	8.40%	1,000,000	300,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	31-Mar-10	4-May-11	7.25%	1,000,000	200,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	31-Mar-10	31-Mar-13	9.00%	1,000,000	300,000,000
LIC Mutual Fund*	5-Apr-10	8-Apr-10	MIBOR	1,000,000	1,300,000,000
UTI Mutual Fund*	8-Apr-10	15-Apr-10	MIBOR+.1	1,000,000	1,000,000,000
Taurus Mutual Fund(1)	8-Apr-10	6-Jul-10	MIBOR	1,000,000	250,000,000
Peerless Mutual Fund(2)	8-Apr-10	6-Jul-10	MIBOR	1,000,000	250,000,000
Axis Mutual Fund(3)	8-Apr-10	6-Jul-10	MIBOR	1,000,000	1,500,000,000
Peerless Mutual Fund (4)	9-Apr-10	7-Jul-10	MIBOR	1,000,000	250,000,000
Shinsei Mutual Fund(5)	20-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	100,000,000
Peerless Mutual Fund(6)	20-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	300,000,000
Taurus Mutual Fund(7)	20-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	250,000,000
Axis Mutual Fund(8)	22-Apr-10	20-Jul-10	MIBOR-.15	1,000,000	1,000,000,000
Axis Mutual Fund (9)	22-Apr-10	20-Jul-10	MIBOR-.10	1,000,000	1,000,000,000
Axis Mutual Fund (10)	26-Apr-10	23-Jul-10	MIBOR+.1	1,000,000	2,000,000,000
Reliance Mutual Fund (11)	27-Apr-10	25-Jul-10	MIBOR+.3	1,000,000	1,000,000,000
Shinsei Mutual Fund (12)	28-Apr-10	16-Jul-10	MIBOR+.3	1,000,000	230,000,000
Reliance Mutual Fund (13)	30-Apr-10	28-Jul-10	MIBOR	1,000,000	1,800,000,000
Shinsei Mutual Fund (14)	5-May-10	2-Aug-10	MIBOR+.1	1,000,000	150,000,000
Bharti Axa Mutual Fund (15)	6-May-10	3-Aug-10	MIBOR+.1	1,000,000	250,000,000
Reliance Mutual Fund <sup>#</sup>	14-May-10	7-May-12	7.60%	1,000,000	75,000,000
Axis Mutual Fund (16)	17-Jun-10	14-Sep-10	MIBOR+.9	1,000,000	500,000,000
Peerless Mutual Fund (17)	17-Jun-10	14-Sep-10	MIBOR+.9	1,000,000	190,000,000
Peerless Mutual Fund (18)	17-Jun-10	14-Sep-10	MIBOR+.9	1,000,000	250,000,000
HDFC Bank Ltd <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	1,000,000,000
Axis Bank Limited <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	3,000,000,000
ICICI Bank Ltd <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	3,650,000,000
A K Capital Services Ltd <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	560,000,000
Dena Bank <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
IDBI Bank Limited – TBO <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	150,000,000
Central Bank of India <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	500,000,000
Bank of Baroda <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	250,000,000
Bank of India Provident Fund <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Bank of India Pension Fund <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Dena Bank Employee Provident Fund <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	50,000,000
Union Bank of India <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Oriental Bank of Commerce <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
Electrosteel Casting Ltd. <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	90,000,000
Reliance Mutual Fund <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	1,500,000,000
UTI Mutual Fund <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	1,000,000,000
United Bank of India <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	250,000,000
Peerless Mutual Fund <sup>#s</sup>	6-July-10	5-July-13	0%	1,000,000	100,000,000
State Bank of India <sup>#s</sup>	10-Aug-10	10-Aug-13	0%	1,000,000	2,500,000,000
Reliance Mutual Fund <sup>#</sup>	30-Aug-10	29-Feb-12	8.90%	1,000,000	500,000,000
The Nainital Bank Limited <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Indian Overseas Bank Staff Provident Fund <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Party	Date of Issue	Date of Maturity	Rate of Interest P.A.	Face Value	Amount (Rs.)
Bank of Maharashtra Employees Pension Fund <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Indian Overseas Bank Staff Gratuity Fund <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Infrastructure Development Fund <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	400,000,000
Axis Bank Limited <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	1,000,000,000
Central Bank of India <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	500,000,000
ICICI Bank Ltd <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	2,000,000,000
IDBI Bank Limited - TBO <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	1,000,000,000
Jharkhand Gramin Bank <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
Sicom LTD <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	200,000,000
United Bank of India <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	100,000,000
Bank of Maharashtra TIBD <sup>#</sup>	27-Aug-10	27-Aug-15	10.00%	1,000,000	50,000,000
UTI Mutual Fund <sup>#</sup>	27-Aug-10	27-Feb-12	8.90%	1,000,000	500,000,000
Reliance Mutual Fund <sup>#</sup>	27-Aug-10	27-Feb-12	8.90%	1,000,000	500,000,000
Yes Bank Ltd <sup>#</sup>	8-Sep-10	8-Sep-12	8.90%	1,000,000	3,000,000,000
Yes Bank Ltd <sup>#</sup>	31-Dec-10	31-Dec-12	10.10%	1,000,000	1,500,000,000
IDBI BANK LTD <sup>#</sup>	7-Feb-11	7-Feb-14	10.00%	1,000,000	500,000,000
State Bank of India <sup>#</sup>	14-Feb-11	14-Feb-14	10.40%	1,000,000	2,500,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	25-Mar-11	23-Apr-12	10.90%	1,000,000	650,000,000
ICICI Prudential Mutual Fund <sup>#</sup>	25-Mar-11	15-May-12	10.90%	1,000,000	450,000,000

\* Redeemed on respective maturity dates given above.

<sup>(1)</sup> Call option exercised and redeemed before the due date on April 13, 2010.

<sup>(2)</sup> Call option exercised and redeemed before the due date on April 9, 2010.

<sup>(3)</sup> Call option exercised and redeemed before the due date on April 20, 2010.

<sup>(4)</sup> Call option exercised and redeemed before the due date on April 15, 2010.

<sup>(5)</sup> Call option exercised and redeemed before the due date on April 30, 2010.

<sup>(6)</sup> Call option exercised and redeemed before the due date on May 4, 2010.

<sup>(7)</sup> Call option exercised and redeemed before the due date on April 29, 2010.

<sup>(8)</sup> Call option exercised and redeemed before the due date on April 26, 2010.

<sup>(9)</sup> Call option exercised and redeemed before the due date on April 26, 2010.

<sup>(10)</sup> Call option exercised and redeemed before the due date on May 7, 2010.

<sup>(11)</sup> Call option exercised and redeemed before the due date on May 26, 2010.

<sup>(12)</sup> Call option exercised and redeemed before the due date on April 30, 2010.

<sup>(13)</sup> Call option exercised and redeemed before the due date on May 21, 2010.

<sup>(14)</sup> Call option exercised and redeemed before the due date on May 6, 2010.

<sup>(15)</sup> Call option exercised and redeemed before the due date on May 14, 2010.

<sup>(16)</sup> Call option exercised and redeemed before the due date on June 21, 2010.

<sup>(17)</sup> Call option exercised and redeemed before the due date on June 21, 2010.

<sup>(18)</sup> Call option exercised and redeemed before the due date on June 22, 2010.

<sup>#</sup> Secured Non convertible debentures.

<sup>\$</sup> Redeemable at a premium.

15. (a) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 149,492,304,908 (Previous Year Rs. 65,152,710,003) are secured against securities both tradable and listed, Commercial Vehicles, Farm Equipments and Mortgage of Properties.
- (b) Secured Loans comprising loan against shares given to customers are secured against
- securities both tradable and listed and;
  - equitable mortgage of property / properties or registered mortgage of property / properties.
- (c) Secured loans in the nature of Commercial Vehicle, Tractor finance are secured against hypothecation of the respective vehicle. Other secured loans are secured by equitable mortgage of property or registered mortgage of property / properties, securities and personal guarantees accepted as collateral security.
- (d) Unsecured Loans comprise of Business Loans, Personal Loans, Personal Loans Plus, Small Business Loans, and Commercial Credit Unsecured Loans given to customers aggregating to Rs. 9,077,919,925 (Previous Year Rs. 30,140,205,683).



# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

- (e) Provision for Loans and Other Credit Facilities in respect of Unsecured and Secured Loans granted is made as per the "Non Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007"). The Company has made additional provisions based on the underlying risk factors and on the best estimates of the management taking into consideration the outstanding balances / ageing of the loans.
- (f) In terms of RBI's Notification No. RBI/2010-11/370 DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated January 17, 2011, every Non Banking Financial Company is required to make an additional provision on standard assets at 0.25 percent of the outstanding, standard assets. Accordingly, the Company has recognized Contingent Provisions against Standard Assets of Rs. 391,878,816 (Previous Year N.A.) as at the year end.
- (g) The Company has provided loans to the "Indiabulls Employees' Welfare Trust" (Trust) (Refer Note no. 7) for purchase of equity shares, of which Rs. 5,629,700,000 (excluding Rs. 284,423,573 being interest accrued but not due) (Previous year Rs. Nil) was outstanding as at March 31, 2011. The said loan has been utilised by the Trust towards the purchase of shares of Settlor entities in terms of the Trust deed from the open market. The repayment of the loan granted by the Company to the Trust is dependent on the exercise of the options by the eligible employees, at the exercise price as determined by the Trust based on its carrying cost and the market price of the underlying shares of the unexercised options, as at the end of the exercise period. The fall in value of the underlying equity shares on account of the above, if any, can be determined only at the end of the exercise period.
16. The Company has taken office premises on Lease and Leave & License basis at various locations in India. Lease rent / License fees amounting to Rs. 289,584,451 (Previous Year: License Fees Rs. 91,466,860) in respect of the same have been charged to Profit and Loss account. The agreements have been executed for a period ranging from 11 months to 10 years with a renewable clause and also provide for termination at will by either party giving a prior notice period between 30 to 90 days. The minimum lease rentals outstanding as at March 31, 2011, are as under:

### Minimum lease rentals

	Amount (Rs.)	
	As At March 31, 2011	As At March 31, 2010
Within one year	334,294,589	74,649,023
One to Five years	1,051,868,216	158,940,701
Above Five Years	53,495,717	2,294,431

Furniture and Fixtures include an amount of Rs. 142,853,882 towards assets held as Leasehold Improvements, for which the amortisation charge of Rs. 36,628,846 is included under depreciation / amortization expenses for the year.

17. Employee Benefits – Provident Fund, ESIC, Gratuity, Leave (Compensated absences) and Superannuation (Pension & Medical coverage) benefit plans disclosures as per Accounting Standard (AS) 15 (Revised) – Employee Benefits as notified by the Companies (Accounting Standards) Rules, 2006:

Contributions are made to Government Provident Fund and Family Pension Fund, ESIC and other statutory funds which cover all eligible employees under applicable Acts. Both the employees and the Company make predetermined contributions to the Provident Fund and ESIC. The contributions are normally based on a certain proportion of the employee's salary. The Company has recognised an amount of Rs. 5,206,548 (Previous year Rs. 2,105,827) towards employer contribution for the above mentioned funds.

Provision for unfunded Gratuity, Leave encashment (long term compensated absences) for all employees and unfunded Superannuation (Pension & Medical coverage) payable to a Promoter Director on retirement is based upon actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. After the issuance of the Accounting Standard (AS) 15 (Revised) on 'Employee Benefits', as notified by the Companies (Accounting Standards) Rules, 2006, commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Disclosures in respect of Gratuity, Compensated Absences and Superannuation:

	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)		Amount (Rs.)
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	
<b>Reconciliation of liability recognized in the Balance Sheet:</b>							
Present Value of commitments (as per Actuarial valuation)	38,459,183	25,897,263	15,419,427	12,872,093	128,045,581	88,215,795	
Fair value of plan assets	-	-	-	-	-	-	
Net liability in the Balance sheet (as per Actuarial valuation)	38,459,183	25,897,263	15,419,427	12,872,093	128,045,581	88,215,795	
<b>Movement in net liability recognized in the Balance Sheet:</b>							
Net liability as at the beginning of the year	25,897,263	23,736,716	12,872,093	12,824,850	88,215,795	63,049,049	
Amount paid during the year	161,096	-	62,642	-	-	-	
Net expenses recognized / (reversed) in the Profit and Loss Account	12,723,016	2,160,547	2,609,976	47,243	39,829,786	25,166,746	
Contribution during the year	-	-	-	-	-	-	
Net liability as at the end of the year	38,459,183	25,897,263	15,419,427	12,872,093	128,045,581	88,215,795	
<b>Expenses recognized in the Profit and Loss Account:</b>							
Current service cost	11,089,895	9,759,024	5,276,634	5,549,901	14,226,923	11,030,749	
Past service cost	-	1,709,987	-	-	-	-	
Interest Cost	2,150,626	1,780,254	1,001,577	961,864	8,362,848	4,728,679	
Expected return on plan assets	-	-	-	-	-	-	
Actuarial (gains) / Losses	(517,505)	(11,088,718)	(3,668,235)	(6,464,522)	17,240,015	9,407,318	
Expenses charged / (reversal) to the Profit and Loss Account	12,723,016	2,160,547	2,609,976	47,243	39,829,786	25,166,746	
<b>Return on Plan assets:</b>							
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Actuarial (gains) / losses	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Actual return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
<b>Reconciliation of defined-benefit commitments:</b>							
Commitments as at the beginning of the year	25,897,263	23,736,716	12,872,093	12,824,850	88,215,795	63,049,049	
Current service cost	11,089,895	9,759,024	5,276,634	5,549,901	14,226,923	11,030,749	
Past service cost	-	1,709,987	-	-	-	-	
Interest cost	2,150,626	1,780,254	1,001,577	961,864	8,362,848	4,728,679	
Paid benefits	161,096	-	62,642	-	-	-	
Actuarial (gains) / losses	(517,505)	(11,088,718)	(3,668,235)	(6,464,522)	17,240,015	9,407,318	
Commitments as at the end of the year	38,459,183	25,897,263	15,419,427	12,872,093	128,045,581	88,215,795	
<b>Reconciliation of Plan assets:</b>							
Plan assets as at the beginning of the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Contributions during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Paid benefits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Actuarial (gains) / losses	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Plan assets as at the end of the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

	Amount (Rs.)										
	Gratuity (Unfunded)			Compensated Absences (Unfunded)			Superannuation (Unfunded)			2007-08	
	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09		
<b>Experience adjustment</b>											
On plan liabilities	(1,546,618)	7,745,174	10,338,978	-#	2,547,334	5,770,664	8,009,381	-#	(27,082,061)	(15,787,788)	11,876,419
On plan assets	-	-	-	-	-	-	-	-	-	-	-
Present value of benefit obligation	38,459,183	25,897,263	23,736,716	19,512,932	15,419,427	12,872,093	12,824,850	12,473,314	128,045,581	88,215,795	63,049,049
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-
Excess of obligation over plan assets / plan assets over obligation	38,459,183	25,897,263	23,736,716	19,512,932	15,419,427	12,872,093	12,824,850	12,473,314	128,045,581	88,215,795	63,049,049
#Not Available (N.A. means not applicable)											

The actuarial calculations used to estimate commitments and expenses in respect of unfunded Gratuity, Compensated Absences and Superannuation (Pension & Medical coverage) are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expenses:

	Gratuity (Unfunded)			Compensated Absences (Unfunded)			Superannuation (Unfunded)		
	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09
	Discount rate - Gratuity and Compensated Absences	8.00%	7.50%	7.50%	8.00%	7.50%	7.50%	8.00%	8.00%
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected rate of salary increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Retirement Age	60	60	60	60	60	60	60	60	60

The employer's best estimate of contributions expected to be paid during the annual period beginning after the balance sheet date, towards Gratuity, Compensated Absences and Superannuation is Rs. 17,766,307, Rs. 5,339,523 and Rs. 25,241,254 respectively.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### 18. Profit and Loss account disclosures as per Schedule VI of the Companies Act, 1956

- a) Managerial Remuneration under Section 198 of the Companies Act, 1956 (included under Personnel Costs – in Schedule 15)

Particulars	Amount (Rs.)	
	Year ended March 31, 2011	Year ended March 31, 2010
Salary & Incentives	97,069,476	71,286,072
Liability towards actuarially valued Employee Benefits	39,829,786	25,974,971
<b>Total</b>	<b>136,899,262</b>	<b>97,261,043</b>

As no commission is payable to Directors, the computation of net profits in accordance with section 309(5) read with section 349 of the Companies Act, 1956 has not been given.

- b) Expenditure in Foreign Currency:

Particulars	Amount (Rs.)	
	Year ended March 31, 2011	Year ended March 31, 2010
Professional Expenses	32,921,412	-
GDRs listing / Issue related expense	690,615	778,200
Travelling Expense*	10,421,014	3,696,076
Interest	7,443,678	-

\*out of the above an amount of Rs. Nil (Previous Year Rs. 2,411,550) has been adjusted against securities premium account as shares issue expenses for Qualified Institutional Placement of equity shares.

- c) Remittances during the year in foreign currency on account of dividends:

#### Final Dividend (Year End March 31, 2010)

Number of Shareholders: 3 (Previous Year 3)

Equity Shares held on which dividend is remitted: – 18,752,135 Equity Shares (Previous Year 32,958,351)

Amount Remitted- Rs. 93,760,675 (Previous Year Rs. 65,916,702 for Year end March 31, 2009)

#### Interim Dividend (Year End March 31, 2011)

Number of Shareholders: 3 (Previous Year Nil)

Equity Shares held on which dividend is remitted: – 12,828,020 Equity Shares (Previous Year Nil)

Amount Remitted- Rs. 64,140,100 (Previous Year Rs. Nil)

*Note: The Company does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by non- resident shareholders.*

- d) Remittances during the year in foreign currency on account of redemption of Preference Share capital:  
Amount Remitted- Rs. Nil (Previous Year Rs. 1,568,653,719)

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

## 19. Segment Reporting:

Segment information for the year ended March 31, 2011, as per Accounting Standard AS-17, Segment Reporting, as notified by the Companies (Accounting Standards) Rules, 2006.

