

Indiabulls

Indiabulls Housing Finance Limited

Annual Report 2012-13



There's no place like home

Indiabulls
HOME LOANS

Ab Ghar Aa Jao 

Indiabulls

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Forward looking statement

In this Annual Report, Figures for the year ended March 31, 2012 (as given in the Management reports) relate to Indiabulls Financial Services Limited ("IBFSL", the erstwhile holding company of the Company) as a consolidated entity before its merger with the Company, under the Scheme during the Financial Year ending 31st March, 2013. These figures are given for the sake of comparison only. 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 realized, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, 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 Kumar Mittal
4. Mr. Gagan Banga
5. Mr. Ajit Kumar Mittal
6. Mr. Ashwini Omprakash Kumar
7. Mr. Aishwarya Katoch
8. Mr. Shamsher Singh Ahlawat
9. Mr. Karan Singh Khera
10. Mr. Prem Prakash Mirdha
11. Mr. Ram Kumar Sheokand
12. Mr. Joginder Singh Kataria

Statutory Auditor

Deloitte Haskins & Sells
Chartered Accountants
Indiabulls Finance Centre, Tower 3,
32nd Floor, Elphinstone Mill Compound,
Senapati Bapat Marg, Elphinstone (W),
Mumbai - 400 013

Registered Office

F-60, Malhotra Building,
2nd Floor, Connaught Place,
New Delhi-110001, India
Website: www.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-122 016

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

List of Bankers

Allahabad Bank	IndusInd Bank Ltd.
Andhra Bank	ING Vysya Bank Ltd.
Axis Bank Ltd.	Karnataka Bank
Bank of Baroda	Kotak Mahindra Bank
Bank of India	Oriental Bank of Commerce
Bank of Maharashtra	Punjab & Sind Bank
Barclays Bank	Punjab National Bank
Canara Bank	Standard Chartered Bank
Central Bank of India	State Bank of Bikaner & Jaipur
Citibank N.A.	State Bank of Hyderabad
Corporation Bank	State Bank of India
DBS Bank	State Bank of Mysore
Dena Bank	State Bank of Patiala
Deutsche Bank	State Bank of Travancore
Dhanlaxmi Bank Ltd.	Syndicate Bank
HDFC Bank Ltd.	The Ratnakar Bank Ltd.
ICICI Bank Ltd.	UCO Bank
IDBI Bank Ltd.	Vijaya Bank
Indian Bank	Yes Bank Ltd.
Indian Overseas Bank	

Your home is the foundation that's built
on your father's values.

It is the door that opens to your
mother's embrace.

The walls that echo your wife's laughter.

The window that looks at your
children playing.

Your home is where your heart will
always be.

There's no place like home.

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Indiabulls Housing Finance is committed to the belief that there's no place like home. That's why we make it our mission to strive towards helping families in India in our own way to own a home of their own. The journey started in 2000 as a wholly owned subsidiary of Indiabulls Financial Services, one of India's leading non-banking finance companies providing Home Loans, Commercial Vehicle Loans, and Business Loans.

In 2013, in keeping with Indiabulls Financial Services' long-term commitment to the housing finance business, the Company reverse merged with its housing finance subsidiary, Indiabulls Housing Finance Ltd. In just over 13 years it has emerged as one of India's Leading Home Loan Providers.

We believe a home is so special because of the strong values that keep families under one roof, like our own set of values of Transparency, Fair Play and Professionalism. We inculcate these in our people and make every effort to integrate these into the systems and processes of our company. The result is a professional yet humane approach to bridge the huge gap for affordable housing in India.



Affordable homes for India

India's expanding economy, rapid urbanization and rise in disposable incomes has resulted in an increasing number of aspiring middle class Indians who long for a home. We address this growing need through affordable housing that can make a difference to the middle classes of India.

We are focused on offering loans at competitive rates, especially loan amounts of up to Rs. 25 Lakhs and our interest rates are specially flagged for the masses. We empower our customer with an extended tenure of up to 30 years to enable him to manage his EMI, and we also offer flexi options of repayment suitable to the needs of our customers. Over the years we have assisted nearly one Lakh customers to own a home of their own. And this is just the beginning. We will work hard to open the door for millions more, to buy their dream homes, as we move on.



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A strong network to fulfill many more dreams

In keeping with our mission to deliver dream homes for the middle-class, we have developed a formidable network that can reach out far and wide. With a countrywide network of over 200 branches we touch over 100 cities and sub-towns. What's more, we are expanding our reach consistently by opening over 15 branches in strategic new locations every year.

But to really reach out and touch someone's life you need the right kind of people. That's why we have an in-house Direct Selling Team of over 1800 dedicated employees who offer personalized service and counseling to our customers across India. They are specially trained to assist all our customers in every way and to help them realize their dreams quickly and easily.



Our customer comes first

Our value system believes that family comes first and that means our customer is the most important person for us. Our service association with him is more like a partnership, where our employees and Direct Sales Associates (DSA's) are specially trained to be attentive, warm and always receptive to his needs and feedback.

We empathize with our customer and guide him through different stages till he can walk into his own home. From offering him the best rates and schemes to selecting a suitable property. From approvals of the project to filing documents. From helping with the due diligence process to choosing the EMI and tenure of his loan ... No stone is left unturned to ensure that he buys a home for his family without any hassles.

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Indiabulls
HOME LOANS
Aa Ghar Aa Jan

GET ANSWERS TO ALL YOUR HOME LOAN QUERIES.

PICK UP THE HOME LOAN HELPLINE AND TALK TO US.

GET INFORMATION REGARDING:
Income tax rates, Tax certificates, Equities, Mutual funds, IPOs, P2P loans, Copy of loan agreements, Foreclosure letter, Property papers

Better technology for better services

From the very beginning IBHFL had a clear focus on leveraging technology to address customer needs and enhance customer satisfaction. Some of our major initiatives include online access, a property search portal, a hotline service and technology to connect the strong network of branches across the country.

The online portal, (<http://www.ibhomefinder.com>) is a facility to assist all our customers find their dream home at locations of their choice of different projects offered by the developers. This is a user-friendly medium and provides easy access to home seekers to choose a home anytime, anywhere, at their own convenience.

The customer hotline service recently introduced in small home loan centers is another facility to quickly address wide ranging customer queries. Similarly, our online account provides access to customers where they can track their home loan account over a click leading to a safe, simple and a hassle free experience.

With over 200 customer accessible walk-in branches, which are interconnected across India and equipped with the latest technology, we are committed to offer prompt and efficient service to the best of our ability.

Strong values that make the difference

Just like good values make a home, strong values are the foundation on which our company is built. We serve our customers with passion and commitment and with a high degree of transparency and fair play, and our professionalism is based on a humane approach which makes room for empathy.

These values are the hallmark of all our offerings and enable us to achieve a long and meaningful relationship with each and every one of our customers. They set us apart and have been the main reason for our rapid growth in such a short period of time.

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Our people, our foundation

It's people that make a home so special. The same way our people are the most valuable asset of our company. We have built and nurtured a team of dedicated employees who uphold the values of our organization and work with passion, zeal and a sense of belonging. The result is that all our people are empowered to play a defining role in the fast growth and transformation of their Company.

We believe a work-life balance is very essential. Our approach is to unlock the potential of every employee while devoting resources continuously to develop their personality, functional and behavioral competencies. We offer Employee Stock Option Schemes which aim at rewarding and nurturing talent in the organization.



Our journey continues

Indiabulls Housing Finance Limited has established itself as one of the biggest success stories of the Indian economy over the last decade. We are proud to have come so far in such a short period of time. However we realize that we have miles to go and that we've just begun. We are committed to expand our home loans with strong systems and processes which will help us to meet the genuine demand for the millions of aspiring home owners across the country and contribute strongly to the Indian middle class growth story.

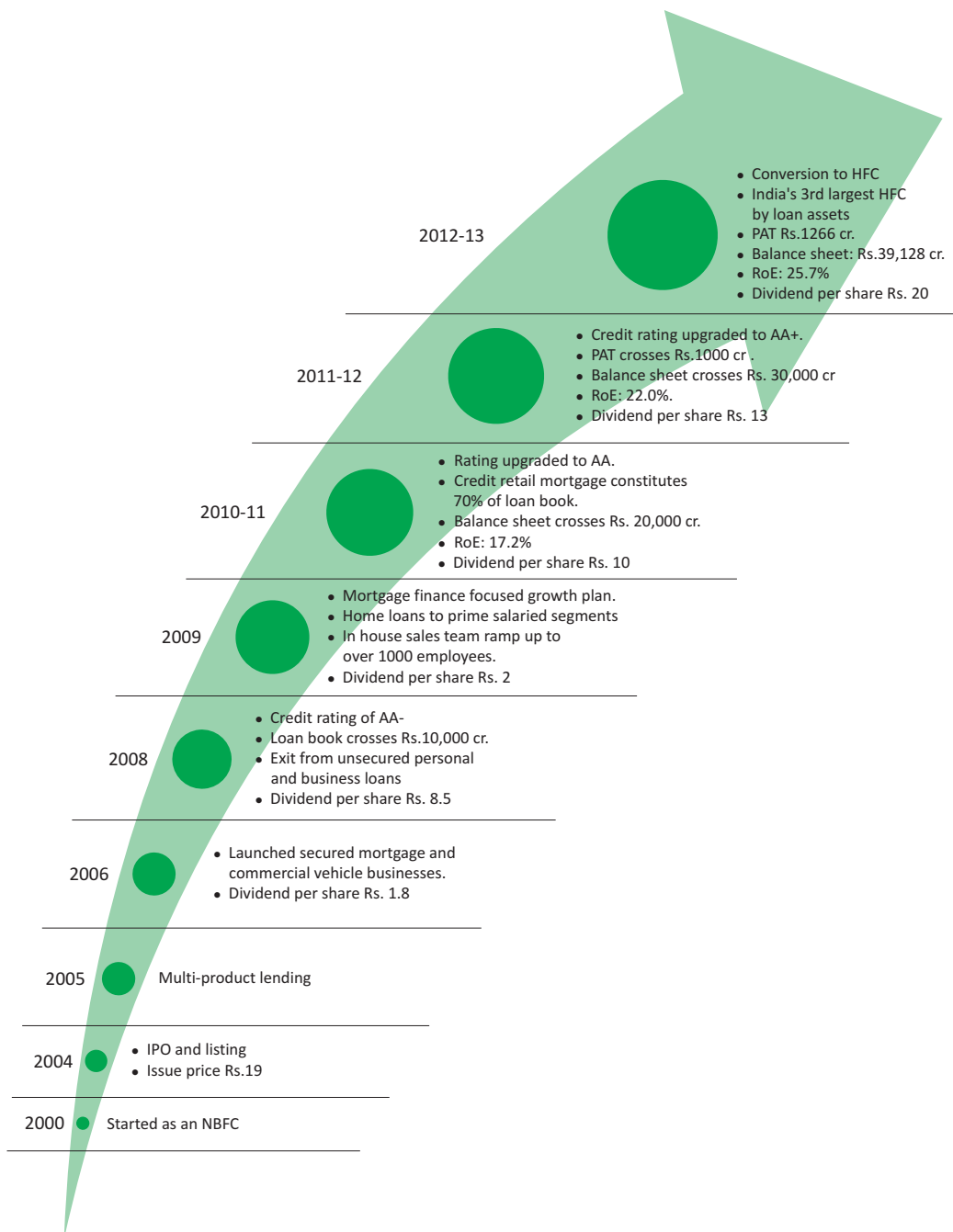
This will enable every family that deals with Indiabulls Housing Finance to experience the feeling that There's no place like home!

Indiabulls



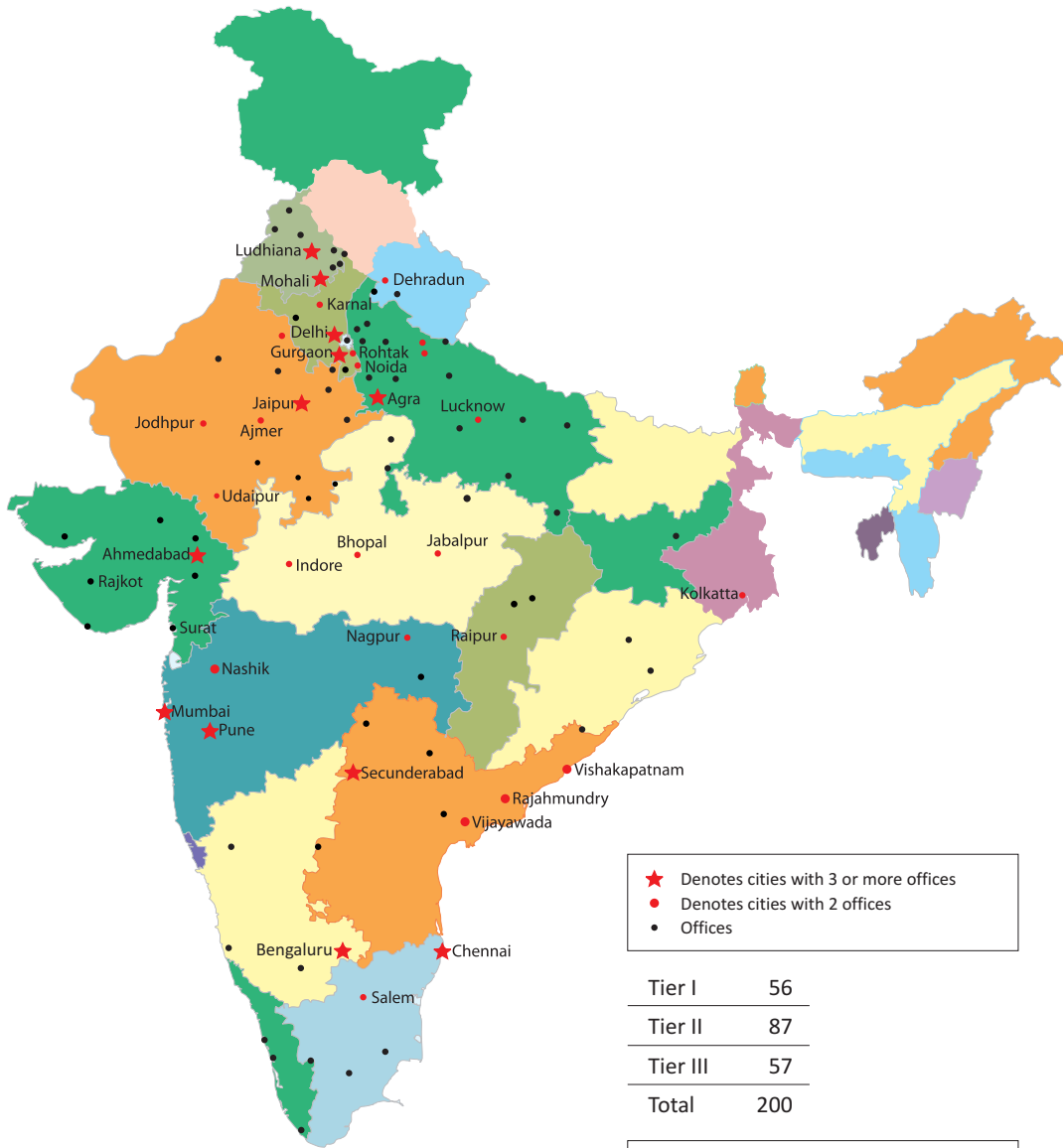
Our Journey

Indiabulls



Our Reach

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National and International reach is further enhanced from sourcing tie-ups with Yes Bank and Doha Bank along with international presence at London and Dubai

The unforgettable moments at our second home



CEO addressing the Blood Donation Drive



Honouring Employees who have completed more than 5 years at IBHFL



Bangalore Cricket Team



Independence Day Celebration



Inaugurating Awaas, 2012



Marathon at Umang, Goa



Project Approved Signage Activity



Diwali Celebration



IBHFL - Accommodation Times Award



Moneylife - Financial Education Seminar



HT, Property Fair



My Dream Home - Painting Competition, Delhi

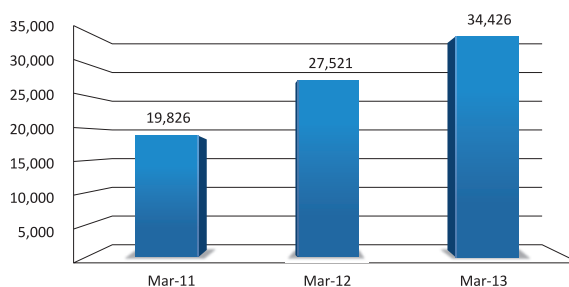


Haryana Utsav Mela, Sonapat

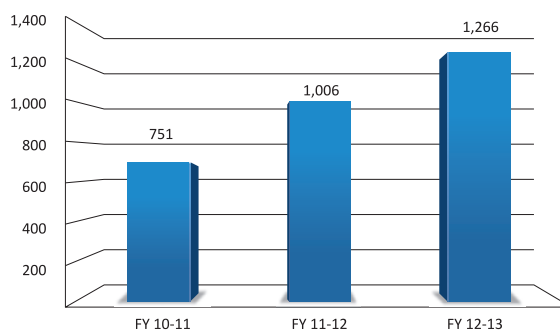


IT Returns Filing Activity

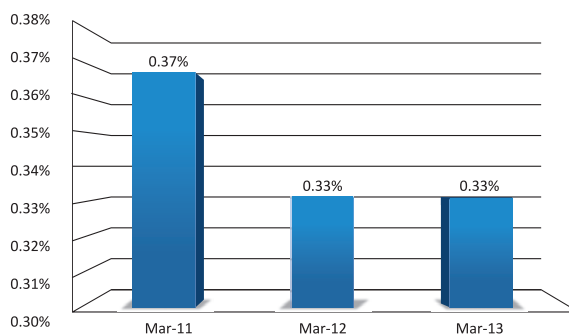
Asset Under Management (AUM) (Rs. in Cr.)