(a) Primary segment information (by business segments)

	Investing and financing related activities	Fee Income	Amount (Rs.) Total
(i) Segment Revenue	20,133,446,214	363,512,828	20,496,959,042
	14,046,332,082	161,758,684	14,208,090,766
(ii) Segment Result	7,770,966,341	362,849,296	8,133,815,637
	3,870,647,212	161,067,772	4,031,714,984
Add: Unallocated income net of other unallocated expenditure			-
			-
Less: Unallocated expenditure net of other unallocated income			225,072,062
			89,229,914
Less: Income taxes, Deferred tax (credit) and Fringe benefits tax			1,821,833,936
			1,300,882,293
Total Profit after tax			6,086,909,639
			2,641,602,777
(iii) Segment Assets	200,382,506,347	45,673,420	200,428,179,767
	116,379,595,567	138,406,153	116,518,001,720
Unallocated Corporate Assets			16,838,729,436
			4,323,121,160
Total Assets			217,266,909,203
			120,841,122,880
(iv) Segment Liabilities	172,703,060,208	-	172,703,060,208
	77,395,499,068	6,158,309	77,401,657,377
Unallocated Corporate Liabilities			3,044,977,265
			2,897,445,706
Total Liabilities			175,748,037,473
			80,299,103,083
(v) Capital Expenditure (including Capital Work-in-progress Rs.15,610,600, Previous Year Rs. 2,879,803)	92,467,322	-	92,467,322
	87,573,209	-	87,573,209
(vi) Depreciation	86,181,480	25,288	86,206,768
	69,032,338	25,288	69,057,626
Unallocated Depreciation			7,245,949
			4,651,144
Total Depreciation			93,452,717
			73,708,770
(vii) Non-Cash expenditure other than depreciation	1,081,849,779	-	1,081,849,779
	9,168,654	-	9,168,654
Unallocated Non-Cash expenditure other than depreciation			54,939,040
			27,374,536
Total Non-Cash Expenditure other than depreciation			1,136,788,819
			36,543,190

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

- b) The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.
- c) The Company's primary business segment is reflected based on principal business activities carried on by the Company. The Company's primary business comprises of investing and finance related activities (investing in various subsidiaries, financing of loans and credit activities) and Fee Income which mainly comprises of Financial Service related fee based advisory services income.
- d) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- e) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in Significant Accounting Policies (A) above.
20. Disclosures in respect of Related Parties as per Accounting Standard, AS-18, 'Related Parties Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006:

Nature of relationship	Related party
a) Related parties where control exists: Subsidiaries	Indiabulls Insurance Advisors Limited (Formerly known as Indiabulls Insurance Advisors Private Limited) Indiabulls Finance Company Private Limited Indiabulls Capital Services Limited Indiabulls Housing Finance Limited Indiabulls Infrastructure Credit Limited (Formerly known as Indiabulls Commercial Credit Limited) Indiabulls Collection Agency Limited Ibulls Sales Limited (Formerly known as Fast Loans Services Limited) Indiabulls Advisory Services Limited (Formerly known as Divya Shakti Trading Services Limited) Nilgiri Financial Consultants Limited (Subsidiary of Indiabulls Insurance Advisors Limited) Indiabulls Life Insurance Company Limited Indiabulls Asset Holding Company Limited Indiabulls Asset Management Company Limited Indiabulls Trustee Company Limited Indiabulls Holdings Limited Indiabulls Alternative Asset Management Pvt Ltd Indiabulls Venture Capital Management Company Limited (Subsidiary of Indiabulls Holdings Limited) Indiabulls Venture Capital Trustee Company Limited (Subsidiary of Indiabulls Holdings Limited)
b) Related Party where significant influence exists: Associate	Indiabulls Asset Reconstruction Company Limited Indian Commodity Exchange Limited (Associate upto December 12, 2010) (Formerly known as International Multi Commodity Exchange Limited)
c) Other related parties: Key Management Personnel	Mr. Rajiv Rattan, Director Mr. Sameer Gehlaut, Director Mr. Saurabh Mittal, Director Mr. Gagan Banga, Director



# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

d) Significant Transactions with Related Parties during the period from April 01, 2010 to March 31, 2011:

Nature of Transaction					Amount (Rs.)
	Subsidiary Companies	Associate	Others	Key Management Personnel	Total
<b>Finance</b>					
Intercompany Deposit received (maximum balance outstanding during the year)	1,682,000,000	51,000,000	-	-	1,733,000,000
	<i>720,000,000</i>	-	-	-	<i>720,000,000</i>
Intercompany Deposit given (maximum balance outstanding during the year)	7,709,920,000	-	-	-	7,709,920,000
	<i>3,230,600,000</i>	-	-	-	<i>3,230,600,000</i>
Loan Given (maximum balance outstanding during the year)	3,000,000,000	-	-	-	3,000,000,000
	-	-	-	-	-
<b>Interest Expense</b>	120,061,603	2,179,726	-	-	122,241,329
	<i>59,465,459</i>	-	-	-	<i>59,465,459</i>
<b>Investments</b>					
Investments in Equity Shares	3,009,190,920	-	-	-	3,009,190,920
	<i>1,000,000</i>	<i>399,500,000</i>	-	-	<i>400,500,000</i>
Investments in Preference Shares	-	-	-	-	-
	<i>4,000,000,000</i>	-	-	-	<i>4,000,000,000</i>
Redemption of Preference Shares	6,000,000,000	-	-	-	6,000,000,000
	-	-	-	-	-
Share Application Money Paid & Received Back	82,617,602	-	-	-	82,617,602
	-	-	-	-	-
Sale of Equity Shares to Subsidiary	1,000,000	-	-	-	1,000,000
	-	-	-	-	-
Issue of Equity Shares Under ESOP Scheme (Based on the Exercise price)	-	-	-	5,980,025	5,980,025
	-	-	-	-	-
<b>Income</b>					
Interest Income	3,003,001	-	-	-	3,003,001
	<i>55,509,287</i>	-	-	-	<i>55,509,287</i>
<b>Expenses</b>					
Remuneration paid	-	-	-	136,899,262	136,899,262
	-	-	-	<i>97,261,043</i>	<i>97,261,043</i>
Reimbursement of Expenses to Subsidiaries/Associates (paid)	192,742,736	1,244	-	-	192,743,980
	<i>1,075,692</i>	-	-	-	<i>1,075,692</i>
Commission Paid	53,000,000	-	-	-	53,000,000
	-	-	-	-	-
Reimbursement of Expenses from Subsidiaries/Associate	4,020,581	-	-	-	4,020,581
	<i>654,327</i>	<i>13,097</i>	-	-	<i>667,424</i>
<b>Other</b>					
Sale of Loan Receivables	2,131,234,264	-	-	-	2,131,234,264
	<i>1,117,591,929</i>	-	-	-	<i>1,117,591,929</i>
Purchase of Loan Receivables	15,171,981,951	-	-	-	15,171,981,951
	<i>1,979,897,060</i>	-	-	-	<i>1,979,897,060</i>

(Figures in respect of previous years are stated in italics)

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the Year ended March 31, 2011 (Contd.)

e) Outstanding balances as on March 31, 2011:

Nature of Transaction	Subsidiary Companies	Associate	Others	Key Management Personnel	Amount (Rs.)
					Total
Intercorporate Deposit given	40,150,000	-	-	-	40,150,000
	<i>236,070,000</i>	-	-	-	<i>236,070,000</i>
Intercorporate Deposit Taken	575,200,000	51,000,000	-	-	626,200,000
	<i>320,000,000</i>	-	-	-	<i>320,000,000</i>
Corporate Counter guarantees provided to third parties	569,536,145	-	-	-	569,536,145
	<i>2,124,787,782</i>	-	-	-	<i>2,124,787,782</i>
Assignment Payable/ (Receivable) (Net)	128,505,612	-	-	-	128,505,612
	<i>25,158,152</i>	-	-	-	<i>25,158,152</i>

(Figures in respect of previous years are stated in italics)

f) Statement of Material transactions:

	Amount (Rs.)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Intercorporate Deposit received (maximum balance outstanding)</b>		
<b>Subsidiaries</b>		
- Indiabulls Finance Company Private Limited	320,000,000	320,000,000
- Indiabulls Housing Finance Limited	500,000,000	400,000,000
- Indiabulls Infrastructure Credit Limited	600,000,000	-
- Indiabulls Assets Management Company Limited	141,000,000	-
- Indiabulls Collection Agency Limited	121,000,000	-
<b>Associates</b>		
- Indiabulls Asset Reconstruction Company Ltd.	51,000,000	-
<b>Intercorporate Deposit given (maximum balance outstanding)</b>		
<b>Subsidiaries</b>		
- Indiabulls Finance Company Private Limited	870,000,000	-
- Indiabulls Housing Finance Limited	5,194,000,000	2,788,000,000
- Indiabulls Capital Services Limited	180,000,000	180,000,000
- Indiabulls Advisory Services Limited	-	139,500,000
- Nilgiri Financial Consultants Limited	-	7,000,000
- Indiabulls Life Insurance Company Limited	44,870,000	100,000,000
- Indiabulls Infrastructure Credit Limited	1,350,000,000	100,000
- Indiabulls Asset Holding Company Limited	150,000	100,000
- Ibulls Sales Limited	70,400,000	14,400,000
- Indiabulls Asset Management Company Limited	500,000	1,500,000
<b>Loan given (maximum balance outstanding)</b>		
- Indiabulls Housing Finance Limited	3,000,000,000	-
<b>Counter Guarantee to third parties</b>		
<b>Subsidiaries</b>		
- Indiabulls Housing Finance Limited	500,000,000	1,868,625,530
<b>Interest Received</b>		
<b>Subsidiaries</b>		
- Indiabulls Finance Company Private Limited	1,413,014	-
- Indiabulls Housing Finance Limited	-	50,941,585
- Nilgiri Financial Consultants Limited	-	85,275
- Indiabulls Life Insurance Company Limited	930,513	3,786,529
- Ibulls Sales Limited	659,474	695,898

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

f) Statement of Material transactions: (Contd.)

	For the year ended March 31,2011	Amount (Rs.) For the year ended March 31,2010
<b>Investment in Equity Shares</b>		
<b>Subsidiaries</b>		
- Indiabulls Venture Capital Management Company Limited	-	500,000
- Indiabulls Holdings Limited	1,500,000	-
- Indiabulls Venture Capital Trustee Company Limited	-	500,000
- Indiabulls Alternative Asset Management Private Limited	7,690,800	-
- Indiabulls Housing Finance Limited	3,000,000,120	-
<b>Associates</b>		
- Indian Commodity Exchange Limited (erstwhile subsidiary)	-	399,500,000
<b>Investment in Preference Shares</b>		
<b>Subsidiaries</b>		
- Indiabulls Advisory Services Limited	-	-
- Indiabulls Infrastructure Credit Limited	-	4,000,000,000
<b>Redemption of Preference Shares</b>		
<b>Subsidiaries</b>		
- Indiabulls Advisory Services Limited	2,000,000,000	-
- Indiabulls Infrastructure Credit Limited	4,000,000,000	-
<b>Sale of Equity Shares to Subsidiary Company</b>		
<b>Subsidiaries</b>		
- Indiabulls Holdings Limited	1,000,000	-
<b>Issue of Equity Shares Under ESOP Scheme</b>		
- Mr. Gagan Banga	5,980,025	-
<b>Share Application Money Paid and Received Back</b>		
<b>Subsidiaries</b>		
- Indiabulls Alternative Asset Management Private Limited	82,617,602	-
<b>Interest Expense</b>		
<b>Subsidiaries</b>		
- Indiabulls Finance Company Private Limited	72,828,370	56,635,606
- Indiabulls Infrastructure Credit Limited	30,043,233	-
- Indiabulls Asset Management Company Limited	5,912,630	-
- Indiabulls Collection Agency Limited	5,171,507	-
- Indiabulls Housing Finance Limited	6,105,863	2,829,853
<b>Associates</b>		
- Indiabulls Asset Reconstruction Company Limited	2,179,726	-
<b>Remuneration</b>		
- Mr. Sameer Gehlaut	113,565,926	80,190,813
- Mr. Gagan Banga	23,333,336	17,070,230
<b>Reimbursement of Expenses received</b>		
<b>Subsidiaries</b>		
- Indiabulls Assets Management Company Limited	-	59,517
- Indiabulls Capital Services Limited	500	-
- Indiabulls Insurance Advisors Limited	500	-
- Indiabulls Finance Company Private Limited	218,053	-
- Indiabulls Housing Finance Limited	2,552,783	453,047
- Indiabulls Life Insurance Company Limited	-	101,739
- Indiabulls Holdings Limited	119,610	-

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

f) Statement of Material transactions: (Contd.)	Amount (Rs.)	
	For the year ended March 31,2011	For the year ended March 31,2010
- Indiabulls Trustee Company Limited	-	39,524
- Ibulls Sales Limited	1,129,135	-
- Indiabulls Advisory Services Limited	-	500
<b>Associate</b>		
- Indian Commodity Exchange Limited (erstwhile subsidiary)	-	13,097
<b>Reimbursement of Expenses paid</b>		
<b>Subsidiaries</b>		
- Indiabulls Housing Finance Limited	192,742,736	1,075,692
<b>Commission Paid</b>		
<b>Subsidiaries</b>		
- Ibulls Sales Limited	53,000,000	-
<b>Associates</b>		
- Indian Commodity Exchange Limited (Associate upto December 12, 2010)	1,244	-
<b>Sale of Loan Receivables</b>		
<b>Subsidiary</b>		
- Indiabulls Housing Finance Limited	28,196,603	517,591,929
- Indiabulls Infrastructure Credit Limited	2,103,037,661	600,000,000
<b>Purchase of Loan Receivables</b>		
<b>Subsidiary</b>		
- Indiabulls Housing Finance Limited	12,185,904,104	1,979,897,060
- Indiabulls Infrastructure Credit Limited	2,986,077,847	-
g) Breakup of outstanding Balances		
		Amount (Rs.)
	As at March 31,2011	As at March 31,2010
<b>Outstanding Balances</b>		
<b>Intercompany Deposit Given</b>		
- Indiabulls Capital Services Limited	33,000,000	180,000,000
- Indiabulls Life Insurance Company Limited	-	41,570,000
- Indiabulls Asset Holding Company Limited	150,000	100,000
- Ibulls Sales Limited	7,000,000	14,400,000
<b>Intercompany Deposit Taken</b>		
<b>Subsidiaries</b>		
- Indiabulls Finance Company Private Limited	320,000,000	320,000,000
- Indiabulls Asset Management Company Limited	134,200,000	-
- Indiabulls Collection Agency Limited	121,000,000	-
<b>Associates</b>		
- Indiabulls Asset Reconstruction Company Limited	51,000,000	-
<b>Assignment Payable / (Receivable) (Net)</b>		
- Indiabulls Housing Finance Limited	117,708,407	25,158,152
- Indiabulls Infrastructure Credit Limited	10,797,205	-
<b>Corporate Counter Guarantee to third parties</b>		
<b>Subsidiaries</b>		
- Indiabulls Housing Finance Limited	569,536,145	2,124,787,782

Note : Related Party relationships as given above is as identified by the company and relied upon by the Auditors.

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

### 21. Earnings Per Share (EPS):

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares, Convertible Preference Shares, Share Warrants and the potential dilutive effect of Employee Stock Option Plan as appropriate.

	For the year ended March 31,2011	For the year ended March 31,2010
Profit after tax and prior period adjustments (Rs.)	6,086,909,639	2,641,602,777
Less: Preference dividends paid / proposed for the year (Rs.)	-	78,217,802
Less: Corporate Dividend tax thereon (Rs.)	-	13,293,116
Profit available for Equity Shareholders (Rs.)	6,086,909,639	2,550,091,859
Weighted average number of Shares used in computing Basic earnings per share	310,472,560	292,304,222
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options / Share Warrants	3,042,890	2,913,626
Weighted average number of Shares used in computing Diluted earnings per share	313,515,450	295,217,848
Face Value of Equity Shares - (Rs.)	2.00	2.00
Basic Earnings Per Share - (Rs.)	19.61	8.72
Diluted Earnings Per Share - (Rs.)	19.42	8.64

### 22. Deferred Tax:

In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has credited an amount of Rs. 360,766,064 (Previous Year Rs. 42,724,671) as deferred tax credit to the profit and loss account.

The breakup of deferred tax into major components as at March 31, 2011 is as under:

	As at March 31, 2011	Amount (Rs.) As at March 31, 2010
<b>Deferred tax Liabilities</b>		
Depreciation	(15,299,840)	(31,826,247)
Retained interest on securitization / assignment of loans	-	(16,247,737)
<b>Deferred tax Assets</b>		
Provision for doubtful assets	515,556,622	331,617,419
Contingent Provisions against Standard Assets	127,145,082	-
Disallowance under section 43 B of the Income-Tax Act, 1961	59,025,308	42,181,296
Others	63,623	-
<b>Net Deferred Tax Assets</b>	<b>686,490,795</b>	<b>325,724,731</b>

### 23. Personnel Costs:

Personnel Costs include an amount of Rs. 168,234,934 (Previous Year Rs. 13,035,772) being cost of employees on deputation from other Group / erstwhile Group companies on specific job basis. The above has been apportioned from Indiabulls Housing Finance Limited a wholly owned subsidiary company, amounting to Rs. 168,234,934 (Previous Year Rs. 13,035,772 apportioned from Indiabulls Securities Limited – the erstwhile subsidiary company).