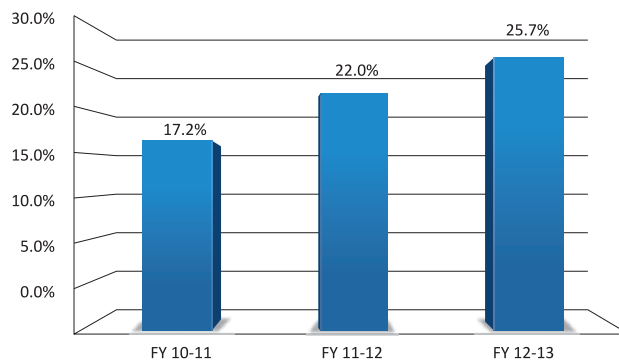
Net Profit (Rs. in Cr.)



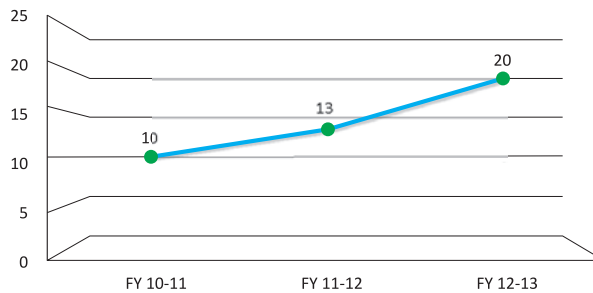
Net Non Performing Asset



Return on Equity



Dividends/Share (Rs./Share)





Mr. Sameer Gehlaut
Founder & Chairman

Dear Shareholders and friends,

At the last AGM, I had informed you about our strategic restructuring exercise involving the merger of our flagship, Indiabulls Financial Services Ltd with its subsidiary, Indiabulls Housing Finance Ltd. It gives me great pleasure in announcing the conclusion of this process as I welcome you all to this AGM as shareholders of the new combined entity, christened 'Indiabulls Housing Finance Ltd' which better reflects our ongoing business focus. Accordingly, shares of the new Company would shortly be listed for trading on the stock exchanges. I am proud to share that your Company has emerged as country's second largest housing finance company (HFC) in the private sector by assets and second largest overall in profits.

Our dominant status today in the country's financial services sector is thanks to our untiring efforts along the transformational journey we embarked upon five years ago post 2008 meltdown. As I have been emphasizing in my successive annual speeches, high quality, mortgage backed secured lending has been the cornerstone of our growth strategy. We continue to diligently pursue our focus on collections and consolidation, drastically curtailing our reliance on short term funds, and deepening our banking relationships and expanding our bond issuances to access long term funds from varied and diverse lenders. All these steps have helped your Company cross many impressive milestones despite the challenging business and economic environment of the last couple of years.

Macroeconomic outlook and housing sector

Notwithstanding the global turbulence coupled with economic slowdown in the country, India still remains the fastest growing economy in the world, after China and Indonesia. In fact with the fiscal consolidation plans of the Government having been firmly put in place, it has not only been possible to contain the Fiscal deficit to the targeted 5.3 % of the GDP, but the inflation has also begun to moderate, paving way for measures to be taken for revival of economic growth in the country.

The budget for the fiscal 2013-2014 has identified rural and urban housing as being the major thrust areas, with an increased budgetary allocation of Rs. 6,000 crore for the Rural Housing Fund set up through National Housing Bank and an Urban Housing Fund being planned.

This augurs well for the housing finance industry in the country in particular as it would open up the possibilities of cheap finance becoming available to the housing finance companies under the refinance schemes of NHB, which in turn can be used for onward lending to those seeking to buy houses, at an affordable cost. An increased demand for houses would also benefit your Company.

Review of performance during 2012-13

Many of the initiatives taken by the Company for achieving competitiveness and sustainable growth

have begun yielding desired results as reflected in the financial performance of your Company for the year ended 31st March 2013. The Company reported a 24.8% increase in Gross Revenues from operations at Rs. 4,778 crore for the financial year ended 31st March 2013 as against Rs. 3,828 crore for the previous year. Profit after Tax (PAT) for the year ended 31st March 2013 has increased to Rs. 1,266 crore, an increase of 25.8% over the last year. Assets under management grew 25.09% to Rs. 34,426 crore. The Net Interest Income (NII) has grown by 15.55% to Rs. 2,130 crore. Return on Equity (ROE) works out to 25.65% with Earnings per Share (EPS) of Rs. 40.19. Given the good performance of the Company, your Board of Directors have declared third interim dividend of Rs. 6.5 per share in addition to Rs. 13.50 per share of interim dividend already paid during the year, totaling Rs. 20/- per share for the year.

Robust fundamentals key to Sustained growth

The consolidated net worth of your Company today stands at Rs. 5,313 crore, which makes us one of the best capitalized HFCs (our CRAR stands at 18.5% as against the prescribed 12%) with healthy ratings for both its long term (AA+) and short term (A1+) debt, comfortable liquidity and fund raising capabilities as demonstrated by the fact that our bonds have become an established currency with almost all the leading institutions subscribing to it. Funds raised through bonds have grown to Rs. 9,406 crore in March 2013, up from Rs. 6,378 crore in March 2012. As a cardinal principle of our risk mitigation strategy, the Company continues to maintain healthy levels of liquidity with cash and cash equivalents (including current investments) adding up to nearly Rs. 7,200 crore at the end of FY 12-13. Among its lenders, the Company now counts 94 strong relationships: 27 PSU banks, 15 Private and Foreign banks and 52 mutual funds, pension funds and insurance companies.

Apart from effective risk management, achieving cost efficiency is another significant contribution to the sustained growth in profitability. The Company continues to witness improving operational efficiency, with cost to income ratio further declining to below 18% (18.7% in FY 12). Despite a somewhat challenging business environment, we continued to

maintain, and indeed improve, our asset quality with Gross NPA and Net NPA at 0.79% (0.79% in FY 12) and 0.33% (0.33% FY 12) respectively at the end of FY 13. The total provision pool, including standard asset provisions, stood at Rs. 461.28 crore as on March 31, 2013, compared to Rs. 329.83 crore last year.

Expanding frontiers beyond India

Your Company has entered into an agreement with Qatar's Doha Bank for offering mortgage loans to Doha bank's NRI customers for acquiring properties in India. This partnership with Doha bank marks an important milestone in Indiabulls quest for a global footprint. GCC in general and Qatar, Kuwait and UAE in particular are strategic markets for us in view of burgeoning Indian Diaspora in these countries. We have also recently set up our Representative office in London and launched our advisory services for the benefit for NRIs and PIOs in and around UK. We are also in the process of setting up our Representative office in Dubai for marketing our home loan products among the mass affluent Indian expatriates in UAE.

Marketing initiatives

In order to assist customers in small Home-loan Centres across the country, a Hot Line Service has been introduced which helps the Customer to connect to a central system for queries like Statement of Account, TAX Certificate, Repayments, Welcome Letter, NOC's, Prime Lending Rate (PLR) letter, Copy of Loan Agreement, Foreclosure and property papers. This system has been able to instantly address Customer queries. This is over and above the personalized service that a customer is offered at the branch.

IBHFL for the first time hosted a Property Exhibition under the brand of Indiabulls Home Loans, called "Awas 2012 – A Budget Home Show" with the theme "25 lakh Mein Ghar – A dream home". The event had participation from 24 reputed developers from across Mumbai and Navi Mumbai. This was well appreciated by most of the home buyers as it gave them the best platform to find their dream home at an affordable price.

Human Resources

The success of a company is attributed to the strength and quality of its human resources. The Company has launched many initiatives like compensation reviews, identifying and developing employees with leadership potential, revamping training and development programs etc. A new Human Resource Development (HRD) focus has been initiated within the HR setup to offer training on basic skills, core competencies, career development and overall personal growth of the employee etc. This is supported with an online training Manual system for the benefit of new and existing employees.

Golden Jubilee Rural Housing Scheme

With the aim to reach out to the prospective home buyers of economically weaker sections of the society in rural areas, your Company has been extending home loans to the beneficiaries under Government of India's Golden Jubilee Rural Housing Scheme. During the current financial year, we granted home loan to more than 200 rural borrowers, as against the allotted quota of 100 beneficiaries, thereby achieving 200% of the target given to us by the National Housing Bank. In FY 11-12, we had extended home loan to 121 borrowers achieving 242% of the given target of 50 beneficiaries. In the days to come, your Company shall endeavour to reach out to more and more rural beneficiaries to support the social sector initiative for affordable housing scheme of the Government. As part of our commitment to promote financial inclusion in the country, the Company has recently enhanced its focus on below Rs. 10 lakh loans primarily targeted at affordable housing segment in rural and semi urban areas.

Interest Subvention for urban home buyers

Similarly, as part of financial inclusion for the economically weaker sections living in urban areas,

I am pleased to inform that your Company has so far extended benefit of 1% interest subsidy scheme of GOI to 8,655 borrowers, who obtained loan up to Rs. 20 lakhs under the priority sector segment. Aggregate amount of subsidy claimed/disbursed towards low value housing schemes till 31st March 2013 stood at Rs. 586.71 lakhs.

A Good Corporate Citizen

We continue to pursue our efforts and initiative to contribute to the society with the same vigour that we adopt to run our business. The Company addresses some of the social issues through its group's dedicated philanthropic arm "Indiabulls Foundation". One of the first initiatives of Indiabulls Foundation is to support the development of rural districts in Rajasthan where we have initiated a few pilot projects in rainwater harvesting, groundwater management, tree plantation, IT projects for rural development, income generation support for rural women, skills training for rural youth, conducting eye camps for rural schoolchildren and in trying to be of support to traditional artisans. We hope to make a difference to the lives of people in these perennially rain starved desert areas of Rajasthan. We hope to replicate the success of some of these projects elsewhere in the country in future.

Before I conclude, I wish to place on record the sincere dedication and hard work of our employees, which has led to this improved performance. I am also grateful to our regulators, bankers, business associates and shareholders but for whose support the Company's quest for value creation would not have been possible.

Thank you!

Sameer Gehlaut
Founder & Chairman

Executive Management Team



Gagan Banga
Managing Director
&
Chief Executive Officer



Ajit Mittal
Executive Director



Ashwini Kumar Hooda
Deputy Managing Director



Sachin Chaudhary
Business Head - Mortgages



Mudit Gupta
Business Head
Commercial Vehicles



Mukesh Garg
Chief Financial Officer



Pinank Shah
Head - Treasury

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Management Discussion and Analysis

Management Discussion and Analysis

For the purpose of the Management Discussion and Analysis, Indiabulls Housing Finance Limited (IBHFL) is defined as the consolidated merged entity, post merger of Indiabulls Financial Services Limited, and other subsidiaries. The terms 'the Company' and 'Indiabulls' also refer to the consolidated entity. HFC refers to Housing Finance Company.

Economic Scenario:

The GDP growth rate for FY 12-13 is estimated at 5.9%. But it is expected that several initiatives taken by the Government during the course of the year will prove to be catalysts in spurring the growth rate. Some of these initiatives are FDI in multi brand retail and aviation sectors, diesel price partial deregulation, capping the number of subsidized LPG gas cylinders and proposed measures like opening of the pension sector to foreign investments and raising the FDI cap in insurance to 49%.

Monetary policy has finally begun to show a pro growth inclination. With inflation moderating to sub 7% levels, in the second half of the year, RBI moved to address the liquidity deficit issue which was constraining growth. Over the course of the last financial year, the Reserve Bank of India dropped the repo rate by 100 basis points to 7.50% and cut the CRR by 75 basis points to 4.00% from year opening figure of 8.50% and 4.75% respectively.

Headline WPI inflation is expected to further reduce to sub 6% levels over FY13-14 especially on the back of normal monsoons. This will afford RBI more headroom in reducing repo rate and CRR.

Industry Overview:

The home loan industry in India mainly comprises of banks and Housing Finance Companies (HFCs). The National Housing Bank (NHB) operates as the nodal regulatory agency to promote, regulate and provide financial and other support to HFCs at local and regional levels. HFCs primarily depend on funding sources such as loans from banks and financial institutions, refinance from NHB, borrowing through bonds and debentures, commercial paper,

subordinate debt, besides their own equity and reserves.

A decade of steady economic growth driven by the industrial and service sector has resulted in steady growth in per capita income. This has triggered a migration towards urban areas chasing expanding job opportunities in the service and non-agricultural sectors. Cascading effects of this are growing income levels and fragmentation of traditionally large family structures into smaller nuclear units. Economic growth has also meant that availability of finance is now easier, quicker and more customer centric. All these factors, coupled with a large housing shortfall, have converged to trigger an unprecedented boom in the housing market, and resultantly in the housing loan market.

Indeed, the housing finance sector has witnessed high levels of sustained growth over the last several years. Housing finance disbursements have grown at a CAGR of 30% in the ten years between 2000-01 and 2010-11. The total outstanding domestic housing credit has grown at a CAGR of 20% in the five years between 2004-05 and 2010-11.

Being specialist finance companies, HFCs have processes and procedures completely tuned to their products. They have the optimal distribution network with presence in locations and localities where demand and potential is the highest. Key personnel such as the sales teams, credit teams and the collection network are extensively trained to administer and manage housing loans. And indeed, housing loans as a product is unique in many respects.

Housing loans require continuous and constant engagement with the customer, unlike fixed interest, fixed EMI retail individual loans. Housing loans are almost always extended at a variable rate of interest and have tenures of over 15 years. Constant customer engagement is necessitated by factors such as changing EMIs due to changes in rates of interest; customers having the option to opt for a change in tenure or change in EMI with changes in interest rates; customers opting to pre-

pay over the long duration of the loan; customers opting to transfer in, from another lender, or transfer their balance out, to another lender, in the search of more favourable terms.

As most of the housing loans extended towards under-construction properties is construction linked, on the loan appraisal and disbursal part of the operations, HFCs have to have the ability to assess various residential real estate developers to effectively estimate construction and other project related risks. Though the customer bears the responsibility for complete servicing and repayment of the loan irrespective of completion and delivery of the housing unit, construction and project risks nevertheless have a bearing on proper loan repayment and collateral realization in the event of a default.

With increasing competition finance companies and banks that are best placed to manage the unique dynamics of the housing loan product are at an advantage. HFCs, having built their operations exclusively around housing loans, have been witnessing a steady growth in market share. In FY 2012-13, HFCs contributed 47% of the domestic housing finance growth over the previous year, up from only 22% in FY 2005-06. This trend is expected to continue with HFCs capturing an ever increasing share of the mortgage finance market.

Promoting home ownership, especially in the affordable housing segment has been a high government priority. Underlining this, the Finance Minister raised tax deduction limit by Rs. 1 lakh for first-time home buyers. This translates to reduction in the effective rate of interest that the home purchaser has to pay on any loan that he avails.

Business Overview:

The Company, as an incorporated legal entity came into existence on May 10, 2005, under the Companies Act, 1956, having been registered on such date with the Registrar of Companies, NCT of Delhi and Haryana vide registration no. U65922DL2005PLC136029 and obtained the certificate for commencement of business on

January 10, 2006, to enable it to carry on the business of housing finance, upon receipt of the license to do so from the National Housing Bank. Indiabulls Financial Services Limited (IBFSL), the erstwhile promoter of the Company, incorporated on January 10, 2000 and since March 30, 2001, had already been functioning, as a non banking finance company. The merger of IBFSL with the Company, on a going concern basis, therefore ensured a continuity of the Company's business, since March 30, 2001.

Indiabulls Housing Finance Limited (IBHFL), is India's 3rd largest Housing Finance Company by loan assets post the merger with its erstwhile Holding Company IBFSL. The Company manages loan assets of Rs 34,426 Cr as on March 31, 2013 (Consolidated basis).

In the year end March 31, 2013 the Company clocked a PAT of Rs 1,266 Cr, an increase of 25.8% over FY 2011-12's PAT of erstwhile holding company IBFSL of Rs 1,006 Cr (Consolidated basis).

Indiabulls has nationwide presence through its network of 200 branches spread across 20 states and union territories. Over the last decade the Company has expanded its branch network to effectively cover geographical areas relevant to its suite of products.

Stable, Long-term and diversified liability profile:

The Company has a diversified liability profile. The Company raises long term finances through bonds and term loans.

The Company counts many leading banks (including PSU banks, Private banks and Foreign banks) and leading Financial Institutions amongst its lenders.

Loan Sell Down:

A significant proportion of the Company's sub 25 lakh home loan sourcing and its commercial vehicle loans qualify as priority sector lending for banks. The Company regularly sells down such assets thus helping its banking partners in meeting their priority sector lending targets. The Company does not book any income upfront from such sells down.

Indiabulls

Management Discussion and Analysis (Contd..)

An Asset base of high quality secured assets:

The Company continues to have stable, low levels of non-performing assets. Focus on low risk home loans and other mortgage backed lending has ensured that incremental book has contributed very low levels of incremental delinquencies.

Prudential Norms for Housing Finance Companies:

National Housing Bank (NHB) regulates the HFCs and issues guidelines on income recognition, asset classifications, provisioning, provisioning for bad and doubtful debts, capital adequacy, accounting and disclosure policies, fair practice code and asset liability management.

As against the regulatory requirement of 12%, IBHFL's capital adequacy ratio stands at 18.47% of the risk weighted assets (of which Tier 1 capital is 14.96%).

Awards and Accolades:

IBHFL was recently awarded the "Housing Finance Company of the year" award by the Accommodation Times. This was in recognition of IBHFL's contribution to the housing industry by providing affordable home loans while maintaining high quality of customer service.

IBHFL was conferred the prestigious "Best Employer Brand" award for its human resource practice by The Institute of Public Enterprises.