Other Administrative Costs apportioned from Indiabulls Housing Finance Limited a wholly owned Subsidiary Company aggregated to Rs. 21,145,972 (Previous Year Rs. Nil).

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

24. No borrowing costs have been capitalised during the year.
25. Details of Purchase and Sale of long term, non-trade investments during the year ended March 31, 2011:

Investment in Shares of Subsidiaries		Purchase	
Name of the Company	Shares (Nos.)	Amount (Rs.)	
Indiabulls Housing Finance Limited	20,689,656	3,000,000,120	
Indiabulls Holdings Limited	150,000	1,500,000	
Indiabulls Alternative Asset Management Private Limited	224,084	7,690,800	
Sale of Shares of Subsidiaries/Associates		Sale	
Name of the Company	Shares (Nos.)	Amount (Rs.)	
Indiabulls Venture Capital Management Company Limited	50,000	500,000	
Indiabulls Venture Capital Trustee Company Limited	50,000	500,000	
Indian Commodity Exchange Limited (Associate Company upto December 12, 2010)	52,000,000	473,500,000	
Redemption of Preference Shares		Redemption	
Name of the Company	Shares (Nos.)	Amount (Rs.)	
Indiabulls Infrastructure Credit Limited	4,000,000	4,000,000,000	
Indiabulls Advisory Services Limited	2,000,000	2,000,000,000	

26. Investments
- (a) Additional information in respect of Non Trade, Unquoted (Mutual Funds) / Quoted (Equity Shares) Current investments / dealing in securities:

	March 31, 2011		March 31, 2010	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
<b>Investments at the beginning of the year</b>				
Equity Shares	-	-	-	-
Pass Through Certificates	30	204,951,518	130	1,309,535,287
Bonds	50	50,000,000	50	50,000,000
Commercial Paper	-	-	-	-
Mutual Funds	3,914,545	80,010,961	671,183,021	7,091,308,285
<b>Total (A)</b>	<b>3,914,625</b>	<b>334,962,479</b>	<b>671,183,201</b>	<b>8,450,843,572</b>
<b>Investments made during the Year</b>				
Equity Shares	-	-	-	-
Pass Through Certificates	-	-	-	-
Bonds	-	-	-	-
Commercial Paper	32,840	16,384,072,340	-	-
Mutual Funds	64,223,720,171	908,259,871,745	39,355,701,293	450,629,605,632
<b>Total (B)</b>	<b>64,223,753,011</b>	<b>924,643,944,085</b>	<b>39,355,701,293</b>	<b>450,629,605,632</b>
<b>Investments redeemed / sold during the Year</b>				
Equity Shares	-	-	-	-
Pass Through Certificates	30	204,951,518	100	1,104,583,769
Bonds	-	-	-	-
Commercial Paper	32,840	16,384,072,340	-	-
Mutual Funds	62,681,540,607	880,213,143,085	40,022,969,769	457,641,603,858
<b>Total (C)</b>	<b>62,681,573,477</b>	<b>896,802,166,943</b>	<b>40,022,969,869</b>	<b>458,746,187,627</b>
<b>Investments as at the year end</b>				
Equity Shares	-	-	-	-
Pass Through Certificates	-	-	30	204,951,518
Bonds	50	50,000,000	50	50,000,000
Commercial Paper	-	-	-	-
Mutual Funds	1,546,094,109	28,167,390,503	3,914,545	80,010,961
<b>Total (D)</b>	<b>1,546,094,159</b>	<b>28,217,390,503</b>	<b>3,914,625</b>	<b>334,962,479</b>
<b>Profit / (Loss) on Derivative trading (E)</b>				
<b>Profit (C+D+E-A-B)</b>		<b>40,650,875</b>		<b>700,902</b>



# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

(b) Detailed Quantitative information in respect of Non Trade, Unquoted, Current Investments / dealing in securities :

In Mutual Funds Funds – Unquoted	Type	Purchase		Sale	
		No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
Axis Treasury Advantage Fund	Growth	-	-	-	-
		680,000	680,000,000	680,000	680,599,352
Axis Treasury Advantage Fund - Institutional	Daily Dividend	5,008,884	5,009,070,944	5,008,884	5,009,122,950
		680,917	680,916,882	680,917	680,916,882
Axis Liquid Fund – Institutional	Daily Dividend	1,500,443	1,500,442,884	1,500,443	1,500,442,884
		-	-	-	-
Bharti AXA Liquid Fund - Institutional Plan	Daily Dividend	400,192	400,192,152	400,192	400,192,152
Birla Sun Life Ultra Short Term Fund	Daily Dividend	501,133,350	5,014,089,731	501,133,350	5,014,089,731
		-	-	-	-
Birla Sun Life Cash Plus - Instl. Prem	Daily Dividend	3,418,695,098	34,253,615,533	3,418,695,098	34,253,615,533
		1,622,141,430	16,253,046,057	1,622,141,430	16,253,046,057
Birla Sun Life Income Plus	Growth	127,749,478	5,613,427,017	-	-
		-	-	-	-
Birla Sun Life Floating Rate Fund- Short Term-IP	Growth	281,393,023	3,656,674,190	-	-
		-	-	-	-
Birla Sun Life Savings Fund - Instl.	Daily Dividend	250,748,789	2,509,192,986	250,748,789	2,509,192,986
		220,096,161	2,202,458,264	220,096,161	2,202,458,264
Birla Sun Life Floating Rate Fund STP-IP	Daily Dividend	365,667,419	3,656,674,190	365,667,419	3,656,674,190
		-	-	-	-
DBS Chola Liquid Inst.	Daily Dividend	-	-	-	-
		148,331,419	1,500,565,134	148,331,419	1,500,565,134
DWS Insta Cash Plus Fund	Daily Dividend	-	-	-	-
		24,926,293	250,020,685	24,926,293	250,020,685
IDFC Saving Advantage Fund -PlanA	Daily Dividend	1,004,912	1,005,068,478	1,004,912	1,005,068,478
		-	-	-	-
IDFC Saving Advantage Fund -Plan -A	Growth	726,992	1,005,068,479	-	-
		-	-	-	-
IDFC Money Manager Fund TP -Super Inst Plan	Daily Dividend	43,018,775	430,252,282	43,018,775	430,252,282
		-	-	-	-
IDFC Cash Fund -Super Inst planC	Daily Dividend	42,994,326	430,050,748	42,994,326	430,050,748
		-	-	-	-
HDFC Liquid Fund Premium Plan	Daily Dividend	3,152,808,240	38,652,798,457	3,152,808,240	38,652,798,457
		1,478,631,531	18,127,726,850	1,478,631,531	18,127,726,850
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale	Daily Dividend	413,992,241	4,152,963,169	413,992,241	4,152,963,169
		473,180,303	4,746,708,213	473,180,303	4,746,708,213
ICICI Prudential Ultra Short Term Plan Super Premium	Daily Dividend	1,325,798,427	13,285,864,571	1,325,798,427	13,286,376,592
		400,039,808	4,008,798,915	400,039,808	4,008,798,915
ICICI Prudential Flexible Income Plan Premium	Daily Dividend	189,523	20,039,240	189,523	20,039,240
		350,100,012	3,701,782,479	350,100,012	3,701,782,479
ICICI Prudential Liquid Super Institutional Plan	Daily Dividend	255,479,718	25,553,724,624	255,479,718	25,553,724,624
		63,893,518	6,390,763,800	63,893,518	6,390,763,800
ICICI Prudential Floating Rate Plan D	Daily Dividend	34,538,902	3,454,650,037	34,538,902	3,454,650,037
		-	-	-	-
ICICI Prudential Institutional Liquid Plan	Daily Dividend	-	-	-	-
		933,474,379	9,336,777,638	933,474,379	9,336,777,638
JM Financial Services Ltd	Commercial Paper	32,840	16,384,072,340	32,840	16,384,072,340
		-	-	-	-
Kotak Floater Short Term	Daily Dividend	2,410,493,534	24,385,034,692	2,410,493,534	24,385,034,692
		-	-	-	-
LICMF Liquid Fund	Growth	10,080,167	170,000,000	10,080,167	170,206,643
		-	-	-	-
LICMF Liquid Fund	Daily Dividend	4,756,967,482	52,231,978,652	4,756,967,482	52,231,978,652
		4,683,535,378	51,425,686,802	5,070,718,399	55,676,995,088
LICMF Saving Plus Fund	Daily Dividend	1,020,775,244	10,207,752,444	1,020,775,244	10,207,752,444
		1,341,885,285	13,418,852,850	1,625,885,285	16,258,852,850
LICMF Income Plus Fund	Daily Dividend	-	-	-	-
		300,472,366	3,004,723,656	300,472,366	3,004,723,656