Experienced Senior Management Team:

IBHFL has had low levels of attrition within its key departments and especially among the experienced senior management team. With an average vintage of 5 years the mortgage credit appraisal team has been instrumental in the loan book's steady growth with low levels of incremental delinquency.

All of the Company's loan recovery efforts in-housed with no cases being allocated to external collection agencies. This experienced collection team has been a big factor in the Company being able to maintain healthy asset quality.

The Company's senior management team that manages key products has remained unchanged since the initiation of their respective business lines.

From time to time the Company has recruited laterally from within the industry to bolster its growth. As a result, today the middle and the senior management team of the Company have rich experience within the financial services industry, have been with the Company for several years and form the stable and reliable backbone of the Company.

Marketing Initiatives:

Property Fair:

In 2012, IBHFL for the first time, hosted an exhibition on its own, Indiabulls Home Loans "Awas 2012 – A Budget Home Show" 25 lakh Mein Ghar – A dream home. The event had participation from 24 reputed developers across Mumbai and Navi Mumbai. This was very well received by both prospective home buyers and the real estate development community.

Going Beyond India:

- Indiabulls group has entered into an agreement with Qatar's Doha Bank for offering mortgage loans to Doha Bank's NRI customers for purchasing properties in India. The tie-up with Doha Bank gives the Company access to the affluent gulf-based NRI population.
- This partnership with Doha Bank marks an important milestone in Indiabulls quest for a global footprint. The middle East Gulf region in general and Qatar, Kuwait and UAE in particular are strategic markets for us in view of burgeoning Indian Diaspora in these countries.
- IBHFL recently opened an office in London. This is again with the objective of making home loans available to the NRI community looking to purchase properties in India.

Focused Distribution Network:

The financial year 2012-13, saw the Company further expanding its branch network. The Company now has 200 branches spread across 20 states. These well-appointed branches are located in localities which are accessible to the Company's focused customer segment.

IBHFL sources its home loans and other retail mortgage and commercial vehicle loans through a

well-trained Direct Sales Team of over 1,800 employees. The Company also relies on the tie-ups with external direct sourcing agents to source some portion of its business.

The Company entered into sourcing tie-ups with Yes Bank and Doha Bank during FY12-13. This vastly enhances the Company's distribution search, giving it immediate presence in 430 of Yes Bank's branches across the country. The tie-up with Doha Bank gives the Company access to the affluent Indian diaspora in the Middle East.

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 credit underwriting 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 an effective collection mechanism.

Indiabulls is one of India's Leading Home Loan Providers

A growing population 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 a structural shift from a joint family system to smaller nuclear families, rapid urbanization and rise in disposable income levels.

To encourage home purchase, especially in the affordable housing segment, the Finance Minister recently raised the tax deduction limit by Rs.1 lakh for first-time home buyers. An individual availing a loan of upto Rs 25 lakh for his first home from a bank or a housing finance corporation during April 1, 2013 to March 31, 2014, will be entitled to an additional deduction of interest of up to Rs.1 lakh over and above the current limit of Rs.1.5 lakh. If the limit is not exhausted, the balance may be claimed

in 2014-15. This move is likely to encourage home buyers and promote home ownership. This will benefit IBHFL, as a majority of the home loan business comes from the sub 25 loan segment.

IBHFL's diversified and long term liabilities with stable cost of funding, leverage from high team productivity and operational competencies will enable the Company to offer competitively priced home loans to its customers.

An expanding branch network and a growing sales force completes the product delivery and fulfillment. Sourcing tie-ups with Yes Bank and Doha Bank have further extended the Company's reach.

Expanding our home loans business successfully and profitably not only helps in servicing the financial needs of 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 will maintain its focus on secured lending to low risk segments in order to maintain high-quality loan portfolio and minimize client delinquencies and defaults. It will continue to pursue a Stable Liability Mix. This is important as IBHFL is a Housing Finance Company and relies on short, mid and long-term funding from banks and FIIs and from the 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 diversify its funding sources and maintain stable, low cost of borrowing.

Perceived Business Risks

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

Indiabulls

Management Discussion and Analysis (Contd..)

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.

Real Estate Industry

With increasing urbanization, growing demand for residential spaces; the real estate industry witnesses a continually changing landscape. The sector is particularly sensitive to interest rate movements, credit availability and land acquisition, and building & construction norms. While the supply side is characterized by long-gestation periods and is 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 offtake that funds new real estate purchases and as such is exposed to the factors laid out above.

Human Resources

IBHFL 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 aims to build a team of dedicated employees who work with passion and a sense of belongingness and play a defining role in accelerating the growth of the Company.

Indiabulls CSR Initiative - Drug Access Program for cancer patients in partnership with Novartis

Novartis Oncology Access (NOA) program:

The NOA program is a drug access program to help patients, for the treatment of Ph+ chronic myeloid leukemia (CML) in chronic phase, accelerated phase and the blast crisis, who cannot afford to pay for the entire treatment cost. This program is run by Novartis along with its partner Physicians, who enroll patients under this program after diagnosis. The MAX Foundation, an independent NGO, assists patients throughout the program in completing formalities and procurement of medicines. The Company, as a NOA partner performs the task of local credit evaluation agency which works as an independent and unbiased body for the financial analysis and assessment of the patient and his family members' earning capacity to ascertain their affordability of the medical expenses on such critical disease. In doing this the Company follows standard operating procedure (SOP) prescribed by Novartis based on the WHO guidelines for drug donation programs.

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.

Indiabulls

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Eighth Annual Report together with the audited statement of accounts of the Company for the financial year ended March 31, 2013.

Financial Results

Post merger of Indiabulls Financial Services Limited with the Company, in terms of the Court approved Scheme of Arrangement (Scheme), the financial highlights of the Company, as a merged entity, for the financial year ended March 31, 2013, are as under -

Particulars	Amount (in Rs.)	
	Year ended March 31, 2013	Year ended March 31, 2012*
Profit before Depreciation and amortisation expense	16,133,276,744	3,463,212,503
Less: Depreciation and amortisation expense	92,110,194	10,551,594
Profit before Tax	16,041,166,550	3,452,660,909
Less: Provision for Tax	3,762,096,996	952,787,551
Profit after Tax	12,279,069,554	2,499,873,358
Add: brought forward balance	1,595,235,686	1,575,337,000
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement	1,295,149,850	—
Amount available for appropriation	15,169,455,090	4,075,210,358
Appropriations:		
Interim Dividend paid on Equity Shares (Rs. 13.50 Per Share)	4,215,019,939	—
Interim Dividend payable on Equity Shares (Rs. 6.50 Per Share)	2,031,322,586	—
Dividend for the previous year on Equity Shares issued by the Erstwhile Holding Company after the year end pursuant to ESOPs Allotment	1,291,745	—
Corporate Dividend Tax on:		
– Interim Dividend paid on Equity Shares	683,781,610	—
– Interim Dividend payable on Equity Shares	345,223,274	—
– Dividend for the previous year on Equity Shares issued by the Erstwhile Holding Company after the year end pursuant to ESOPs Allotment	209,554	—
Transferred to General Reserve	1,228,000,000	—
Transferred to Special Reserve (U/s 29C of the National Housing Bank Act, 1987)	2,455,813,911	499,974,672
Transferred to Additional Reserve (U/s 29C of the National Housing Bank Act, 1987)	2,000,000,000	1,980,000,000
Balance of Profit Carried Forward	2,208,792,471	1,595,235,686

*figures for the financial year ended March 31, 2012 are Pre-Scheme, hence not comparable with the figures for the financial year ended March 31, 2013

BUSINESS UPDATE & FINANCIAL AND OPERATIONAL HIGHLIGHTS

The Company, as an incorporated legal entity came into existence on May 10, 2005, under the Companies Act, 1956, having been registered on such date with the Registrar of Companies, NCT of Delhi and Haryana vide registration no. U65922DL2005PLC136029 and obtained the certificate for commencement of business on January 10, 2006, to enable it to carry on the business of housing finance, upon receipt of the license to do so from the National Housing Bank. Indiabulls Financial Services Limited (IBFSL), the erstwhile promoter of the Company, incorporated on January 10, 2000 and since March 30, 2001, had already been functioning, as a non banking finance company. The merger of IBFSL with the Company, on a going concern basis, therefore ensured a continuity of the Company's business, since March 30, 2001.

BUSINESS UPDATE

- Return on Equity (RoE) has grown to 25.65%. The Company intends to further improve RoE by maintaining a steady business growth.
- 325% interim dividend of Rs. 6.5/- per share of face value of Rs. 2/- has been declared. With this, the total dividend for FY 2012-13 (including interim dividend of Rs. 13.5/- already paid) is Rs. 20/- per share of face value of Rs. 2/- amounting to 1000%, total outflow of Rs. 727.5 Cr (inclusive of Corporate Dividend Tax).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Asset Growth

- Assets continue to grow steadily on the back of long-term, low-risk mortgage loans. The total Assets under Management stood at Rs. 34,425.6 Cr up 25.09% from Rs. 27,521.2 Cr as on March 31, 2012.

Asset Composition

- Home loans, which forms the majority of incremental disbursements, are disbursed at an average ticket size of Rs. 24 lacs; average LTV of 65% at origination, for an average term of about 13 years.

- Long-term, low-risk mortgage loans' contribution remains steady at 72% of the total assets.

HOME LOANS: STREAMLINED LOAN FULFILMENT

- In FY 2013, the Company's document management system's ISO certification (ISO 9001:2008) was reaffirmed.
- The Company continues to grow its branch network and now has 200 branches spread across the country.
- The Company has a well-trained, in-house Direct Sales' Team of over 1,800 people to promptly attend to prospective customers.

IMPROVING LIABILITY PROFILE

- In keeping with its stated strategy, the Company continues to maintain healthy levels of liquidity with cash and bank balances and current investments adding up to Rs. 7,180.91 Cr at the end of FY 12-13.
- Funds raised through bonds constituted 51% of the Company's incremental borrowings in FY 12-13.
- The Company has further reduced its reliance on short-term money to 8% of total borrowings.

DIVERSIFIED BORROWING PROGRAMME

- Amongst its lenders, the Company now counts 94 strong relationships: 27 PSU banks, 15 Private and Foreign banks and 52 other Mutual Funds, Provident Funds, Pension Funds and Insurance Companies.

IMPROVING COST-INCOME RATIO

- The Company continues to witness improving operational efficiency, with the cost to income ratio further declining to 18%.
- Going forward the Company expects the Cost/Income ratio to improve further.

STABLE ASSET QUALITY

- Low Gross and Net NPA levels as low-risk mortgage portfolio increases the asset base, while contributing very low incremental delinquencies.

- The total provision pool, including standard asset provisions, stood at Rs. 461.28 Cr as on March 31, 2013, compared to Rs. 329.83 Cr on March 31, 2012.

Sale of Loans

During the year, the Company, under the assignment agreement route sold individual loans to different Banks / FIs.

As at 31st March, 2013, total loans outstanding in respect of loans sold stood at Rs. 3,642.7 Cr.

The Company continues to service the loans sold under these transactions and is entitled to the residual interest on the loan sold. The residual income on the loans sold is being recognized over the life of the underlying loans and not on an upfront basis. Issues through which loans have been sold have been rated by external agencies and carry a rating indicating a high degree of safety.

Loan Book

As at March 31, 2013, the Company is having the Assets under Management (AUM) of Rs 34,425.6 Cr as against Rs 27,521.2 Cr in the previous year and the loan book stood at Rs 30,782.9 Cr as against Rs 25,346.0 Cr in the previous year.

Subordinated Debt

During the year, the Company raised Rs. 533.38 Cr through the issue of long-term Unsecured Redeemable Non – Convertible Subordinated Debentures. The Subordinated Debt was assigned a 'AA+' rating from both, CARE and Brickworks Ratings.

As at March 31, 2013, the Company's outstanding subordinated debt and perpetual debt stood at Rs. 844.68 Cr. The debt is subordinate to present and future senior indebtedness of the Company and has been assigned the rating by CARE and Brickworks Ratings. Based on the balance term to maturity, as at March 31, 2013, Rs. 816.68 Cr of the book value of subordinated debt is considered as Tier II under the guidelines issued by the Reserve Bank of India (RBI) and National Housing Bank (NHB) for the purpose of capital adequacy computation.

Non Convertible Debentures (NCD)

During the year, the Company issued NCD amounting to Rs. 3,552.1 Cr on a private placement basis. The Company's NCD issue have been listed on the Wholesale Debt Market segment of the NSE and have been assigned a AA+ rating from both CARE and Brickwork Ratings. As at March 31, 2013, NCD outstanding stood at Rs. 8,561.1 Cr.

Loans from Banks during the year, the Company raised term loans amounting to Rs. 10,720.0 Cr from commercial banks. The Company further raised Rs. 200.0 crores from the banking sector as FCNR(B) loans. The Company's long-term bank loan facilities continue to enjoy a rating of AA+, signifying high degree of safety for timely servicing of debt obligations and its short-term bank loan facilities continue to enjoy a rating of A1+ signifying highest degree of safety for timely servicing of debt obligations.

Non Performing Loans

Gross non-performing loans as at March 31, 2013 amounted to Rs. 270.8 Cr. This is equivalent to 0.79% of the portfolio. The Company has been successful in maintaining stable, low levels of NPA.

Regulatory Guidelines / Amendments

The Company has complied with directions from the RBI and the NHB regarding Accounting Standards, Prudential norms for asset classification, income recognition, provisioning, capital adequacy and credit rating.

Risk Management Framework

The Company has risk management framework, which provides for the mechanism for risk assessment and mitigation. The Risk Management Committee (RMC) of the Company comprises of members of its senior management. The RMC reviewed various risks associated with the business of the Company, its root causes, efficacy of the measures taken to mitigate the same. The RMC had met frequently during the year under review. The Company also has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to adopt changes.

Codes and Standards

The Fair Practices Code (FPC) recommended by National Housing Bank (NHB) as well as RBI seeks to promote good and fair practices by setting minimum standards in dealing with customers while doing lending business. NHB during the year issued the revised guidelines on few codes like pre-payment policy, uniform rate of interest applicable to similar risk profiles of customer etc. The Board reviewed and approved the suitable amendments in existing FPC and put in place a mechanism to monitor and review adherence to the modified FPC.

Marketing and Distribution

Focused marketing activities were conducted covering both Above the Line (ATL) & Below the line (BTL) campaigns such as Print Ad's. Hoardings, FM Jingles, TV Ad's (ATL) & Below the line activities covering festive specific campaign at regional level, hosting of service desk at corporate / builder's end etc.

Indiabulls Housing Finance Limited (IBHFL) for the first time hosted a Property Exhibition under the brand of Indiabulls Home Loans, called "Awas 2012 – A Budget Home Show" with the theme "25 lakh Mein Ghar – A dream home". The event had participation from 24 reputed developers from across Mumbai and Navi Mumbai. This was well appreciated by many of the home buyers as it gave them a good platform to find their dream home at an affordable price.

Cross Selling and Distribution of Financial Products and Services

State of the art Customer Care set up helps speedy resolution of customer queries and takes care of any further loan requirements. Survey calling has also been helping in continuous process improvement & creating customer leads. In the last financial year more than 20 offices were opened which has increased our presence to 200 branches spread across more than 20 states. All our offices are located in localities where our target customer segments are present.

Training and Human Resource Management

We have hired 130 Chartered Accountants & Management graduates in last year from esteemed colleges located across India. This talent pool is

creating a platform for delivering better & skilled services to our customers. Trainings for more than 1900 employees were conducted in the last financial year covering various aspects such as Sales excellence, Customer Service, Team Building, Credit Risk, System and process, Train the Trainer, etc. We have a state of art facility spread over 25,000 sq.ft. at our corporate office at Parel, Mumbai, wherein periodic trainings sessions have been organized by the Training Department.

INDIAN MORTGAGE MARKET

Mortgages % of GDP

- Lower mortgage penetration compared to Asian peers implies huge opportunity for growth.
- Mortgage/GDP ratio is expected to improve to 12% by FY15.

HOME LOAN PORTFOLIO GROWTH

- Home loan industry to grow at 15.0% CAGR from FY13 to FY16 on a large base of more than Rs. 711,000 Cr.
- Indian Home Loans' market is characterized by low Average LTVs of 65-70% and predominantly first-time home buyers, implying significant borrower equity and self-use.
- The expected growth in the home loan Industry gives opportunity for the Company to sustain current mortgage business growth.

FACTORS DRIVING MORTGAGE DEMAND

- Tax incentives have lowered the effective interest rates of mortgages for a home loan especially for sub-25 lakh category.
- Increase in the disposable income in tandem with the property prices have kept the affordability at a moderate 5 times the annual income.
- Increasing urbanization and demographic evolutions will result in 40% of Indian population residing in cities by 2025, up from current rate of 31% as per industry reports.
- Urban housing shortage is expected to size to 31.9 million units by 2016 as per industry reports.

DIVIDEND

In keeping with the policy to reward its shareholders, the Board of Directors of the erstwhile Indiabulls Financial Services Limited (IBFSL), prior to its amalgamation with the Company, had, for the year 2012-13, declared two interim dividends aggregating to Rs 13.50 per share on shares of face value Rs. 2/- each (Rs. 8/- per equity share on October 22, 2012 and Rs. 5.50/- per equity share on January 22, 2013). Post amalgamation of IBFSL with the Company, the Board of Directors of the Company had, for the year 2012-13, declared the third interim dividend of Rs 6.50/- per equity share on shares of face value Rs. 2/- each, on April 23, 2013. Your Directors recommend that the payment of the aforesaid interim dividends aggregating to Rs. 20/- per equity share on shares of face value Rs. 2/- each for the year ended on March 31, 2013 be confirmed.

SIGNIFICANT DEVELOPMENT DURING THE YEAR

Merger of Indiabulls Financial Services Limited with the Company

The Board at its meeting held on April 27, 2012 had approved the Scheme of Arrangement involving merger of Indiabulls Financial Services Limited (IBFSL, the Holding Company) with the Company in terms of the provisions of Section 391 to 394 of the Indian Companies Act, 1956 (the "Scheme"). The appointed date of the proposed merger fixed under the Scheme was April 1, 2012.