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

In Mutual Funds Funds – Unquoted	Type	Purchase		Sale	
		No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
Peerless Ultra Short Term Fund - Super Institutional	Daily Dividend	753,849,382	7,538,961,674	753,849,382	7,538,961,674
Peerless Liquid Fund - Super Institutional	Daily Dividend	100,120,142	1,001,201,415	100,120,142	1,001,201,415
Peerless Liquid Fund - Institutional	Daily Dividend	2,693,130,407	26,934,426,515	2,693,130,407	26,934,426,515
Peerless Ultra Short Term Fund - Institutional	Daily Dividend	25,002,161	250,021,610	25,002,161	250,021,610
Peerless Liquid Fund - Super Institutional	Daily Dividend	25,111,360	251,118,623	25,111,360	251,118,623
Reliance Money Manager Fund - Institutional Option	Daily Dividend	23,137,486	23,169,218,869	23,137,486	23,169,218,869
Reliance Liquidity Fund	Daily Dividend	33,228,439	33,266,199,978	33,228,439	33,266,199,978
Reliance Liquidity Fund	Daily Dividend	36,717,627,085	367,363,530,745	36,717,627,085	367,363,530,745
Reliance PTC Deal	Monthly Interest	25,810,776,191	258,187,875,406	25,810,776,191	258,187,965,994
Reliance Medium Term Fund	Daily Dividend	203,207,977	3,000,000,000	-	-
Reliance Money Manager – Retail Option	Daily Dividend	-	-	-	104,583,769
Religare Liquid Fund - Super Institutional	Daily Dividend	732,013,274	12,514,132,924	732,013,274	12,514,132,924
SBI Premier Liquid Fund-Institutional	Daily Dividend	197,892	198,067,649	197,892	198,067,649
SBI - Magnum Insta Cash Fund - Cash Option	Growth	2,417,517,092	25,187,377,587	2,417,517,092	25,187,382,485
SBI Magnum Insta Cash Fund	Daily Dividend	2,991,134	30,008,553	2,991,134	30,008,553
SBI Ultra Short Term	Daily Dividend	45,475,216	990,000,000	3,914,545	80,055,587
Standard Chartered Bank Pass Through Certificates	Annual Interest	3,914,545	80,000,000	-	-
Taurus Liquid Fund - Super Institutional	Daily Dividend	1,358,127,982	22,749,051,131	1,358,127,982	22,749,051,131
Taurus Short Term Income Fund - Dividend Plan	Growth	432,882,852	7,250,917,632	432,882,852	7,250,917,632
Taurus Ultra Short Term Bond Fund - Super Inst.	Daily Dividend	200,098,966	2,002,190,251	200,098,966	2,002,190,251
UTI Liquid Cash Plan Institutional	Daily Dividend	-	-	-	-
UTI Treasury Advantage Fund - Institutional Plan	Daily Dividend	-	-	100	1,000,000,000
UTI-Floating Rate Fund - Short Term Plan - Institutional	Daily Dividend	4,251,445	4,251,512,464	4,251,445	4,251,512,514
UTI Dynamic Bond Fund	Growth	982,498	1,514,593,365	982,498	1,510,547,077
UTI Liquid Cash Plan Institutional	Growth	1,249,775	1,251,696,523	1,249,775	1,251,797,193
UTI Dynamic Bond Fund	Growth	299,455	500,323,923	-	-
UTI Treasury Advantage Fund - Institutional Plan	Daily Dividend	147,204,397	150,066,889,204	147,204,397	150,066,889,204
UTI Floating Rate Fund - Short Term Plan - Institutional	Daily Dividend	10,168,674	10,170,851,542	10,168,674	10,170,851,542
UTI Dynamic Bond Fund	Growth	8,642,276	8,648,937,054	8,642,276	8,648,937,054
UTI Liquid Cash Plan Institutional	Growth	477,737,434	4,812,787,163	477,737,434	4,834,798,377
UTI Dynamic Bond Fund	Growth	2,485,290	4,000,000,000	-	-
UTI Dynamic Bond Fund	Growth	459,537,912	4,834,798,377	-	-
<b>Total</b>		<b>64,223,753,011</b>	<b>924,643,944,085</b>	<b>62,681,573,447</b>	<b>896,597,215,425</b>
		<b>39,355,701,293</b>	<b>450,629,605,632</b>	<b>40,022,969,869</b>	<b>458,746,187,627</b>

(Figures in respect of previous years are stated in italics)

- (c) During the year March 31, 2011 the Company did not enter/ settle into any Equity Futures and Options contracts (Previous Year Rs. Nil).

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

27. Schedule in terms of Paragraph 13 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as at March 31, 2011.

Particulars	Amount (Rs.)	
	Amount Outstanding	Amount Overdue
<b>Liabilities side :</b>		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	36,225,000,000	NIL
: Unsecured	NIL	NIL
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	96,228,730,912	NIL
(d) Inter-corporate loans and borrowing	626,200,000	NIL
(e) Commercial Paper	18,850,000,000	NIL
(f) Other Loans –	NIL	NIL
Working Capital Loans	13,950,348,242	NIL
<b>Assets side :</b>		Amount Outstanding in Rs.
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured (net of provisions)		148,222,883,575
(b) Unsecured (net of provisions)		9,322,100,903
(3) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL / HP activities (net of provision)		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease		NIL
(b) Operating lease		NIL
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire		NIL
(b) Repossessed Assets		NIL
(iii) Hypothecation loans counting towards EL / HP activities		
(a) Loans where assets have been repossessed		NIL
(b) Loans other than (a) above		NIL
(4) Break-up of Investments :		
<b>Current Investments :</b>		
<b>1. Quoted :</b>		
(i) Shares : (a) Equity		NIL
(b) Preference		NIL
(ii) Debentures and Bonds		NIL
(iii) Units of mutual funds		NIL
(iv) Government Securities		NIL
(v) Others (please specify)		NIL
<b>2. Unquoted :</b>		
(i) Shares : (a) Equity		NIL
(b) Preference		NIL
(ii) Debentures and Bonds		50,000,000
(iii) Units of mutual funds		28,167,390,503
(iv) Government Securities		NIL
(v) Others		NIL
<b>Long Term investments :</b>		
<b>1. Quoted :</b>		
(i) Shares : (a) Equity		NIL
(b) Preference		NIL

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others	NIL

## 2. Unquoted :

(i)	Shares		
	(a) Equity shares of subsidiary companies		6,283,065,920
	Equity shares in an associate company		122,250,000
	(b) Preference shares of subsidiary company		NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL
(iv)	Government Securities		NIL
(v)	Others (Equity Shares in erstwhile Associate)		140,000,000

## 1) Borrower group-wise classification of all leased assets, stock-on hire and loans and advances:

Category	Amount net of provisions (Rs.)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	41,170,832	41,170,832
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	148,222,883,575	9,280,930,071	157,503,813,646
<b>Total</b>	<b>148,222,883,575</b>	<b>9,322,100,903</b>	<b>157,544,984,478</b>

## 2) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Amount (Rs.)	
	Break up value per share / Nav	Book Value (Net of Provision)
1. Related Parties		
<b>(a) Subsidiaries</b>		
i. Indiabulls Insurance Advisors Private Limited	(20,927.68)	500,000
ii. Indiabulls Finance Company Private Limited	374.47	437,500,000
iii. Indiabulls Capital Services Limited	(24.62)	50,000,000
iv. Indiabulls Housing Finance Limited	47.11	5,253,375,120
v. Indiabulls Infrastructure Credit Limited	78.61	250,000,000
vi. Indiabulls Advisory Services Limited	18.71	25,500,000
vii. Indiabulls Asset Holding Company Limited	(3.20)	500,000
viii. Indiabulls Life Insurance Company Limited	(774.48)	500,000
ix. Indiabulls Collection Agency limited	864.26	100,500,000
x. Bulls Sales Limited (formerly Fast Loan Services Limited)	22.14	500,000
xi. Indiabulls Asset Management Company Limited	9.28	150,000,000
xii. Indiabulls Trustee Company Limited	10.65	5,000,000
xiii. Indiabulls Holdings Limited	9.03	1,500,000
xiv. Indiabulls Alternative Asset Management Limited	(0.66)	7,690,800
<b>(b) Companies in the same group</b>		
i. Indiabulls Asset Reconstruction Company Limited	11.98	12,250,000
<b>(c) Other related parties</b>	-	-
2. Other than related parties	-	-
Units of Mutual Funds - Reliance Mutual Fund (Liquidity Fund)	14.7677	3,000,914,436
Units of Mutual Funds - Peerless Mutual Fund (Liquidity Fund)	10.6922	4,546,524,087
Units of Mutual Funds - SBI Mutual Fund (SBI Magnum insta Cash Fund)	21.7758	990,259,209
Units of Mutual Funds - Tarus Mutual Fund (Tarus Short Term Income Fund)	1,671.1950	500,448,348