The Hon'ble High Court of Delhi, vide its Order dated December 12, 2012, received by the Company on February 8, 2013, approved the Scheme (Order). In terms of the Court approved Scheme, with the filing of the copy of the Order, on March 8, 2013 with the office of ROC, NCT of Delhi & Haryana (the Effective Date), the Scheme came into effect and IBFSL, as a going concern, stands amalgamated with IBHFL with effect from the Appointed Date, being April 1, 2012. Subsequently IBFSL shares & listed warrants got delisted from BSE and NSE w.e.f. March 19, 2013 and the Board of Directors of the Company, on March 25, 2013, issued and allotted 312,511,167 Equity Shares and 27,500,000 warrants of the Company to the holders of Equity Shares and of listed warrants

in IBFSL, respectively and 20,700,000 warrants to the holders of unlisted warrants in IBFSL, in the ratio of 1:1 i.e. the Share Exchange Ratio, fixed under the Scheme. The Company is in the process of getting its shares & warrants (issued in lieu of listed equity and warrants of IBFSL) listed with NSE & BSE, for which the necessary applications have been filed with the Exchanges.

EMPLOYEES STOCK OPTIONS

In compliance with the terms of the Scheme of Arrangement, which came into effect on March 8, 2013, the Company had adopted three Employee Stock Option Schemes of erstwhile IBFSL for the benefit of IBFSL option holders, who were granted options under the ESOP Schemes of IBFSL.

The Company had also launched ESOP Scheme titled as "IHFL ESOS -2013" covering therein 39,000,000 stock options. However, no option has yet been granted under the said scheme.

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

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 23, 2013, copies of the Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors of the subsidiaries of the Company as of March 31, 2013 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 at the head office of the holding company and of the subsidiary companies concerned. Further, in terms of the said circular, information required to be disclosed in respect of 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 as notified by the Companies (Accounting Standard) Rules 2006, as amended from time to time, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries.

DIRECTORS

Upon the Scheme of Arrangement coming into effect, the Board was reconstituted on March 19, 2013 and Mr. Sameer Gehlaut (DIN: 00060783), Mr. Rajiv Rattan (DIN: 00010849), Mr. Saurabh Kumar Mittal (DIN: 01175382), Mr. Shamsher Singh Ahlawat (DIN: 00017480), Mr. Ram Kumar Sheokand (DIN: 00183200), Mr. Aishwarya Katoch (DIN: 00557488), Mr. Prem Prakash Mirdha (DIN: 01352748) and Mr. Joginder Singh Kataria (DIN: 05202673) were appointed as Additional Directors on the Board of the Company and they hold office upto the date of the ensuing Annual General Meeting. In terms of the provisions of Section 257 of the Companies Act, 1956, members have proposed the candidatures of Mr. Gehlaut, Mr. Rattan, Mr. Mittal, Mr. Ahlawat, Mr. Sheokand, Mr. Katoch, Mr. Mirdha and Mr. Kataria for appointment as Directors of the Company.

Mr. Sachin Chaudhary (DIN: 02016992) and Mr. Ram Kumar (DIN: 00643837), resigned from the Directorship of the Company on March 19, 2013. Your

Directors place on record their appreciation for the services rendered by them during their tenure as directors on the Board of the Company.

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. Ajit Kumar Mittal, (DIN: 02698115) and Mr. Ashwini Omprakash Kumar, (DIN: 03341114) retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Mr. Sameer Gehlaut, Mr. Rajiv Rattan and Mr. Saurabh Kumar Mittal are being appointed as Directors, not liable to retire by rotation.

Brief resume of the Directors sought to be reappointed / appointed, 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 Company is in the process of getting, its equity shares & warrants, issued by it pursuant to and in terms of the Scheme, to the holders of equity shares and listed warrants, listed with NSE & BSE. The necessary applications in the matter have been filed with the Exchanges. The GDRs to be issued in lieu of IBFSL GDRs, shall be listed on Luxembourg Stock Exchange. The listing fees payable to BSE has been paid for the financial year 2013-2014 and listing fees of NSE shall be paid at the time of listing of its shares.

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

Since the Equity Shares of the Company are not yet listed on the Exchanges, there is no requirement of

including Corporate Governance Report pursuant to clause 49 of the Listing Agreement, in the Annual Report. However, the Board of Directors has decided to include a detailed report on Corporate Governance in the Annual Report, in view of the Company's imminent listing.

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 reappointment, 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 in receipt of remuneration equal to or in excess of the limits stipulated under the said section, are required to be set out in a statement annexed 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 31st March, 2013 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: June 5, 2013
Place: New Delhi

Sameer Gehlaut
Chairman

Annexure forming part of the Directors' Report

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	For the Year ended	For the Year ended
	March 31, 2013 (Rs.)	March 31, 2012* (Rs.)
Professional Expenses	39,216,246	—
GDRs listing / Issue related Expense	803,670	—
Travelling Expenses	5,332,405	—
Commission Expense	1,289,759	—
Interest Expense on Foreign Currency Loan	13,810,479	—
Advertisement/ Corporate Sponsorship Expenses	7,635,651	—

*figures for the financial year ended March 31, 2012 are Pre-Scheme, hence not comparable with the figures for the financial year ended March 31, 2013

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

Final Dividend (For the Financial Year ended March 31, 2012)

Number of Shareholders: 2 (Previous Year Nil)

Equity Shares held on which dividend is remitted: – 8,967,321 Equity Shares (Previous Year Nil)

Amount Remitted- Rs. 62,771,247 (Previous Year Rs. Nil)

Ist Interim Dividend (During the year ended March 31, 2013)

Number of Shareholders: 2 (Previous Year Nil)

Equity Shares held on which dividend is remitted: – 10,167,993 Equity Shares (Previous Year Nil)

Amount Remitted- Rs. 81,343,944 (Previous Year Rs. Nil)

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

2nd Interim Dividend (During the year ended March 31, 2013)

Number of Shareholders: 2 (Previous Year Nil)

Equity Shares held on which dividend is remitted: – 10,329,200 Equity Shares (Previous Year Nil)

Amount Remitted- Rs. 56,810,600 (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.

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 and outgo.

A. IHFL-IBFSL Employees Stock Option Plan - 2006 – As on March 31, 2013 (the details as to grant, vest and exercise, as given below, pertain to IBFSL Stock Option under its corresponding Stock Option Schemes, being adopted by the Company)

Particulars	
a. Options Granted	1,440,000
b. Exercise price	1,045,000 options at Rs 41.67 per Option 395,000 options at Rs 95.95 per Option
c. Options vested	777,258 options at Rs 41.67 per Option 118,500 options at Rs 95.95 per Option
d. Options exercised	546,682 options at Rs 41.67 per Option 79,000 options at Rs 95.95 per Option
e. The total number of Shares arising as a result of exercise of option	546,682 options at Rs 41.67 per Option 79,000 options at Rs 95.95 per Option
f. Options lapsed	201,408
g. Variation in terms of options	Not Applicable
h. Money realized by exercise of options	Rs. 30,360,288.94
i. Total number of options in force	296,910 options at Rs 41.67 per Option 316,000 options at Rs 95.95 per Option
j. Employee wise details of options granted to;	Mr. Gagan Banga - 395,000
i. Senior Management personnel	
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...)

Particulars	
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. 38.12
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 3 of 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 3 of 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	

B. IHFL-IBFSL Employees Stock Option Plan II - 2006 – As on March 31, 2013 (the details as to grant, vest and exercise, as given below, pertain to IBFSL Stock Option under its corresponding Stock Option Schemes, being adopted by the Company)

Particulars	
a. Options Granted	720,000
b. Exercise price	Rs. 100
c. Options vested	232,846 options at Rs 100 per Option 65,700 options at Rs 100 per Option
d. Options exercised	139,529 options at Rs 100 per Option 43,800 options at Rs 100 per Option
e. The total number of Shares arising as a result of exercise of option	139,529 options at Rs 100 per Option 43,800 options at Rs 100 per Option
f. Options lapsed	228,709

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

Particulars	
g. Variation in terms of options	Not applicable
h. Money realized by exercise of options	Rs. 18,332,900.00
i. Total number of options in force	307,962 options at Rs. 100 per Option
j. Employee wise details of options granted to;	Mr. Gagan Banga – 299,160
i. Senior Management personnel	
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. 38.12
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 3 of 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 3 of 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	

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

C. IHFL-IBFSL Employees Stock Option – 2008 – As on March 31, 2013 (the details as to grant, vest and exercise, as given below, pertain to IBFSL Stock Option under its corresponding Stock Option Schemes, being adopted by the Company)

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	2,654,418 options at Rs 95.95 per option 38,280 options at Rs. 125.90 per option 40,000 options at Rs. 153.65 per option 45,980 options at Rs. 158.50 per option
d. Options exercised	2,032,202 options at Rs 95.95 per option 19,935 options at Rs. 125.90 per option 37,000 options at Rs. 153.65 per option 45,680 options at Rs. 158.50 per option
e. The total number of Shares arising as a result of exercise of option	2,032,202 options at Rs 95.95 per option 19,935 options at Rs. 125.90 per option 37,000 options at Rs. 153.65 per option 45,680 options at Rs. 158.50 per option
f. Options lapsed	1,626,489 options at Rs 95.95 per option 259,500 options at Rs. 125.90 per option 13,000 options at Rs. 158.50 per option
g. Variation in terms of options	Not Applicable
h. Money realized by exercise of options	Rs. 210,424,928.40
i. Total number of options in force	3,043,559 options at Rs 95.95 per option 87,915 options at Rs. 125.90 per option 163,000 options at Rs. 153.65 per option 171,720 options at Rs. 158.50 per option
j. Employee wise details of options granted to;	Mr. Gagan Banga – 786,000
i. Senior Management personnel	
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. 38.12

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

Particulars	
<p>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</p>	<p>Refer Note 3 of Notes to Accounts forming part of the Financial Statements.</p>
<p>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.</p>	<p>Rs. 100.88</p>
<p>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:</p>	<p>Refer Note 3 of Notes to Accounts forming part of the Financial Statements.</p>
<p>i. risk free interest rate</p>	
<p>ii. expected life</p>	
<p>iii. expected volatility</p>	
<p>iv. expected dividends, and</p>	
<p>v. the price of the underlying share in market at the time of option grant</p>	

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 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 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 the best in 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 Housing Finance Limited ("IBHFL" 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 of IBHFL 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 twelve directors, four of whom including the Chairman and the CEO are Executive Directors. The remaining eight directors are Non-Executive Directors, with six 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, 2013 are depicted in the table given below:

Report on Corporate Governance (Contd...)

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	Chairman & Executive Director	4	3***	1
2.	Mr. Rajiv Rattan	Non -Executive Director	6	2	Nil
3.	Mr. Saurabh Kumar Mittal	Non -Executive Director	3	3	Nil
4.	Mr. Gagan Banga	CEO & Managing Director	5	3	Nil
5.	Mr. Ajit Kumar Mittal	Executive Director	3	Nil	Nil
6.	Mr. Ashwini Omprakash Kumar	Executive Director	Nil	Nil	Nil
7.	Mr. Karan Singh Khera	Independent Director	7	6***	4
8.	Mr. Shamsher Singh Ahlawat	Independent Director	7	7***	5
9.	Mr. Aishwarya Katoch	Independent Director	3	7***	3
10.	Mr. Prem Prakash Mirdha	Independent Director	4	4	Nil
11.	Mr. Ram Kumar Sheokand	Independent Director	2	2***	1
12.	Mr. Joginder Singh Kataria	Independent Director	1	3***	1

The Board was reconstituted on March 19, 2013 with the appointment of eight Additional Directors namely Mr. Sameer Gehlaut (DIN: 00060783), Mr. Rajiv Rattan (DIN: 00010849), Mr. Saurabh Kumar Mittal (DIN: 01175382), Mr. Shamsher Singh Ahlawat (DIN: 00017480), Mr. Aishwarya Katoch (DIN: 00557488), Mr. Prem Prakash Mirdha (DIN: 01352748), Mr. Ram Kumar Sheokand (DIN: 00183200), Mr. Joginder Singh Kataria (DIN: 05202673). Four out of six existing directors as on such date, namely Mr. Gagan Banga (DIN: 00010894), Mr. Ajit Kumar Mittal (DIN: 02698115) and Mr. Ashwini Omprakash Kumar (DIN: 03341114) and Mr. Karan Singh Khera (DIN: 00017236) were retained as Director on the Board of the Company. The remaining two Directors namely Mr. Sachin Chaudhary (DIN: 02016992) and Mr. Ram Kumar (DIN: 00643837) resigned from the directorship of the Company.

* 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.

*** Figures inclusive of Chairmanship.

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 2012-13 the Board met 27 (Twenty Seven) times .The dates of the Board meetings were April 3, 2012, April 27, 2012, April 30, 2012, May 23, 2012, June 14, 2012, June 18, 2012, June 26, 2012, July 20, 2012, August 8, 2012, September 7, 2012, September 25, 2012, October 9, 2012, October 10,

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2012, October 22, 2012, October 31, 2012, November 6, 2012, November 19, 2012, November 26, 2012, December 4, 2012, December 18, 2012, December 28, 2012, December 31, 2012, January 14, 2013, January 30, 2013, March 8, 2013, March 19, 2013, and March 25, 2013.

The last Annual General Meeting of the Company was held on June 4, 2012.

A table depicting the attendance of Directors at various board meetings held during the FY 2012-13 and at the Annual General Meeting last held is given below:

Sr. no.	Name of the Director	No. of Board meetings attended	Attendance at the last AGM
1.	Mr. Sameer Gehlaut	1*	N.A
2.	Mr. Rajiv Rattan	2*	N.A
3.	Mr. Saurabh Kumar Mittal	0*	N.A
4.	Mr. Gagan Banga	27	Yes
5.	Mr. Ajit Kumar Mittal	27	No
6.	Mr. Ashwini Omprakash Kumar	26	No
7.	Mr. Karan Singh Khera	24**	Yes
8.	Mr. Shamsher Singh Ahlawat	2*	N.A
9.	Mr. Aishwarya Katoch	1*	N.A
10.	Mr. Prem Prakash Mirdha	1*	N.A
11.	Mr. Ram Kumar Sheokand	1*	N.A
12.	Mr. Joginder Singh Kataria	1*	N.A
13.	Mr. Ram Kumar	26	Yes
14.	Mr. Sachin Chaudhary	26	Yes

*Appointed as Director w.e.f. March 19, 2013.

**Appointed as Director w.e.f. May 23, 2012.

(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, Compensation Committee, Risk Management Committee, Asset Liability Management Committee and Investment 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 currently comprises of four members namely Mr. Shamsher Singh Ahlawat as the Chairman, Mr. Aishwarya Katoch, Mr. Karan Singh Khera and Mr. Gagan Banga. Three out of the four members comprising the Committee i.e. Mr. Shamsher Singh Ahlawat, Mr. Karan Singh Khera and Mr. Aishwarya Katoch, are Independent Directors while Mr. Gagan Banga is Executive Director. Mr. Amit Jain is the Secretary to the Audit Committee. During the financial year 2012-13, Mr. Karan Singh Khera was appointed as a Member on October 9, 2012 and Mr. Aishwarya Katoch, Mr. Shamsher Singh Ahlawat were appointed as members w.e.f. March 19, 2013. Mr. Ram Kumar, Mr. Ajit Kumar Mittal ceases to be member of the Audit Committee w.e.f. March 19, 2013.

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, 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/reports 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 their remuneration;
- To review and approve required provisions to be maintained as per IRAC norms and write off decisions.

- To hold discussions with the Statutory and Internal Auditors.

Meetings and Attendance during the year

During the financial year ended March 31, 2013 the Committee met four times. The dates of the meetings being April 27, 2012, July 20, 2012, October 20, 2012 and January 21, 2013.

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. Karan Singh Khera	2
Mr. Gagan Banga	2
Mr. Ajit Kumar Mittal	3
Mr. Ram Kumar	4
Mr. Shamsher Singh Ahlawat	Nil
Mr. Aishwarya Katoch	Nil

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

(B) Remuneration Committee

Composition

Post effectiveness of the Scheme the Board of Directors of the Company has on March 19, 2013 constituted Remuneration Committee comprising of three Independent Directors namely, Mr. Aishwarya Katoch, as Chairman, Mr. Prem Prakash Mirdha and Mr. Shamsher 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.

Report on Corporate Governance (Contd...)

Meetings and Attendance during the year

No meeting of the Committee was held during the year.

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 past and current Executive Directors, during the year 2012-13 irrespective of whether such remuneration was received in the erstwhile Indiabulls Financial Services Limited, or in the Company and their relationships with other Directors.

Name of the Director	Relationship with other Director	Salary and allowances per annum (Rs.)	Performance linked incentive (Rs.)	Employee Benefits (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr. Sameer Gehlaut	None	134,384,076	Nil	97,980,466	Nil	232,364,542
Mr. Gagan Banga	None	43,333,332	Nil	7,349	Nil	43,340,681
Mr. Sachin Chaudhary	None	12,326,900	251,216	7,863	Nil	12,585,979
Mr. Ashwini Omprakash Kumar	None	19,000,004	Nil	114,062	Nil	19,114,066
Mr. Ajit Kumar Mittal	None	14,888,833	Nil	24,645	Nil	14,913,478

Notes:

1. Aforesaid components of remuneration include the Basic Salary, House Rent Allowance and other allowances.
2. Employee Benefits represents Gratuity, Superannuation and Compensated Absences, as applicable as per the terms of service, based on actuarial valuation.
3. The terms and conditions of service of Executive Directors are contractual in nature and are additionally governed by rules and policy of the Company to the extent applicable.
4. 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.
5. Mr. Sachin Chaudhary had been granted an aggregate of 298,000 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.
6. Mr. Ajit Kumar Mittal has been granted an aggregate of 124,000 stock options under employee stock option scheme 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 scheme.

(ii) Remuneration of Non-Executive Directors

Non-Executive Directors have not been paid any remuneration/sitting fees during the FY 2012-13.

(C) Shareholders' / Investors' Grievance Committee

Composition

Post effectiveness of the Scheme the Company has on March 19, 2013 constituted Shareholders' / Investors' Grievance Committee comprising of Five Directors namely, Mr. Aishwarya Katoch, Mr. Sameer Gehlaut, Mr. Karan Singh Khera, Mr. Gagan Banga and Mr. Joginder Singh Kataria.

Mr. Aishwarya Katoch, Mr. Karan Singh Khera and Mr. Joginder Singh Kataria are Independent 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 to be carried out by the Committee would be 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 Khera.

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

Meetings and Attendance during the year

No meeting of the Committee was held during the year.

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 2012-13

During the financial year 2012-13 the Company is an unlisted entity and has not received any query/complaint from any Stock Exchange. However the securities of the Company would be listed on BSE and NSE.

(D) Compensation Committee

Composition

Post effectiveness of the Scheme the Company has on March 19, 2013 constituted Compensation Committee comprising of three Directors namely, Mr. Shamsher Singh Ahlawat, Mr. Aishwarya Katoch and Mr. Gagan Banga. Mr. Ahlawat is the Chairman of the Committee.

Terms of reference of the Compensation Committee

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

- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
- Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines"), in particular, those stated in Clause 5 of the ESOP Guidelines.

Meetings and Attendance during the year

No meeting of the Committee was held during the year.

(E) Risk Management Committee

Composition

Post effectiveness of the Scheme, the Risk Management Committee was reconstituted with the members namely Mr. Sachin Chaudhary, being the existing member and Mr. Gagan Banga, Mr. Ajit Kumar Mittal, Mr. Subhankar Ghosh, Mr. Ashwini Omprakash Kumar, Mr. Gaurav Bhatia, Mr. Naveen Uppal, Mr. Kaushik Chatterjee and Mr. Ram Kumar being the new members inducted on March 19, 2013. Three of the earlier members namely Mr. Subhendu Bhanja, Mr. Sailesh Agrawal and Mr. Kuldeep Mittal resigned from the membership of the Committee from the said date. Mr. Ajit Kumar Mittal is the Chairman of the Committee.

Terms of reference of the Risk Management Committee

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

- Approve the Credit/Operation Policy and its review / modification from time to time.
- Review of Customer complaints received by Regulators, Courts, Legal body or internal complaints.
- Review of applicable regulatory requirements.
- Approve all the functional policies of the Company.
- Place appropriate mechanism in the system to cater Fraud while dealing with customers/approval of loans etc.
- Review of profile of the high loan Customers and periodical review of the same.

- Review of Branch Audit Report.
- Review of implementation of FPCs, KYC and PMLA guidelines
- Define loan sanctioning authorities, including process of vetting by credit committee, for various types/values of loans as specified in Credit Policy approved by the BoDs.
- Any other matter involving Risk to the asset /business of the Company.

Meetings and Attendance during the year

During the financial year ended March 31, 2013 the Committee met nine times. The dates of the meetings being April 27, 2012, April 30, 2012, June 23, 2012, July 05, 2012, September 04, 2012, October 05, 2012, December 04, 2012, February 1, 2013 and February 4, 2013.

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. Sachin Chaudhary	9
Mr. Subhendu Bhanja	9
Mr. Sailesh Agrawal	9
Mr. Kuldeep Mittal	9
Mr. Ajit Kumar Mittal	Nil
Mr. Gagan Banga	Nil
Mr. Ashwini Omprakash Kumar	Nil
Mr. Ram Kumar	Nil
Mr. Subhankar Ghosh	Nil
Mr. Naveen Uppal	Nil
Mr. Gaurav Bhatia	Nil
Mr. Kaushik Chatterjee	Nil

(F) Asset Liability Management Committee (ALCO)

Composition

Post effectiveness of the Scheme, the Asset Liability Management Committee was reconstituted with the members

namely Mr. Ajit Kumar Mittal, Mr. Ram Kumar, Mr. Ashwini Omprakash Kumar, Mr. Subhankar Ghosh and Mr. Sachin Chaudhary, being the existing members and Mr. Mukesh Garg, Mr. Naveen Uppal, Mr. Kaushik Chatterjee and Mr. Gaurav Bhatia being the new members inducted on March 19, 2013. Two of the earlier members namely Mr. Gagan Banga and Mr. Ashok Sharma resigned from the membership of the Committee from the said date. Mr. Ajit Kumar Mittal is the Chairman of the Committee.

Terms of reference of the Asset Liability Management Committee

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

- Review of Assets and Liabilities position of the Company and Liquidity Risk Management and give directions to Finance/Treasury Team in the event of ALM mismatches beyond permissible limit as set out by the Committee.
- Management of Interest Risk and product pricing, launching of new products.
- Periodical review of PLR and recommend for change for the benchmark rate of the Company.
- Approval of Inter corporate loans to subsidiaries/associate companies.
- The ALCO will measure the future cash flow as per maturity profile as per given matrix in the NHB guidelines as fix up tolerance level in different time buckets as prescribed in the guidelines.
- Analyzing various risks like liquidity risk, interest rate risk, investment risk and business risks.
- Assessment of opportunity cost and maintenance of liquidity.

- Evaluate market risk involved in launching of new products.
- Decide the transfer pricing policy of the Company.
- To approve the business plan, targets and their regular reviews.

Meetings and Attendance during the year

During the financial year ended March 31, 2013 the Committee met Seventeen times. The dates of the meetings being April 1, 2012, April 6, 2012, May 7, 2012, June 8, 2012, July 5, 2012, August 6, 2012, August 30, 2012, September 4, 2012, October 5, 2012, October 22, 2012, November 5, 2012, December 5, 2012, December 20, 2012, January 5, 2013, February 11, 2013, March 4, 2013 and March 15, 2013

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.Ajit Kumar Mittal	17
Mr. Gagan Banga	17
Mr.Ram Kumar	17
Mr.Sachin Chaudhary	17
Mr. Ashwini Omprakash Kumar	17
Mr.Subhankar Ghosh	17
Mr. Ashok Sharma	17
Mr. Mukesh Garg	0
Mr. Naveen Uppal	0
Mr. Kaushik Chatterjee	0
Mr. Gaurav Bhatia	0

(G) Investment Committee

Composition

Post effectiveness of the Scheme the Investment Committee was constituted w.e.f. March 19, 2013 and comprises of seven members namely Mr. Mukesh Garg, Mr. Gagan Banga, Mr. Ashwini Omprakash

Kumar, Mr. Sachin Chaudhary, Mr. Pinank Shah, Mr. Subhankar Ghosh and Mr. Akhil Gupta. Mr. Mukesh Garg is the Chairman of the Committee.

Terms of reference of the Investment Committee

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

- To help the Company to gainfully deploy the surplus funds available from time to time and creation of long term assets for the Company.
- To periodically review and ensure that all the investments made by the Company are in consonance / compliance with the Investment Policy adopted by the Company.
- To review and approve the amendments in the Investment Policy.

Meetings and Attendance during the year

During the financial year ended March 31, 2013 the Committee met once only on March 31, 2013.

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.Mukesh Garg	1
Mr. Gagan Banga	0
Mr.Ashwini Omprakash Kumar	1
Mr.Sachin Chaudhary	1
Mr. Pinank Shah	1
Mr Subhankar Ghosh	1
Mr. Akhil Gupta	1

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
2009-10	F-60, Malhotra Building 2nd Floor, Connaught Place, New Delhi -110 001	June 11, 2010	1.00 P.M.
2010-11	F-60, Malhotra Building 2nd Floor, Connaught Place, New Delhi -110 001	June 25, 2011	12.30 P.M.
2011-12	F-60, Malhotra Building 2nd Floor, Connaught Place, New Delhi -110 001	June 4, 2012	1.30 P.M.

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

- (1) In the AGM of the Company for the year 2009-10 held on June 11, 2010 no special resolutions were passed.
- (2) In the AGM of the Company for the year 2010-11 held on June 25, 2011 no special resolutions were passed.
- (3) In the AGM of the Company for the year 2011-12 held on June 4, 2012 no special resolutions were passed.

C. Postal Ballot during the FY 2012-13

During the year 2012-13, no resolution was passed by the Company through Postal Ballot.

5. DISCLOSURES

(i) Details on materially significant related party transactions

Details of materially significant related party transactions made during the year 2012-13, 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.

As on the date of this report the Company is an unlisted entity. However the securities of the Company would be listed on BSE and NSE. No penalties has been imposed on the Company by any of the Stock Exchanges/ SEBI.

(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.

Further, 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 in letter as well as in spirit. 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.

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/ Nav Bharat Times (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 appointment/ re-appointment

Mr. Sameer Gehlaut – Chairman and Executive Director

Mr. Sameer Gehlaut is 39 years old and is the founder and Chairman of Indiabulls Group. Mr. Gehlaut, a first generation entrepreneur, has been spearheading the Group since its inception. Under his leadership, within a span of 13 years, Indiabulls Group has emerged as a leading business conglomerate with business interests across sectors. Mr. Gehlaut holds a degree in mechanical engineering from the Indian Institute of Technology, Delhi.

Mr. Sameer Gehlaut is also on the board of Indiabulls Finance Company Private Limited, Indiabulls Real Estate Limited, Indiabulls Power Limited., Karanbhumi

Estates Private Limited, Meru Minerals Private Limited, Ceres Real Estate Private Limited, Indiabulls Mining Private Limited, Ceres Power Transmission Private Limited, Ceres Electricity Distribution Private Limited, Indiabulls Electricity Distribution Private Limited, Inuus Infrastructure Private Limited, Galax Minerals Private Limited, Inuus Land Development Private Limited, Inuus Real Estate Private Limited, Inuus Developers Private Limited, Inuus Properties Private Limited, Orthia Real Estate Private Limited, Orthia Properties Private Limited, Ceres Energy Private Limited, Mugwort Real Estate Private Limited, Valerian Real Estate Private Limited, Calleis Real Estate Private Limited, Indiabulls Infrastructure And Power Limited, Cleta Infracon Private Limited and Indiabulls Property Management Trustee Pte. Ltd.

Membership/Chairmanship of Mr. Sameer Gehlaut in committees of various companies is as under:

Name of Company	Committee	Chairman/ Member
Indiabulls Housing Finance Limited	Shareholders’/Investors’ Grievance Committee	Member
Indiabulls Real Estate Limited	Shareholders’/Investors’ Grievance Committee	Member
	Compensation Committee	Member
Indiabulls Finance Company Private Limited	Audit Committee	Chairman
	Asset Liability Management Committee	Member
	Nomination Committee	Member
	Integrated Risk Management Committee	Member
	Investment Committee	Member

Mr. Sameer Gehlaut holds 37,601,278 Equity Shares of face value of Rs. 2/- each in the Company.

Mr. Rajiv Rattan – Non-Executive Director

Mr. Rajiv Rattan, aged 40, graduated with a degree in electrical engineering from the Indian Institute of Technology, Delhi in the year 1994. He is the Co-Founder of the Indiabulls group of companies. He was selected by Schlumberger for its

international services business in 1994, where he worked for over 5 years and gained extensive experience in international best practices, process management, and risk management, which he brought to Indiabulls Group as one of the founders of the Company. He

has gained extensive experience in the Financial Services Sector, and has developed understanding of risk management, efficient processes and operational excellence. Mr. Rattan's hands on operations style combined with his systems orientation has laid the foundation for the sustained growth and scalability of the group's businesses, particularly in the financial services.

Mr. Rajiv Rattan is also on the board of Indiabulls Real Estate Limited, Indiabulls Life Insurance Company Limited, Indiabulls CSEB Bhayathan Power Limited, Indiabulls Power Limited., Indiabulls Realtech Limited, Spire Constructions Private Limited, Ceres Real Estate Private Limited, Indiabulls Mining Private Limited, Ceres

Power Transmission Private Limited, Ceres Electricity Distribution Private Limited, Indiabulls Electricity Distribution Private Limited, Priapus Developers Private Limited, Nettle Constructions Private Limited, Priapus Land Development Private Limited, Priapus Constructions Private Limited, Arcelormittal Indiabulls Mining Private Limited, Ceres Energy Private Limited, Heliotrope Real Estate Private Limited, Antheia Infrastructure Private Limited, Antheia Constructions Private Limited, Indiabulls Infrastructure And Power Limited, Antheia Buildcon Private Limited, Cleta Land Development Private Limited, Tupelo Properties Private Limited and Indiabulls Property Management Trustee Pte. Ltd.

Membership/Chairmanship of Mr. Rajiv Rattan in committees of various companies is as under:

Name of Company	Committee	Chairman/ Member
Indiabulls Realtech Limited	Audit Committee	Member
Indiabulls Real Estate Limited	Shareholders'/Investors' Grievance Committee	Member
Indiabulls Finance Company Private Limited	Asset Liability Management Committee	Member
	Integrated Risk Management Committee	Member

Mr. Rajiv Rattan holds 18,780,253 Equity Shares of face value of Rs. 2/- each in the Company.

Mr. Saurabh Kumar Mittal – Non-Executive Director

Mr. Saurabh Kumar Mittal, aged 39, graduated with a degree in Electrical Engineering from the Indian Institute of Technology, Delhi and also hold a Masters in Business Administration from the Harvard Business School, where he was elected Baker Scholar. Previously, Mr. Mittal has worked at Citigroup Asset Management, Altgate Capital and Farallon Capital Management. He is a Co-founder of Indiabulls group of companies, and has provided strategic vision and oversight to the group's development.

Mr. Saurabh Kumar Mittal is also on the

board of Indiabulls Real Estate Limited, Indiabulls Power Limited., Ceres Trading Services Private Limited, Ceres Real Estate Private Limited, Indiabulls Mining Private Limited, Ceres Power Transmission Private Limited, Ceres Electricity Distribution Private Limited, Indiabulls Electricity Distribution Private Limited, Hespera Realty Private Limited, Lucerne Trading Services Private Limited, Hespera Land Development Private Limited, Hespera Realcon Private Limited, Ceres Energy Private Limited, Alona Builders And Developers Private Limited, Cleta Infrastructure Private Limited, Cleta Buildcon Private Limited, Indiabulls Infrastructure And Power Limited, Reyna Infracon Private Limited.

Report on Corporate Governance (Contd...)

Membership/Chairmanship of Mr. Saurabh Kumar Mittal in committees of various companies is as under:

Name of Company	Committee	Chairman /Member
Indiabulls Power Limited.	Audit Committee	Member
Indiabulls Real Estate Limited	Audit Committee	Member
Indiabulls Infrastructure and Power Limited	Audit Committee	Member

Mr. Saurabh Kumar Mittal holds 18,987,083 Equity Shares of face value of Rs. 2/- each in the Company.

Mr. Ajit Kumar Mittal –Executive Director

Mr. Ajit Kumar Mittal has rich and varied experience by virtue of his close involvement with the growth and evolution of India's financial sector. A Master's in Economics and an MBA with Academic Excellence from University of Illinois, U.S.A., Mr. Mittal worked for more than twenty years at the Reserve Bank of India (RBI) in middle and senior management positions and has been at the forefront of macroeconomic and financial sector issues. As General Manager of the Banking Supervision in RBI, he was responsible for monitoring and surveillance of country's banking system for five years. Mr. Mittal was closely involved in coordination with various financial markets, e.g. debt, money, forex

and capital market. Mr. Mittal also worked as Financial Sector Advisor to Qatar Central Bank during the 2006-07.

From September 2007 till now, Mr. Mittal has been working as a Director with Indiabulls flagship company in the financial services segment. Mr. Mittal is responsible for risk management, regulatory, governance and compliance issues in the financial services business, besides being involved in the overall business strategy. He has been instrumental in expanding Indiabulls' international footprint by setting up group's real estate and home loan businesses in the GCC & UK.

Mr. Ajit Kumar Mittal is also on the board of Indian Commodity Exchange Limited, Indiabulls Ventura Capital Trustee Company Limited and Indiabulls Trustee Company Limited.

Membership/Chairmanship of Mr. Ajit Kumar Mittal in committees of various companies is as under:

Name of Company	Committee	Chairman/Member
Indiabulls Housing Finance Limited	Asset Liability Management Committee	Chairman
	Risk Management Committee	Chairman

Mr. Ajit Kumar Mittal does not hold any Equity Shares in the Company.

Mr. Ashwini Omprakash Kumar –Executive Director

Mr. Ashwini Omprakash Kumar has more than 14 years experience in Retail Mortgage Finance and Corporate Lending to the Real Estate sector. Prior to joining Indiabulls he worked with HDFC Ltd for over 10 years leading the Corporate Mortgage Business. Ashwini is a Mechanical Engineer from IIT Roorkee and MBA - Finance from Jamnalal Bajaj

Institute of Management Studies, Mumbai. Ashwini has completed advance Studies in International Housing Finance from Wharton School, University of Pennsylvania, U.S.A. Ashwini also has over 7 years of academia experience and is a Visiting Professor of Finance at Jamnalal Bajaj Institute of Management Studies, Mumbai.

Apart from IHFL Mr. Ashwini Omprakash Kumar is not on the board of any other Company.

Report on Corporate Governance (Contd...)

Membership/Chairmanship of Mr. Ashwini Omprakash Kumar in committees of various companies is as under:

Name of Company	Committee	Chairman / Member
Indiabulls Housing Finance Limited	Asset Liability Management Committee	Member
	Risk Management Committee	Member
	Investment Committee	Member

Mr. Ashwini Omprakash Kumar holds 24,713 Equity Shares of face value of Rs. 2/- each in the Company.