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Category	Break up value per share / Nav	Amount (Rs.) Book Value (Net of Provision)
Units of Mutual Funds - UTI Mutual Fund (UTI Liquid Cash Plan Institutional)	1,610.0580	4,001,461,603
Units of Mutual Funds - UTI Mutual Fund (UTI Dynamic Bond Fund)	10.5303	4,839,072,080
Units of Mutual Funds - Birla Sun Life Mutual Fund (Birla Sun Life Income Plus)	44.0331	5,625,205,519
Units of Mutual Funds - Birla Sun Life Mutual Fund (Birla Sun Life Floating Rate Fund)	13.0002	3,658,165,573
Units of Mutual Funds - IDFC Mutual Fund (IDFC Saving Advantage Fund)	1,382.8757	1,005,339,648
Bonds – Dena Bank Bonds	1,000,000.00	50,000,000
India Commodity Exchange Limited (Equity Shares)	3.63	140,000,000
<b>Total</b>		<b>34,652,706,423</b>

Other Information:

Particulars	Amount (Rs.)
(I) <b>Gross Non-Performing Assets</b>	
(a) Related parties	-
(b) Other than related parties	1,574,425,022
(II) <b>Net Non-Performing Assets</b>	
(a) Related parties	-
(b) Other than related parties	485,407,849
(III) <b>Assets acquired in satisfaction of debt</b>	-

**28. Disclosures in terms of Paragraph 10 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended up to June 30, 2010 vide circular no DNBS (PD) CC No. 178/03.02.001/ 2010-117:**

(i) Disclosure for CRAR:-

CRAR Items	As on March 31, 2011	As on March 31, 2010
i) CRAR (%)	20.09%	32.42%
ii) CRAR - Tier I capital (%)	19.89%	32.42%
iii) CRAR - Tier II Capital (%)	0.20%	0.00%

(ii) Exposure to Real Estate Sector:-

Category	(Amount Rs. In Crores)	
	As on March 31, 2011	As on March 31, 2010
a) Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	5,016.51	2,750.53
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; (As per RBI guidelines on Commercial Real Estate (CRE) Exposure)	4,409.04	2,500.09

# Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

Category	Amount (Rs. In Crores)	
	As on March 31, 2011	As on March 31, 2010
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate.	-	-
b) Indirect Exposure	532.29	250.95
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		

Note: The above disclosure is as classified and computed by the company for its regulatory submissions and has been relied upon by the auditors.

(iii) Maturity Pattern of Certain items of Assets and Liabilities as at March 31, 2011:-

	Amount (Rs. In Crores)								
	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowing from banks	1,686.62	112.77	444.32	904.96	1,263.04	6,597.50	2,703.04	50.00	13,762.25
	<i>113.94</i>	<i>13.15</i>	<i>230.68</i>	<i>390.61</i>	<i>1,265.13</i>	<i>1,112.65</i>	<i>75.00</i>	-	<i>3,201.16</i>
Market borrowings	325.00	860.00	900.00	110.00	287.62	489.50	139.98	-	3,112.10
	<i>300.00</i>	<i>550.00</i>	<i>350.00</i>	<i>300.00</i>	<i>1,699.71</i>	<i>545.00</i>	-	-	<i>3,744.71</i>
<b>Assets</b>									
Advances	406.13	235.74	144.27	726.81	1,654.57	6,885.47	2,877.69	3,139.07	16,069.75
	<i>487.54</i>	<i>620.81</i>	<i>556.06</i>	<i>733.23</i>	<i>2,758.31</i>	<i>1,744.99</i>	<i>529.81</i>	<i>2,365.43</i>	<i>9,796.18</i>
Investments	349.60	884.05	1,228.43	570.77	140.65	46.49	10.94	648.53	3,879.46
	<i>79.55</i>	<i>71.57</i>	<i>2.31</i>	<i>237.13</i>	<i>110.54</i>	<i>281.73</i>	-	<i>973.71</i>	<i>1,756.54</i>

Note: The above disclosure towards maturity pattern is as classified and computed by the company for its regulatory submissions and has been relied upon by the auditors.

(Figures in respect of previous years are stated in italics)

## 29. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:

- An amount of Rs. Nil and Rs. Nil was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.
- No interest was paid during the year in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and no amount was paid to the supplier beyond the appointed day.
- No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
- No amount of interest was accrued and unpaid at the end of the accounting year.

The above information and that given in Schedule 11 - "Current Liabilities and Provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

## 30. During the year, the Company has booked Premium on Forward Contracts amounting to Rs. 14,387,634 and unrealised marked to market loss towards derivatives (Interest Rate Swaps) amounting to Rs. 34,445,424 which has been included under Bank / Finance Charges of Schedule 17. Derivative instruments that are outstanding as at March 31, 2011 is as given below:-

- Forward Exchange contracts entered for hedging purposes as at March 31, 2011 is for USD 16,472,655 (Buy) (Previous Year Nil) against cross currency of INR.
- Interest Rate Swaps for Notional Principal of Rs. 5,000,000,000 (Previous Year Rs. Nil) for a total of twelve contracts (Previous Year Nil) against fluctuations in interest rate changes.



# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

III. Year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise for professional charges is for Rs. 8,622,612 (Previous Year Rs. Nil) (USD 193,116).

### 31. Other Operating Charges includes:

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Processing and Renewal Fees	1,023,507,368	1,255,688,172
Other fees and charges	278,065,850	192,371,075
Web Portal fees	370,832	2,966,655
Total	1,301,944,050	1,451,025,902

32. As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 - Provisions, Contingent Liabilities and Contingent Assets as notified under the Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
33. During the financial year 2008-09, the Company had entered into a Memorandum of Understanding with MMTC Limited, to establish a Commodities Exchange with 26% ownership with MMTC and had advanced an amount of Rs. 153,840,000 as share money pending allotment as at March 31, 2009. As on March 31, 2009 the Company held 50,000 equity Shares (Face value of Rs. 10/- each) in Indian Commodity Exchange Limited. Subsequent to March 31, 2009, in line with the Government of India ownership guidelines, Indian Commodity Exchange Limited (ICEX) (earlier known as International Multi Commodity Exchange Limited) has received its entire capital contribution of Rs. 10,000 Lacs from Indiabulls Financial Services Ltd (40%), MMTC Ltd (26%), Indian Potash Ltd (10%), Infrastructure Development Finance Company Limited (5%), Krishak Bharati Cooperative Limited (5%) and Abhinay Trading Private Ltd (14%). Consequently during the current financial year ICEX issued 99,950,000 Equity shares (Face value of Rs. 10/- each) - 39,950,000 to IBFSL, 26,000,000 to MMTC Limited, 5,000,000 to Infrastructure Development Finance Company Limited, 5,000,000 to Krishak Bharati Cooperative Limited, 10,000,000 to Indian Potash Limited and 14,000,000 to Abhinay Trading Private Ltd.. After the allotment process the shareholding of the Company has been reduced to 40% from the earlier 100%. Consequently ICEX has been classified as an Associate company from the previous status of subsidiary company as IBFSL control does not exist. During the year, in compliance with the directions of Forward Market Commission, ICEX also refunded Rs. 1,000 Lakhs received earlier from United Stock Exchange of India Ltd in the form of Share application money. ICEX passed a resolution in the general meeting of shareholders held on 29th September 2009 for increase in the authorized share capital from Rs.100 Crores to Rs.110 Crores and for sub-division of equity share of nominal value Rs.10/- each into two equity shares of nominal value of Rs.5 each. As a result of above, the authorized share capital of ICEX increased from Rs.100 Crores comprising of 100,000,000 equity shares having nominal value of Rs.10/- each to Rs.110 Crores comprising 220,000,000 equity shares having nominal value of Rs.5/- each. ICEX has gone live effective November 27, 2009. As on March 31, 2010 the Company held 80,000,000 equity shares (Face value of Rs. 5/- each) in ICEX. On December 13, 2010 the Company has sold 26% of its stake in Indian Commodity Exchange Limited (ICEX) to Reliance Exchangenext Limited for a total consideration of Rs. 473,500,000 against proportionate cost of Rs. 260,000,000. As a result thereof, the stake of the Company in ICEX has been reduced to 14% and the same has been reclassified as a long term investment from the earlier status of an associate.
34. The Company had, during the financial year 2007-08 entered into an MOU with Sogecap, the life insurance arm of Societe Generale of France, for its upcoming life insurance Joint Venture. Sogecap would subscribe to 26% of the paid up capital in the Joint Venture. During the current financial year, the Company and Sogecap, have mutually agreed not to pursue the life insurance joint venture in India. The Company had also earlier received Reserve Bank of India's (RBI) approved to hold up to 74% in its life insurance venture. The life insurance company has already received the R1 approval from Insurance Regulatory and Development Authority (IRDA). The company intends to pursue its insurance venture.
35. The Company holds 57.5 % of the capital in Indiabulls Finance Company Private Limited (IFCPL), a subsidiary of the Company. The balance 42.5% or 3,233,969 equity shares are held by Amaprop Limited (Amaprop), vide a Shareholders Subscription and Shareholders Agreement (Shareholders Agreement)

# Schedules

## Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 (Contd.)

entered into between IFCPL, the Company and Amaprop. In terms of the said Shareholders Agreement, Amaprop has, inter-alia, exercised its put option seeking the Company to acquire the entire stake of Amaprop in IFCPL.