Mr. Shamsher Singh Ahlawat – Independent Director

Mr. Shamsher Singh Ahlawat, aged about 64 years, holds a post graduate degree in history from St. Stephens College, New Delhi. Mr. Shamsher Singh started his career as a probationary officer with the State Bank of India in 1971 and rose to the senior management. During his tenure with the State Bank of India, 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 Jhajjar, Haryana.

Mr. Shamsher Singh Ahlawat is also on the board of Indiabulls Real Estate Limited, Store One Retail India Limited, Indiabulls Power Limited., Indiabulls Constructions Limited, Indiabulls Wholesale Services Limited, Elena Power And Infrastructure Limited, Indiabulls Realtech Limited.

Membership/Chairmanship of Mr. Shamsher Singh Ahlawat in committees of various companies is as under:

Name of Company	Committee	Chairman / Member
Indiabulls Wholesale Services Ltd	Audit Committee	Member
	Shareholders'/Investors' Grievance Committee	Member
	Remuneration Committee	Chairman
	Compensation Committee	Chairman
Store One Retail India Ltd	Audit Committee	Chairman
	Remuneration Committee	Member
	Compensation Committee	Member
Indiabulls Real Estate Ltd	Audit Committee	Chairman
	Remuneration Committee	Member
	Compensation Committee	Member
Indiabulls Power Ltd.	Audit Committee	Chairman
	Remuneration Committee	Chairman
	Compensation Committee	Chairman

Report on Corporate Governance (Contd...)

Indiabulls

Name of Company	Committee	Chairman / Member
	Shareholders'/Investors' Grievance Committee	Chairman
Indiabulls Housing Finance Ltd	Audit Committee	Chairman
	Remuneration Committee	Member
	Compensation Committee	Chairman
Indiabulls Finance Company Pvt Ltd	Nomination Committee	Member

Mr. Shamsher Singh Ahlawat does not hold any shares in the Company.

Mr. Aishwarya Katoch – Independent Director

Mr. Aishwarya Katoch, aged about 43 years, runs a business engaged in leisure and heritage hotels. He holds a bachelor's degree in business administration and merchandising from American College of Applied Arts, London. Mr Katoch's varied background

in culture and arts brings much needed diversity to the Board.

Mr. Aishwarya Katoch is also on the board of Royal Expeditions Private Limited, Kangra Hotels Private Limited, Indiabulls Securities Limited, Indiabulls Real Estate Limited, Store One Retail India Limited, Royal Kangra Consultants Private Limited, Indiabulls Distribution Services Limited.

Membership/Chairmanship of Mr. Aishwarya Katoch in committees of various companies is as under:

Name of Company	Committee	Chairman / Member
Store One Retail India Ltd	Audit Committee	Member
	Shareholders'/Investors' Grievance Committee	Chairman
	Remuneration Committee	Chairman
	Compensation Committee	Chairman
Indiabulls Real Estate Ltd	Audit Committee	Member
	Shareholders'/Investors' Grievance Committee	Chairman
	Remuneration Committee	Chairman
	Compensation Committee	Chairman
Indiabulls Housing Finance Ltd	Audit Committee	Member
	Remuneration Committee	Chairman
	Shareholders'/Investors' Grievance Committee	Chairman
	Compensation Committee	Member

Report on Corporate Governance (Contd...)

Name of Company	Committee	Chairman / Member
Indiabulls Securities Ltd	Audit Committee	Member
	Remuneration Committee	Chairman
	Compensation Committee	Member
Indiabulls Finance Company Private Ltd	Nomination Committee	Member
	Integrated Risk Management Committee	Member

Mr. Aishwarya Katoch does not hold any shares in the Company.

Mr. Prem Prakash Mirdha – Independent Director

Mr. Prem Prakash Mirdha, aged about 57 years, was a second mate foreign going in merchant navy. Mr. Mirdha has had a long stint of 11 years with the merchant navy. He has set up his own cement plants and is currently running the same. Mr. Mirdha also operates lime kilns which are suppliers to enterprises engaged in steel and sugar

industries. Mr Mirdha brings his experience as a successful small scale entrepreneur to bear upon the deliberations of the Board.

Mr. Prem Prakash Mirdha is also on the board of Indiabulls Real Estate Limited, Store One Retail India Limited, Indiabulls Securities Limited, Indiabulls Power Limited., Happy Tummy Kitchens Private Limited.

Membership/Chairmanship of Mr. Prem Prakash Mirdha in committees of various companies is as under:

Name of Company	Committee	Chairman / Member
Store One Retail India Ltd	Remuneration Committee	Member
Indiabulls Real Estate Ltd	Remuneration Committee	Member
Indiabulls Power Ltd.	Audit Committee	Member
	Remuneration Committee	Member
	Compensation Committee	Member
	Shareholders'/Investors' Grievance Committee	Member
Indiabulls Housing Finance Ltd	Remuneration Committee	Member
Indiabulls Securities Ltd	Audit Committee	Member
	Shareholders'/Investors' Grievance Committee	Member
	Remuneration Committee	Member

Mr. Prem Prakash Mirdha does not hold any shares in the Company.

Report on Corporate Governance (Contd...)

Mr. Ram Kumar Sheokand – Independent Director

Mr. Ram Kumar Sheokand, aged about 59 years, holds a postgraduate degree in History and is a Businessman.

Mr. Ram Kumar Sheokand is also on the board of Kandy Finlease Limited, Lira

Promoters Private Limited, R C S Softech Private Limited, Oms Chits Private Limited, Kandy Promoters Private Limited, Pineapple Infra Project Private Limited, Indiabulls Infrastructure And Power Limited, Aldis Real Estate Private Limited

Membership/Chairmanship of Mr. Ram Kumar Sheokand in committees of various companies is as under:

Name of Company	Committee	Chairman / Member
Indiabulls Infrastructure and Power Limited	Audit Committee	Member
	Shareholders'/Investors' Grievance Committee	Chairman
	Remuneration Committee	Member

Mr. Ram Kumar Sheokand does not hold any shares in the Company.

Mr. Joginder Singh Kataria – Independent Director

Mr. Joginder Singh Kataria, aged about 72 years, holds a post graduate degree in Political Science and was an Ex-Commandant (ITBP).

Mr. Joginder Singh Kataria is also on the board of Indiabulls Infrastructure And Power Limited.

Membership/Chairmanship of Mr. Joginder Singh Kataria in committees of various companies is as under:

Name of Company	Committee	Chairman / Member
Indiabulls Housing Finance Limited	Shareholders'/Investors' Grievance Committee	Member
Indiabulls Infrastructure and Power Limited	Audit Committee	Chairman
	Remuneration Committee	Member
	Shareholders'/Investors' Grievance Committee	Member

Mr. Joginder Singh Kataria holds 346 Equity Shares of face value of Rs. 2/- each in the Company.

(C) Financial year:

The financial year of the Company is a period of twelve months beginning on 1st April every calendar year and ending on 31st March the following calendar year.

(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) (i) Distribution of shareholding as on March 31, 2013

Sl.No.	Shareholding of nominal value (in Rs.)	No of holders	% to total holders	Value in Rs.	% to nominal value
1	upto 1 - 5000	72938	98.76	14,788,606.00	2.37
2	5001 - 10000	337	0.46	2,436,718.00	0.39
3	10001 - 20000	173	0.23	2,601,774.00	0.42
4	20001 - 30000	64	0.09	1,644,290.00	0.26
5	30001 - 40000	38	0.05	1,375,882.00	0.22
6	40001 - 50000	24	0.03	1,089,846.00	0.17
7	50001 - 100000	69	0.09	5,030,828.00	0.80
8	100001 & ABOVE	214	0.29	596,054,390.00	95.37
	Total:	73857	100.00	625,022,334.00	100.00

(ii) Shareholding pattern as on March 31, 2013

Sr. no.	Category	No. of Shares	% holding
1.	Promoters and Promoters Group	117,972,283	37.75
2.	Mutual Funds/Indian Financial Institutions	11,136,117	3.56
3.	Banks	79,282	0.03
4.	FII's	135,164,112	43.25
5.	Private Bodies Corporate	15,138,918	4.84
6.	Indian Public (Employees/HUF/Public/Trusts)	21,377,121	6.84
7.	NRIs / OCBs	6,020,474	1.93
8.	GDRs (Shares underlying)	5,608,131	1.79
9.	Other foreign entities (Foreign National)	50	0.00
10.	Others (Clearing Members)	14,679	0.00
	Total	312,511,167	100.00

(G) Dematerialisation of shares and liquidity

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

As on March 31, 2013, 99.91% Equity shares of the Company representing 312,215,034 out of a total of 312,511,167 Equity shares were held in dematerialised form and the balance 296,133 shares representing 0.09% of the total equity capital of the Company were held in physical form.

(H) Outstanding GDRs/Convertible Instruments

As on 31st March, 2013 an aggregate of 4,387,066 Stock options and 48,200,000 warrants are in force. As and when these stock options are exercised or warrants are converted into equity, the paid-up share capital of the Company shall accordingly stand increased.

Further, the Company shall also be issuing an aggregate of 5,608,131 GDRs to the holders of GDRs in erstwhile Indiabulls Financial Services Limited. The said GDRs will be listed on Luxembourg Stock Exchange.

Report on Corporate Governance (Contd...)

(I) Listing on Stock Exchanges

The Company's shares are not listed as yet. However the Company has applied for listing on the following stock exchanges :

Equity Shares	
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Limited (NSE) “Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051

(J) Stock Code

BSE Ltd. – Not yet available

National Stock Exchange of India Ltd- Not yet available

ISIN for Dematerialisation – INE148I01020

(K) Stock Market Price at National Stock Exchange of India Ltd (NSE) and BSE Ltd (BSE)

(Figures in Rs.)

Month	Share Prices at NSE		Share Prices at BSE	
	High	Low	High	Low
The Equity Shares of the Company are not listed on any Stock Exchange as yet.				

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

NSE Nifty & BSE Sensex.

The Equity Shares of the Company are not listed on any Stock Exchange as yet.

(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 Housing Finance Limited
Plot No.17-24 Vittal Rao Nagar
Madhapur Hyderabad - 500081
Contact Person : Mr. S D Prabhakar, AGM
Corporate Registry
Tel : 040-44655000/23420815-23420825
Fax: 040-23420814
E-mail: einward.ris@karvy.com

(N) Share Transfer System

The Share transfer system in the Company comprises of two components viz the Share transfer cum Shareholders'/ Investors' grievance and the Registrar and Transfer Agent of the Company (RTA) which will work hand in hand to process and approve the requests received for transfer or transmission of the shares in the physical segment. Share transfer/ transmission requests would be processed within the stipulated time, with the RTA sending the requests which have already been scrutinized by it and found to be in order, to the Committee for its approval and the Committee approving the same and communicating the approval to the RTA. The Committee would also be receiving from the RTA, the details and documents pertaining to the requests which have not been found to be in order, for its information and examination.

The certificates pertaining to the transferred shares shall be mailed to the concerned investors by the RTA immediately upon approval of transfers, so as to reach such investors well within the time stipulated under the Listing agreements.

(O) Address for Correspondence

(i) Registered Office:

Indiabulls Housing Finance Limited
F-60, Malhotra Building, 2nd Floor,
Connaught Place, New Delhi- 110 001

(ii) Corporate Office:

"Indiabulls House"
448-451, Udyog Vihar, Phase V,
Gurgaon – 122 016, Haryana
Indiabulls House, Indiabulls Finance
Centre, Senapati Bapat Marg
Elphinstone Mills,
Mumbai 400 013

8. COMPLIANCE CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY

A certificate from a 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.

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 duly constituted Remuneration Committee. 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 would be getting its quarterly/half yearly and annual financial results published in leading newspapers with wide circulation across the country and regularly update the same on its public domain website. In view of the same individual communication of quarterly / annual financial results to the shareholders will not be made. Further, information pertaining to important developments in the Company shall be brought to the knowledge of the public at large and to the shareholders of the Company in particular, through communications sent to the stock exchanges where the shares of the Company would get listed, through press releases in leading newspapers and through regular uploads made on the Company 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) in the earlier part of this Report.

Except as set out above, 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.

Report on Corporate Governance (Contd...)

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

As the Chief Executive Officer of Indiabulls Housing Finance Limited 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 2012-13.

Sd/-
Gagan Banga
Chief Executive Officer

Date: June 5, 2013

Place: New Delhi

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of Indiabulls Housing Finance Limited

We have examined the compliance of conditions of Corporate Governance by Indiabulls Housing Finance Limited ("the Company"), for the year ended March 31, 2013, 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, 2013 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
Membership No: ACS 16165
CP No. 6425

Date: June 5, 2013

Place: New Delhi

Independent Auditors' Report

To The Board of Directors of Indiabulls Housing Finance Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **INDIABULLS HOUSING FINANCE LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates referred to below in the Other Matter paragraph, the aforesaid 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 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, 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.

Other Matter

We did not audit the financial statements of fifteen subsidiaries, whose financial statements reflect total assets (net) of Rs. 5,509,617,901 as at 31st March, 2013, total revenues of Rs. 330,265,152 and net cash outflows amounting to Rs. 146,146,408 for the year

Indiabulls

Independent Auditors' Report

To The Board of Directors of Indiabulls Housing Finance Limited (Contd...)

ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 777,845 for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of one Subsidiary which was an associate of the Company till 10th January, 2013, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

A. Siddharth
Partner
(Membership No. 031467)
MUMBAI, 23rd April, 2013

Consolidated Balance Sheet of Indiabulls Housing Finance Limited Group as at March 31, 2013

Particulars	Note No.	As at March 31, 2013 Amount (Rs.)
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
Share capital	3	625,022,334
Reserves and surplus	4	49,932,606,625
Money received against share warrants	5	1,128,150,000
(2) Minority Interest	3 (viii)	1,448,711,226
(3) Non-current liabilities		
Long-term borrowings	6	182,344,598,867
Other long-term liabilities	7	78,379,523
Long-term provisions	8	3,699,898,484
(4) Current liabilities		
Short-term borrowings	9	65,810,139,094
Trade payables	10	28,529,227
Other current liabilities	11	77,943,471,270
Short-term provisions	12	8,248,667,870
Total		391,288,174,520
II. ASSETS		
(1) Non-current assets		
Fixed assets	13	
(i) Tangible assets		444,342,423
(ii) Intangible assets		11,333,882
(iii) Capital work-in-progress		400,000
Non-current investments	14	151,555,854
Deferred tax assets (net)	15	1,641,286,277
Long-term loans and advances	16	271,547,548,721
Other non-current assets	17	4,837,287,544
(2) Current assets		
Current investments	18	22,927,339,063
Trade receivables	19	22,447,293
Cash and bank balances	20	48,881,806,215
Short-term loans and advances	21	37,260,459,122
Other current assets	22	3,562,368,126
Total		391,288,174,520

Notes forming part of the financial statements 1 - 37

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner
Mumbai: April 23, 2013

Rajiv Rattan
Director
Mumbai: April 23, 2013

Gagan Banga
Managing Director/ CEO

Amit Jain
Company Secretary

Consolidated Statement of Profit and Loss of Indiabulls Housing Finance Limited Group for the Year ended March 31, 2013

Particulars	Note No.	For the Year ended March 31, 2013 Amount (Rs.)
(1) Revenue from operations	23	47,294,157,642
(2) Other income	24	485,353,542
(3) Total revenue (1+2)		47,779,511,184
(4) Expenses		
Employee benefits expense	25	2,245,472,772
Finance costs	26	25,990,879,085
Depreciation and amortisation expense	13	93,845,876
Other expenses	27	2,897,941,515
Total expenses		31,228,139,248
(5) Profit before tax (3-4)		16,551,371,936
(6) Tax expense		
Current tax expense		3,752,934,475
Current tax expense relating to prior years		1,655,042
Deferred tax charge (Net)	15	136,133,548
Total Tax Expense		3,890,723,065
(7) Profit after tax (5-6)		12,660,648,871
(8) Minority Interest		76,242,468
(9) Profit after Minority interest (7-8)		12,584,406,403
(10) Earnings Per Equity share:		
Basic	33	40.19
Diluted		38.94
Face value per Equity share		2.00
Notes forming part of the financial statements	1 - 37	

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner
Mumbai: April 23, 2013

Rajiv Rattan
Director
Mumbai: April 23, 2013

Gagan Banga
Managing Director/ CEO

Amit Jain
Company Secretary

Consolidated Cash Flow Statement of Indiabulls Housing Finance Limited

Group for the Year ended March 31, 2013

	Amount (Rs.)	For the Year ended March 31, 2013 Amount (Rs.)
A. Cash flows from operating activities :		
Profit before tax		16,551,371,936
Adjustments for :		
Share of (Profit) in Associate	(777,845)	
Employee Stock Compensation	7,563,100	
Provision for Gratuity	12,850,578	
Provision for Compensated Absences	6,076,184	
Provision for Superannuation	97,972,503	
Provision for Loan Assets	323,512,490	
Contingent Provisions against Standard Assets	239,588,041	
Depreciation / Amortisation	93,845,876	
Bad Loans / Advances written off	669,007,097	
Loss on sale on Fixed Assets	4,158,906	
(Unrealised) gains on appreciation of Mutual Fund Investments (Current Investments)	(1,058,801)	
		1,452,738,129
Operating Profit before working capital changes		18,004,110,065
Adjustments for:		
Trade and Other Receivables	905,375,180	
Loans and Advances	(56,286,590,971)	
Trade Payables and other liabilities (Refer Note No. 2 below)	4,371,726,098	
		(51,009,489,693)
Cash used in operations		(33,005,379,628)
Income taxes paid (Net)		(3,082,117,434)
Net cash used in operating activities		(36,087,497,062)
B. Cash flows from investing activities :		
Purchase of Fixed Assets		(114,125,143)
Sale of Fixed Assets		5,170,554
Capital Advances		244,677
Net receipts from Investment in deposit accounts		(2,844,531,813)
Proceeds from Investments in Mutual Funds / Other Current Investments (Net)		1,918,121,441
Aggregate cash flows consequent to conversion of Associate to Subsidiary (Net)		42,369,007
Net cash used in investing activities		(992,751,277)
C. Cash flows from financing activities :		
Proceeds from Issue of Equity Share through ESOPs (Including Securities Premium)		68,187,021
Proceeds from Issue of Share Warrants		1,128,150,000
Distribution of Equity Dividends (including Corporate Dividend Tax thereon)		(7,431,026,841)
Debenture issue expenses		(962,962,366)
Proceeds from Term loans-(Net)		17,147,690,906
Repayment of Commercial Papers (Net)		(965,000,000)