Certain disputes arose between the Company and Amaprop as the put price arrived at in accordance with the Shareholders Agreement was rejected by the Reserve Bank of India (RBI) being in excess of the Fair Market Value as per the then prevailing pricing guidelines as stipulated by the RBI. The matter was under arbitration in New York, USA where towards the year end, the Arbitral Tribunal has passed an award in favour of Amaprop requiring the Company to pay Rs. 1,920,007,000 alongwith interest and costs thereon (as given in the award) to Amaprop, for acquiring the 42.5% stake held by Amaprop in IFCPL. Implementation of the Award would result in IFCPL becoming a 100% subsidiary of the Company.

This Award has been contested by the company before the Hon'ble High Court of Judicature at Delhi (the High Court). During the course of the hearing the High Court has suggested that the company should prefer an application to the RBI for its approval to make the remittance of Rs. 1,190,000,128, which in the opinion of the Arbitration Tribunal is the value likely to be accepted by the RBI, as is recorded by it to be in compliance with Circular 49 dated May 4, 2010, issued by the RBI. Subsequent to the year end, the Company has preferred an application to the RBI seeking its approval for purchase of the abovementioned shares in IFCPL from Amaprop at a cost of Rs. 1,190,000,128.

36. During the year, the Company has further invested in fully paid up Equity Shares in one of its wholly owned subsidiary namely Indiabulls Housing Finance Limited amounting to Rs. 3,000,000,120 being 20,689,656 fully paid up Equity Shares of Rs. 10 each issued at a premium of Rs. 135 per equity share.
37. During the year, the Company has fully divested two of its wholly owned subsidiaries with a share capital of Rs. 500,000 each to another of its wholly owned subsidiary, Indiabulls Holdings Limited.
38. In terms of Section 45-IC of the RBI Act, 1934, the Company is required to transfer at least 20% of its Net Profits to a reserve before any dividend is declared. As at the year end, the Company has transferred an amount of Rs. 1,217,381,928 (Previous Year Rs. 528,320,556) to the Reserve Fund.
39. In terms of Section 36 (1)(viii) of the Income-tax Act, 1961, the Company has, as at the year end, transferred an amount of Rs. 190,000,000 (Previous Year Rs. Nil) to a special reserve created to claim deduction in respect of eligible business under the said section.
40. The Company is involved in various legal proceedings as respondents / defendants for various claims including those related to regulatory matters relating to conduct of its business. In respect of these claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defenses the ultimate disposition of these matters will not have material adverse effect on its Financial Statements.
41. During the financial year 2007-08, the Securities and Exchange Board of India (SEBI) has approved setting up of an Asset Management Company and a Trustee Company for setting up a Mutual Fund. As a result thereof, during the previous financial year Indiabulls Asset Management Company Limited and Indiabulls Trustee Company Limited have been formed as 100% subsidiaries of the Company. During the current financial year on March 24, 2011 the regulatory approvals for commencing operations of Indiabulls Trustee Company Limited and Indiabulls Asset Management Company Limited (wholly owned subsidiaries of the Company) has been received from SEBI.
42. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2011.
43. Previous year's figures have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

Signature for Schedules 1 to 18

For and on behalf of the Board

**Sameer Gehlaut**  
Chairman & Whole Time Director

**Gagan Banga**  
CEO & Whole Time Director

**Amit Jain**  
Company Secretary

Mumbai, April 22, 2011

# Statement Pursuant to Section 212 (1)(e)

of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies for the Financial Year 2010-11

Sr. No.	Name of the Subsidiary Company	Financial year / period ending of the Subsidiary Companies	Date from which they became Subsidiary Companies	Holding Company's interest Number of shares held (Equity Shares of Rs. 10 each stated otherwise)	Extent of Holding %	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company			Amount (Rs.)
						a. Not dealt with in the Holding Company Accounts		b. Dealt with in the Holding Company Accounts	
						i) For the Financial Year ended 31st March 2011	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries		
1	Indiabulls Insurance Advisors Limited	31-Mar-11	27-Dec-03	50,000 Equity shares of face value of Rs.10 each fully paid up	100	3,855,001	(1,050,738,809)	NIL	NIL
2	Indiabulls Finance Company Private Limited	31-Mar-11	18-Mar-05	4,375,000 Equity shares of face value of Rs.10 each fully paid up	57.50	138,249,427	396,296,692	NIL	NIL
3	Indiabulls Capital Services Limited	31-Mar-11	13-Apr-05	5,000,000 Equity shares of face value of Rs.10 each fully paid up	100	(15,785,550)	(157,304,162)	NIL	NIL
4	Indiabulls Housing Finance Limited	31-Mar-11	10-May-05	155,689,656 Equity shares of face value of Rs.10 each fully paid up	100	788,274,190	1,224,717,648	NIL	NIL
5	Nilgiri Financial Consultants Limited*	31-Mar-11	14-Dec-05	50,000 Equity shares of face value of Rs.10 each fully paid up	100	528,744	49,003,825	NIL	NIL
6	Indiabulls Collection Agency Limited	31-Mar-11	1-Jun-06	150,000 Equity shares of face value of Rs.10 each fully paid up	100	6,742,270	22,524,617	NIL	NIL
7	Ibuls Sales Limited	31-Mar-11	9-Oct-06	50,000 Equity shares of face value of Rs.10 each fully paid up	100	843,509	(236,312)	NIL	NIL
8	Indiabulls Infrastructure Credit Limited	31-Mar-11	7-Jul-06	10,000,000 Equity shares of face value of Rs.10 each fully paid up	100	420,645,410	95,560,076	NIL	NIL
9	Indiabulls Advisory Services Limited	31-Mar-11	2-Nov-06	2,550,000 Equity shares of face value of Rs.10 each fully paid up	100	4,259,160	17,945,091	NIL	NIL
10	Indiabulls Asset Holding Company Limited	31-Mar-11	14-Jun-07	50,000 Equity Shares of Rs.10 each fully paid up	100	(29,322)	(630,672)	NIL	NIL
11	Indiabulls Life Insurance Company Limited	31-Mar-11	3-Dec-07	50,000 Equity Shares of Rs.10 each fully paid up	100	(3,939,042)	(35,285,025)	NIL	NIL
12	Indiabulls Asset Management Company Limited	31-Mar-11	10-Apr-08	15,000,000 Equity Shares of Rs.10 each fully paid up	100	(4,947,027)	(5,824,876)	NIL	NIL
13	Indiabulls Trustee Company Limited	31-Mar-11	10-Apr-08	500,000 Equity Shares of Rs.10 each fully paid up	100	201,314	124,362	NIL	NIL
14	Indiabulls Venture Capital Management Company Limited*	31-Mar-11	3-Mar-10	50,000 Equity Shares of Rs.10 each fully paid up	100	(25,740)	(141,630)	NIL	NIL
15	Indiabulls Venture Capital Trustee Company Limited*	31-Mar-11	3-Mar-10	50,000 Equity Shares of Rs.10 each fully paid up	100	(25,740)	(142,130)	NIL	NIL
16	Indiabulls Holdings Limited <sup>1</sup>	For the Period from April 07, 2010 to March 31, 2011	7-Apr-10	150,000 Equity Shares of Rs.10 each fully paid up	100	(144,850)	N.A.	NIL	NIL
17	Indiabulls Alternative Asset Management Private Limited <sup>2</sup>	For the Period from August 20, 2010 to March, 31, 2011	20-Aug-10	224,084 Equity Shares of SGD 1 each fully paid up	100	(7,949,523)	N.A.	NIL	NIL

\* Being Subsidiary of the Company in terms of Section 4(1)(c) of the Companies Act, 1956

Notes : 1 Incorporated on April 07, 2010

2 Incorporated on August 20, 2010

For and on behalf of the Board

**Sameer Gehlaut**

Chairman & Whole Time Director

Mumbai, April 22, 2011

**Gagan Banga**

CEO & Whole Time Director

# Balance Sheet Abstract and Company's General Business Profile

## I. REGISTRATION DETAILS

Registration No.

State Code

Balance Sheet Date

## II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

Rights Issue

Bonus Issue

Qualified Institutions Placement

Global Depository Receipt

Employees Stock Options Plan

## III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid -up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability (Net)

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

Deferred Tax Assets (Net)

## IV. PERFORMANCE OF COMPANY (Amounts in Rs. Thousands)

Turnover

Total Expenditure

Profit / Loss before tax

Profit/ Loss after tax

(Please tick Appropriate Box+ for Profit, - for Loss)

Earning per Share (in Rs.)

BASIC

DILUTED  Dividend Rate (%)

## V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (as per monetary terms)

Item Code No.

(I T C Code)

Product

Description

Item Code No.

(I T C Code)

Product

Description

Item Code No.

(I T C Code)

Product

Description







# Indiabulls

Indiabulls Financial Services Limited

**Registered Office:**

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

**Corporate office:**

"Indiabulls House",  
448-451,  
Udyog Vihar, Phase-V,  
Gurgaon-122 001

"Indiabulls House",  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone Road,  
Mumbai- 400 013

<http://financial.indiabulls.com>