Indiabulls

Consolidated Cash Flow Statement of Indiabulls Housing Finance Limited Group for the Year ended March 31, 2013

	For the Year ended March 31, 2013 Amount (Rs.)
Net proceeds from issue of Secured Redeemable Non-Convertible Debentures	23,453,918,000
Net proceeds from issue of Subordinated Debt	5,333,800,000
Proceeds from issue of Perpetual Debt	1,000,000,000
Net proceeds from Working capital loans	13,500,000,000
Net cash flows from financing activities	52,272,756,720
D. Exchange difference on translation of balances denominated in foreign currency	(64,341)
E. Net Increase in cash and cash equivalents (A+B+C+D)	15,192,444,040
F. Cash and cash equivalents received under Scheme of Arrangement	51,141,672,832
G. Cash and cash equivalents at the end of the year (E + F) (Refer Note 5 below)	66,334,116,872

Notes:

- 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 under the Companies (Accounting Standards) Rules, 2006, as amended.
- 2 Trade payables and other liabilities include Rs. 2,063,568,150 being amount payable (net) on assigned loans.
- 3 Margin Deposits of Rs. 4,725,608,142 have been placed as collateral for Assignment deals on which assignees have a paramount lien.
- 4 Deposits of Rs. 3,977,205 are under lien with Bank.
- 5 Cash and cash equivalents at the end of the year include:

Cash and Bank Balances <small>(Refer Note 20)</small>	48,881,806,215
Current Investments in Units of Mutual Funds / Other Current Investments considered as temporary deployment of funds <small>(Refer Note 18)</small>	17,832,339,063
	66,714,145,278
Less: In deposit accounts having maturity of more than 3 months	378,157,207
Less : Unrealised gains on appreciation of Mutual Fund Investments (Current Investments)	1,871,199
Cash and cash equivalents as restated	66,334,116,872
- 6 Unclaimed Dividend account balances in designated bank accounts are not available for use by the Company. (Refer Note 20)
- 7 The above Cash Flow Statement has been presented after giving effect to the Scheme of Arrangement. (Refer Note 36)
- 8 Since this is the first year of preparation of Consolidated Financial Statements of the Company, previous year figures have not been presented.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner
Mumbai: April 23, 2013

Rajiv Rattan
Director
Mumbai: April 23, 2013

Gagan Banga
Managing Director/ CEO

Amit Jain
Company Secretary

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013

(1) 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 Investments in Associates in Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006, as amended. Reference in these notes to the Company, Holding Company, Companies or Group shall mean to include Indiabulls Housing Finance Limited ("the Company", "IBHFL") and / or any of its subsidiaries, unless otherwise stated.

ii) Principles of Consolidation:

The Consolidated Financial Statements relate to Indiabulls Housing Finance Limited (the 'Company' 'Parent') and its direct and indirect subsidiaries and associate company (collectively referred to as 'the Group'). The consolidated financial statements have been prepared using uniform accounting policies and on the following basis:

- (i) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group transactions and intra-group balances and resultant unrealised profits/ losses.
- (ii) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.
- (iii) Investments of the Group in associate companies is accounted as per the Equity Method under Accounting Standard 23 – 'Accounting for

Investments in Associates in Consolidated Financial Statements'.

- (iv) The financial statements of the subsidiaries and associate company used in the consolidated financial statements are consolidated from the date of the acquisition and are drawn up to the same reporting date as of the Company.

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 the 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 Statement of Profit and Loss includes the investor's share of results of the operations of the investee.

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

The particulars of investment in associate companies as at March 31, 2013 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.)	Statutory Auditor
Indiabulls Asset Reconstruction Company Limited*	India	01-April 2012 to 10-January 2013	24.02%	12,250,000	4,171,968	—	A Sardana & Co.

*Refer Note 14(2)

v) Companies included in consolidation:

Name of subsidiaries	Country of Incorporation	Year / Period ended included in consolidation	Proportion of Ownership Interest	Statutory Auditor
Indiabulls Collection Agency Limited	India	01-April-2012 to 31-March-2013	100%	A Sardana & Co.
Ibulls Sales Limited	India	01-April-2012 to 31-March-2013	100%	A Sardana & Co.
Indiabulls Insurance Advisors Limited	India	01-April-2012 to 31-March-2013	100%	Sumit Mohit & Company
Indiabulls Finance Company Private Limited	India	01-April-2012 to 31 March-2013	57.50%	Deloitte Haskins & Sells
Indiabulls Capital Services Limited	India	01-April-2012 to 31-March-2013	100%	Sumit Mohit & Company
Nilgiri Financial Consultants Limited	India	01-April-2012 to 31-March-2013	100%	A Sardana & Co.
Indiabulls Infrastructure Credit Limited	India	01-April-2012 to 31-March-2013	100%	A Sardana & Co.
Indiabulls Advisory Services Limited	India	01-April-2012 to 31-March-2013	100%	Sumit Mohit & Company
Indiabulls Asset Holding Company Limited	India	01-April-2012 to 31-March-2013	100%	A Sardana & Co.
Indiabulls Life Insurance Company Limited	India	01-April-2012 to 31-March-2013	100%	A Sardana & Co.
Indiabulls Asset Management Company Limited	India	01-April-2012 to 31-March-2013	100%	A Sardana & Co.
Indiabulls Trustee Company Limited	India	01-April-2012 to 31-March-2013	100%	Sharma Goel & Co.
Indiabulls Holdings Limited	India	01-April-2012 to 31-March-2013	100%	Sharma Goel & Co.
Indiabulls Venture Capital Management Company Limited	India	01-April-2012 to 31-March-2013	100%	Sharma Goel & Co.
Indiabulls Venture Capital Trustee Company Limited	India	01-April-2012 to 31-March-2013	100%	Sharma Goel & Co.
Indiabulls Asset Reconstruction Company Limited*	India	11-January-2013 to 31-March-2013	75.00%	A Sardana & Co.
Indiabulls Alternative Asset Management Private Limited**	Singapore	01-April-2012 to 07-February-2013	100%	

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.

* Refer Note 14(2)

** Struck off from the records of Accounting and Corporate Regulatory Authority of Singapore on February 7, 2013 (Refer Note 14(3)).

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (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):

Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus (Surplus / (Deficit))	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit / (loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend (Including Corporate Dividend Tax)	(Amount in Rupees)	
													Profit / (Loss) before Taxation	Proposed Dividend (Including Corporate Dividend Tax)
1. Indiabulls Collection Agency Limited	2012-13	Rs.	1,500,000	148,092,649	14,155,835	2,563,186	138,000,000	15,586,947	14,670,187	2,470,848	12,199,339	—	—	
2. Ibulis Sales Limited	2012-13	Rs.	500,000	4,777,442	28,841,501	23,564,059	—	130,604,128	2,600,221	(376,694)	2,976,915	—	—	
3. Indiabulls Insurance Advisors Limited	2012-13	Rs.	500,000	(1,044,361,494)	31,689,874	(1,076,051,368)	—	3,434,191	2,966,468	542,410	2,424,058	—	—	
4. Niigiri Financial Consultants Limited	2012-13	Rs.	500,000	56,180,226	37,724,550	44,304	19,000,000	7,494,970	7,233,280	1,572,752	5,660,528	—	—	
5. Indiabulls Finance Company Private Limited	2012-13	Rs.	76,086,960	3,290,041,153	4,098,221,341	1,453,754,721	721,661,493	436,350,219	373,432,780	101,415,125	272,017,655	—	—	
6. Indiabulls Capital Services Limited	2012-13	Rs.	50,000,000	(157,123,904)	91,945,845	199,069,749	—	10,378,898	4,802,662	265,788	4,536,874	—	—	
7. Indiabulls Infrastructure Credit Limited	2012-13	Rs.	325,000,000	2,622,132,598	4,815,503,644	2,028,371,046	160,000,000	116,913,367	93,298,552	18,560,997	74,737,555	—	—	
8. Indiabulls Advisory Services Limited	2012-13	Rs.	25,500,000	26,434,675	4,524,226	4,589,551	26,000,000	5,148,795	1,231,863	27,284	1,204,579	—	—	
9. Indiabulls Asset Holding Company Limited	2012-13	Rs.	500,000	(845,214)	22,793	368,007	—	—	(127,090)	—	(127,090)	—	—	
10. Indiabulls Life Insurance Company Limited	2012-13	Rs.	500,000	(44,324,405)	2,156,709	45,981,114	—	—	(4,691,905)	1,414,349	(6,106,254)	—	—	
11. Indiabulls Asset Management Company Limited	2012-13	Rs.	150,000,000	(15,801,419)	43,345,465	16,646,884	107,500,000	80,385,136	(184,768)	1,079,045	(1,263,813)	—	—	
12. Indiabulls Trustee Company Limited	2012-13	Rs.	5,000,000	671,855	5,741,945	70,090	—	1,315,070	626,602	200,953	425,649	—	—	
13. Indiabulls Holdings Limited	2012-13	Rs.	1,500,000	(289,798)	267,506	57,304	—	14,534	(81,804)	—	(81,804)	—	—	
14. Indiabulls Venture Capital Management Company Limited	2012-13	Rs.	500,000	(306,402)	250,902	57,304	—	14,536	(80,601)	—	(80,601)	—	—	
15. Indiabulls Venture Capital Trustee Company Limited	2012-13	Rs.	500,000	(316,213)	241,291	57,504	—	973	(89,495)	—	(89,495)	—	—	
16. Indiabulls Asset Reconstruction Company Limited*	2012-13	Rs.	51,000,000	21,427,115	5,010,011	1,582,896	69,000,000	5,615,866	5,511,322	1,453,213	4,058,109	—	—	
17. Indiabulls Alternative Asset Management Private Limited**	2012-13	Rs.	—	—	—	—	—	903,816	595,907	—	595,907	—	—	

*Refer Note 14(2)

** Struck off from the records of Accounting and Corporate Regulatory Authority of Singapore on February 7, 2013 (Refer Note 14(3)).

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.)

Currency	Statement of Profit and Loss	
	(Average Rate)	
SGD	2012-13	43.77

Note: Since this is the first year of preparation of Consolidated Financial Statements of the Company, therefore previous year figures are not applicable and hence not presented.

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

vii) 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 (Indian GAAP) and Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

viii) Prudential Norms:

The Company follows The Housing Finance Companies (NHB) Directions, 2010 ("NHB Directions, 2010") as amended from time to time, in respect of income recognition, income from investments, accounting of investments, asset classification, disclosures in the Balance Sheet and provisioning. The Non Banking Financial Companies in the Group 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 dated February 22, 2007 and as amended from time to time ("RBI Directions, 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, as amended and Guidance Notes issued by The Institute of Chartered Accountants of India ("ICAI") are followed insofar as they are not inconsistent with the NHB Directions, 2010 / RBI Directions, 2007.

ix) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions 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. Differences between the actual result and estimates are recognised in the year in which the results are known/ materialised.

x) Revenue Recognition:

Interest Income from financing and investing activities and others is recognised on an accrual basis. In terms of the NHB Directions, 2010 / RBI Directions, 2007 interest income on Non-performing assets ('NPAs') is recognised only when it is actually realised.

Processing Fees in respect of loans given is recognised on sanction / disbursement as per the terms of the contract.

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.

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 EMI's, 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 Housing Finance Companies (NHB) Directions 2010 / RBI Directions, 2007 wherever applicable, Dividend Income on units of Mutual Fund(s) held by the Company are recognised on cash basis as per the NHB Directions, 2010.

Interest Income on Inter Corporate Deposits and Deposit Accounts are recognised on accrual basis.

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

Income from management fees are recognised on an accrual basis in accordance with the SEBI regulations.

xi) Securitisation/Assignment of Loan portfolio:

Derecognition of loans assigned/ securitised in the books of the Company,

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

recognition of gain/loss arising on securitisation/assignment and accounting for credit enhancements provided by the Company is based on the guidelines issued by Institute of Chartered Accountants of India.

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

Residual income on Assignment/ Securitisation of Loans is recognised over the life of the underlying loans and not on an upfront basis.

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.

xiii) 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 amortisation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

xiii) Depreciation / Amortisation:

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is put to use. Leasehold improvements are amortised over the period of Lease. Depreciation on sale / deduction from fixed assets is provided for up to the date of sale / deduction, as the case may be.

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

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 the 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 Statement of Profit and Loss. 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) 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 accounting income and taxable income is accounted for at the tax rates and the tax laws substantively enacted as at the Balance Sheet date, to the extent that the timing differences are expected to crystallise / capable of reversal in one or more subsequent periods.

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 virtual certainty of realisation backed by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred Tax Assets

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

xvi) Share/Debenture Issue Expenses and Premium/Discount on Issue:

Share/Debenture issue expenses, net of tax, are adjusted against the Securities Premium Account, as permissible under Section 78(2) of the Companies Act, 1956, to the extent of balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

Premium/Discount on Issue of debentures, net of tax, are adjusted against the Securities Premium Account, as permissible under Section 78(2) of the Companies Act, 1956, to the extent of balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

xvii) Investments:

Investments are classified as long term and current investments. Long term investments are carried individually at cost less provision, if any, for diminution other than temporary in the value of such investments. In terms of NHB Directions, 2010, quoted Current investments are valued at lower of cost or market value. Unquoted current investments in units of Mutual Funds are valued as per Net Asset Value of the Plan. Provision for diminution in value of investments is made in accordance with the NHB Directions, 2010 and Accounting Standard (AS) - 13 'Accounting for Investments' as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

xviii) Employee benefits:

The Company's contribution to Provident Fund is charged to the Statement of Profit and Loss. The Company has unfunded defined benefit plans as Compensated Absences and Gratuity for all eligible 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'. Actuarial

gains and losses comprise experience adjustments and the effects of change in actuarial assumptions and are recognised in the Statement of Profit and Loss as income or expenses, as applicable. Superannuation (Pension & Medical coverage) payable to a 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 the Statement of Profit and Loss as income or expenses as applicable.

xix) Commercial Papers:

The liability is recognised at the face value of the Commercial Paper at the time of its issue. The discount on issue of Commercial Papers is amortised over the tenure of the instrument.

xx) 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 the Statement of Profit and Loss.

xxi) 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 certified by an independent firm of Chartered Accountants in respect of stock options granted.

xxii) Leases:

In case of assets taken on operating lease, the lease rentals are charged to the Statement of Profit and Loss on a straight

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

line basis in accordance with Accounting Standard (AS) 19 – Leases as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

xxiii) Segment Reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

xxiv) Derivative Transactions:

The Company has entered into Interest Rate Swap (IRS) and Foreign Currency Options (FCO). All outstanding IRS contracts and FCO contracts are marked-to-market as at the year end. Losses are recognised in the Statement of Profit and Loss 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 contracts and FCO contract are recognised as income or expenses for the period. Premium / discount on IRS / FCO contract which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date, except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

xxv) Foreign Currency Transactions and Translations :

- 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 Foreign Exchange Contract (FEC), the difference between the year-end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. Any profit/loss arising on cancellation or renewal of forward contract is recognised as income or expense for the period.

- iii. Non monetary foreign currency items are carried at cost.
- iv. Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.
- v. The exchange differences arising on settlement / restatement of long-term monetary items which do not relate to acquisition of depreciable fixed assets are amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange differences are carried in the Balance Sheet as “Foreign Currency Monetary Item Translation Difference Account” net of the tax effect thereon, where applicable.

xxvi) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate 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

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

be made. Contingent Assets are neither recognised nor disclosed.

xxvii) Stock of Securities:

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

xxviii) 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 Statement of Profit and Loss.
 - Debit balance in the Mark-to-Market Margin – Equity Index/Stock Futures Account, being the anticipated loss, is adjusted in the Statement of Profit and Loss.
- 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 Statement of Profit and Loss. 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.

(2) Corporate Information:

The Board of Indiabulls Housing Finance Limited (100% subsidiary of “IBFSL”) and Indiabulls Financial Services Limited (“IBFSL”) at their meeting held on April 27, 2012 had approved the Scheme of Arrangement involving the reverse merger of IBFSL with the Company in terms of the provisions of Sections 391 to 394 of the Companies Act, 1956 (the “Scheme of Arrangement”). The Appointed Date of the proposed merger fixed under the Scheme was April 1, 2012. The Hon’ble High Court of Delhi, vide its Order dated December 12, 2012, received by the Company on February 8, 2013, approved the Scheme of Arrangement. In terms of the Court approved Scheme of Arrangement, with the filing of the copy of the Order, on March 8, 2013, with the office of ROC, NCT of Delhi & Haryana (the Effective Date), IBFSL, as a going concern, stands amalgamated with IBHFL with effect from the Appointed Date, being April 1, 2012. Since this is the first year of preparation of Consolidated Financial Statements of the Company, therefore previous year figures are not presented.

Indiabulls Financial Services Limited (“IBFSL”) was incorporated on January 10, 2000 as a Private Limited Company. 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. The Company was converted into a public limited Company pursuant to Section 44 of the Companies Act, 1956 on February 03, 2004.

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Indiabulls Housing Finance Limited (“the Company”) (“IBHFL”) was incorporated on May 10, 2005. On December 28, 2005 the Company was registered under Section 29A of the National Housing Bank Act, 1987 to commence/ carry on the business of a Housing Finance Institution without accepting public deposits. The Company is required to comply with provisions of the National Housing Bank Act, 1987, the Housing Finance Companies (NHB) Directions, 2010 and other guidelines / instructions / circulars. issued by the National Housing Bank from time to time. The Company is engaged in the business to provide finance and to undertake all lending and finance to any person or persons, co-operative society, association of persons, body of individuals, companies, institutions, firms,

builders, developers, contractors, tenants and others either at interest or without and/or with or without any security for construction, erection, building, repair, remodeling, development, improvement, purchase of houses, apartments, flats, bungalows, rooms, huts, townships and/or other buildings and real estate of all descriptions or convenience there on and to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephonic, television, and other installations, either in total or part thereof and / or to purchase any free hold or lease hold lands, estate or interest in any property and such other activities as may be permitted under the Main Objects of the Memorandum of Association of the Company.

	As at March 31, 2013 Amount (Rs.)
(3) Share Capital	
Authorised	
3,000,000,000 Equity Shares of face value Rs. 2 each	6,000,000,000
1,000,000,000 Preference Shares of face value Rs.10 each	10,000,000,000
Issued, subscribed and fully paid up ^{(i) to (viii)}	
312,511,167 Equity Shares of Face Value Rs. 2 each fully paid up	625,022,334
The Company has only one class of Equity Shares of face value Rs. 2 each fully paid up. Each holder of Equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the Shareholders in the ensuing Annual General Meeting, if applicable.	
In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.	
	625,022,334
(i) Indiabulls Financial Services Limited (“Erstwhile Holding Company”) had issued Global Depository Receipts (GDR’s) which were transferred under the Scheme of Arrangement. As at March 31, 2013 5,608,131 GDR’s were outstanding and were eligible for conversion into Equity Shares. The Company does not have information with respect to holders of these GDR’s. Holders of Global Depository Receipts (GDRs) will be entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares, less the fees and expenses payable under such Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDRs will not have voting rights with respect to the Deposited Shares. The GDRs may not be transferred to any person located in India including Indian residents or ineligible investors except as permitted by Indian laws and regulations.	

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

- (ii) 312,511,167 Equity Shares were allotted by the Company, for consideration other than cash to the shareholders of Erstwhile Holding Company pursuant to and in terms of the Scheme of Arrangement, approved by the Hon'ble High Court of Delhi vide its Order dated December 12, 2012, which came into effect on March 8, 2013 from the Appointed Date April 1, 2012. (Refer Note 36)

(iii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of financial year:-

Particulars	Equity Shares	
	No. of Shares	Amount (Rs.)
Equity Shares of Rs. 2 Each issued during the year to under the Scheme of Arrangement*	312,511,167	625,022,334
Closing Balance	312,511,167	625,022,334

*Includes 706,596 Equity Shares of Rs. 2 each issued during the year, under various ESOP Schemes by the Erstwhile Holding Company aggregating to Rs. 1,413,192.

(iv) Shares held by each Shareholder holding more than 5% shares

	As at March 31, 2013	
	No. of Shares held	% of Holding
Promoters and promoter group company		
Mr. Sameer Gehlaut	37,601,278	12.03%
Mr. Saurabh Kumar Mittal	18,987,083	6.08%
Mr. Rajiv Rattan	18,780,253	6.01%
Orthia Land Development Private Limited	15,717,165	5.03%
Non - Promoters		
Cophall Mauritius Investment Limited	21,848,131	6.99%
HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	18,962,353	6.07%

(v) Employees Stock Options Schemes:

Indiabulls Financial Services Limited ("Erstwhile Holding Company") (Refer Note 36) and its erstwhile subsidiary, Indiabulls Credit Services Limited ("ICSL") had announced ESOS / ESOP schemes for its employees and the employees of other group companies whereas each option represents one Equity Share of the Company. The Company has adopted the ESOS / ESOP schemes in respect of its employees. A Compensation Committee constituted by the Board of Directors administers each of the plans.

(a) Stock option schemes of the Erstwhile Holding Company including schemes in lieu of stock options schemes of erstwhile fellow subsidiary Indiabulls Credit Services Limited transferred under the Court approved Scheme of Arrangement (Refer Note 36) :

S. No.	ERSTWHILE ICSL PLANS
1	IBFSL – ICSL Employees Stock Option Plan 2006
2	IBFSL - ICSL Employees Stock Option Plan II – 2006
3	Employees Stock Option Plan - 2008

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

(b) IHFL ESOS - 2013

The members of the Company at their Meeting dated March 6, 2013 approved the IHFL ESOS - 2013 scheme consisting of 39,000,000 stock options representing 39,000,000 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, 2013.

(c) The other disclosures in respect of the ESOS / ESOP Schemes are as under:-

Particulars	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
Total Options under the Scheme	1,440,000	720,000	7,500,000	N.A.
Options issued	1,440,000	720,000	7,500,000	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.
Vesting Date	1st April	1st November	8th December	31st December
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 year
Exercise Price (Rs.)	41.67	100.00	95.95	125.90
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
Outstanding at the beginning of the year (Nos.)	370,556	164,268	3,689,793	118,155
Re-grant Addition	N.A	N.A	N.A	N.A
Re-grant Date	N.A	N.A	N.A	31-Dec-09
Options vested during the year (Nos.)	63,558	27,429	495,558	11,460
Exercised during the year (Nos.)	65,046	21,186	547,026	18,990
Expired during the year (Nos.)	—	—	—	—
Cancelled during the year	—	—	—	—
Lapsed during the year	8,600	10,320	99,208	11,250
Re-granted during the year	—	—	—	N.A
Outstanding at the end of the year (Nos.)	296,910	132,762	3,043,559	87,915
Exercisable at the end of the year (Nos.)	21,492	24,328	339,962	12,420
Remaining contractual Life (Weighted Months)	64	80	90	97

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	Employees Stock Option Plan - 2008- Regrant	IBFSL – ICSL Employees Stock Option Plan 2006- Regrant	Employees Stock Option Plan - 2008- Regrant	IBFSL – ICSL Employees Stock Option Plan II - 2006- Regrant
Total Options under the Scheme	N.A.	N.A.	N.A.	N.A.
Options issued	N.A.	N.A.	N.A.	N.A.
Vesting Period and Percentage	N.A.	N.A.	N.A.	N.A.
Vesting Date	16th July	27th August	11th January	27th August
Revised Vesting Period & Percentage	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year
Exercise Price (Rs.)	158.50	95.95	153.65	100.00
Exercisable Period	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.)	211,400	316,000	190,668	175,200
Re-grant Addition	N.A.	N.A.	N.A.	N.A.
Re-grant Date	16-Jul-10	27-Aug-09	11-Jan-11	27-Aug-09
Options vested during the year (Nos.)	22,940	39,500	20,000	21,900
Exercised during the year (Nos.)	26,680	—	27,668	—
Expired during the year (Nos.)	—	—	—	—
Cancelled during the year	—	—	—	—
Lapsed during the year	13,000	—	—	—
Re-granted during the year	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	171,720	316,000	163,000	175,200
Exercisable at the end of the year (Nos.)	200	39,500	3,000	21,900
Remaining contractual Life (Weighted Months)	105	95	110	95

N.A. - not applicable

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

The Fair value of the options as determined by an Independent firm of Chartered Accountants, which has been regranted by the Erstwhile Holding Company under the respective plans using the Black-Scholes Merton Option Pricing Model based on the following parameters are as under:-

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
Exercise price	Rs. 125.90	Rs. 158.50	Rs. 95.95	Rs. 100.00	Rs. 153.65
Expected volatility*	99.61%	99.60%	75.57%	75.57%	99.60%
Expected forfeiture percentage on each vesting date	Nil	Nil	Nil	Nil	Nil
Option Life (Weighted Average)	9.80 Years	9.80 Years	9.80 Years	9.80 Years	9.80 Years
Expected Dividends yield	3.19%	2.89%	4.69%	4.50%	2.98%
Weighted Average Fair Value (Rs.)	83.48	90.24	106.30	108.06	84.93
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 / erstwhile 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:-

Particulars	For the year ended March 31, 2013 Amount (Rs.)
Net Profit After Tax	12,660,648,871
Less: Share of Minority (including share of Reserve Fund)	116,622,031
Net Profit available to Equity Share holders (as reported)	12,544,026,840
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs.390,850,276] (Pro forma)	40,985,070
Net Profit available to Equity Shareholders (as per Pro forma)	12,503,041,770
Basic earnings per share (as reported)	40.19
Basic earnings per share (Pro forma)	40.06
Diluted earnings per share (as reported)	38.94
Diluted earnings per share (Pro forma)	38.82

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

(vi) Pursuant to the Scheme of Arrangement the Authorised Capital of the Company has been rearranged to Rs. 16,000,000,000 divided into 3,000,000,000 Equity Shares of Rs. 2 each and 1,000,000,000 Preference shares of Rs. 10 each.

(vii) 52,587,066 Equity Shares of Rs. 2 each are reserved for issuance as follows:-

(a) 4,387,066 shares of Rs. 2 each towards Employees Stock options granted.

(b) 48,200,000 shares of Rs. 2 each towards outstanding share warrants.

(viii) **Minority Interest includes:**

1) As at March 31, 2013, 3,233,696 Equity Shares of Face Value Rs.10 each fully paid up issued by subsidiary company Indiabulls Finance Company Private Limited.

2) As at March 31, 2013, 1,275,000 Equity Shares of Face Value Rs.10 each fully paid up issued by subsidiary company Indiabulls Asset Reconstruction Company Limited.

3) Proportionate share in the movement in Reserves & Surplus of the said subsidiary.

	As at March 31, 2013 Amount (Rs.)
(4) Reserves and Surplus	
Capital Reserve	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	139,196,727
Closing Balance	139,196,727
Capital Reserve on consolidation	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	449,038,269
Add: Addition during the year ⁽¹⁾	8,854,788
Closing Balance ⁵	457,893,057
Capital Redemption Reserve	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	63,627,392
Closing Balance	63,627,392
Securities Premium Account	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	32,218,192,509
Add: Additions during the year on account of Shares issued under ESOP Schemes	66,773,829
	32,284,966,338
Less: Debenture issue expenses (Net of tax effect of Rs. 227,618,812)	682,930,943
Less: Premium on Redemption of Non Convertible Debentures (Including Discount) (Net of tax effect of Rs. 605,962,066)	1,818,084,554
Closing Balance	29,783,950,841

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
Stock Compensation Adjustment ^(Refer Note 36)	
Employee Stock options outstanding	61,403,350
Less: Deferred Employee Stock Compensation expense	18,794,365
Less: Transferred to Securities Premium account	12,280,670
Closing Balance	30,328,315
General Reserve	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	2,396,232,769
Add: Amount transferred during the year from Surplus in the Statement of Profit and Loss	1,228,000,000
Closing Balance	3,624,232,769
Foreign Currency Monetary Item Translation Difference Account ⁽²⁾	
Transfer during the Year	(27,523,476)
Closing Balance	(27,523,476)
Other Reserves:-	
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	890,000,000
Add: Amount transferred during the year from Surplus in the Statement of Profit and Loss ⁽³⁾	48,048,204
Less: Transferred to Minority Interest	17,258,062
Closing Balance	920,790,142
Statutory Reserve	
Reserve (I) ⁽⁴⁾	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	963,808,922
Add: Amount transferred during the year from Surplus in the Statement of Profit and Loss	2,455,813,911
Closing Balance	3,419,622,833
Reserve (II) ⁽⁵⁾	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note.36)	5,327,810,721
Add: Amount transferred during the year from Surplus in the Statement of Profit and Loss	69,351,042
Less: Amount transferred to Minority Interest	23,121,501
Closing Balance	5,374,040,262

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
Additional Reserve Fund	
(U/s 29C of the National Housing Bank Act, 1987)	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement <small>(Refer Note.36)</small>	2,069,552,909
Add: Amount transferred during the year from Surplus in the Statement of Profit and Loss	2,000,000,000
Less: Amount utilised during the year ⁽⁶⁾	1,320,200,000
Closing Balance	2,749,352,909
Surplus in the Statement of Profit and Loss	
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement <small>(Refer Note.36)</small>	3,890,750,316
Net Profit for the year after tax and Minority Interest	12,584,406,403
Amount available for appropriation (A)	16,475,156,719
Appropriations:	
Interim Dividend paid on Equity Shares (Rs. 13.50 Per Share)	4,215,019,939
Interim Dividend payable on Equity Shares (Rs. 6.50 Per Share)	2,031,322,586
Dividend for the previous year on Equity Shares issued by the Erstwhile Holding Company after the year end pursuant to ESOPs Allotment	1,291,745
Corporate Dividend Tax on Interim Dividend paid on Equity Shares	683,781,610
Corporate Dividend Tax on Interim Dividend payable on Equity Shares	345,223,274
Corporate Dividend Tax on Dividend for the previous year on Equity Shares issued by the Erstwhile Holding Company after the year end pursuant to ESOPs Allotment	209,554
Transferred to General Reserve	1,228,000,000
Transferred to Special Reserve (U/s 36(1)(viii) of the Income Tax Act, 1961)	48,048,204
Transferred to Special Reserve (U/s 29C of the National Housing Bank Act, 1987)	2,455,813,911
Transferred to Additional Reserve (U/s 29C of the National Housing Bank Act, 1987)	2,000,000,000
Transferred to Reserve Fund (U/s 45-IC of the RBI Act,1934)	69,351,042
Total Appropriations (B)	13,078,061,865
Balance of Profit Carried Forward (A)-(B)	3,397,094,854
	49,932,606,625

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

(1) Goodwill / Capital Reserve:

As transferred from the Erstwhile Holding Company (IBFSL) under the Scheme of Arrangement, the Company had recorded Capital Reserve on consolidation of Rs. 449,038,269. During the year, Indiabulls Advisory Services Limited (IASL), a wholly owned subsidiary of the Company has invested Rs. 26,000,000 by subscribing to 2,600,000 Equity Shares of face value Rs. 10/- each per Equity Share issued by Indiabulls Asset Reconstruction Company Limited (IARCL), an associate of the Company. After this issue, the stake in IARCL has increased from 24.02% to 75.00%. The Capital Reserve was increased by Rs. 8,854,788 on account of the same. After the above adjustment the net capital reserve on consolidation has increased to Rs. 457,893,057.

\$Net Capital Reserve on consolidation amounting to Rs. 457,893,057 consists of Rs. 581,869,039 being Capital Reserve arising on Consolidation and Rs. 123,975,982 being Goodwill arising on Consolidation.

- (2) Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending Accounting Standard 11 - The Effects of Changes in Foreign Exchange Rates as notified by the Companies (Accounting Standards) Rules 2006 as amended, the Company has exercised the option as per para 46A inserted in the said Standard for all long term monetary assets and liabilities. Consequently an amount of Rs. 27,523,476 representing translation difference on foreign currency loans is carried forward in the Foreign Currency Monetary Item Translation Difference Account as on March 31, 2013. This amount is to be amortised over the balance period of such monetary liabilities.
- (3) In terms of Section 36(1)(viii) of the Income-tax Act, 1961, a deduction is allowed for income from eligible business viz, Income from providing long-term infrastructure finance, long-term finance for the construction or purchase of houses in India for residential purposes and the business of providing long-term finance for industrial or agricultural development etc. The Company claims the deduction as it falls under some of the categories of eligible business as defined under Section 36 (1)(viii) of the Income-tax Act, 1961. Consequently the Company has, as at the year end, transferred an amount of Rs. 48,048,204 to the Special Reserve created to claim deduction in respect of eligible business under the said section.
- (4) In terms of Section 29C of the NHB Act, 1987, the Company is required to transfer at least 20% of its Profit after tax to a Reserve Fund before any dividend is declared. Such a Reserve Fund 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. 2,455,813,911 to the Reserve Fund as at the year end. Further an additional amount of Rs. 2,000,000,000 has been set apart by way of transfer to Additional Reserve Fund in excess of the statutory minimum requirement as specified under Section 29C pursuant to Circular no. NHB(ND)/DRS/Pol-No. 03/2004-05 dated August 26, 2004 issued by the National Housing Bank. The additional amount so transferred may be utilised in the future for any business purpose subject to suitable disclosure in the Balance Sheet.
- (5) This pertains to reserve created under section 45-IC of the RBI Act 1934, by the Erstwhile Holding Company Indiabulls Financial Services Limited and its subsidiaries transferred under the Scheme of Arrangement. In terms of Section 45-IC of the RBI Act, 1934, the Subsidiary Non Banking Finance Companies ("NBFC") 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 NBFC has transferred an amount of Rs. 69,351,042 to the Reserve Fund during the year.
- (6) During the year, in addition to the provision for loan assets and standard assets charged of Rs. 563,100,531 to the Statement of Profit and Loss, an amount of Rs. 1,320,200,000 (net of Deferred Tax of Rs. 679,800,000) being one time charge of provision for standard assets and other contingencies due to merger between the Company and the Erstwhile Holding Company (Refer Note 36) and changes in the provisioning requirements by the National Housing Bank vide Circulars no.

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to Circular NHB(ND)/DRS/Pol-No. 03/2004-05 dated August 26, 2004 as under;

Particulars	As at March 31, 2013 Amount (Rs.)
Provisions for Contingencies	2,239,588,041
Provision for Loan Assets	323,512,490
Total	2,563,100,531

- (5) In terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Erstwhile Holding Company during the current financial year, upon receipt of Shareholders approval, has on June 9, 2012, issued and allotted an aggregate of 20,700,000 warrants, to certain Promoter group entities and Key Management Personnel, at a conversion price of Rs. 218 per Equity Share, 25% of which amounting to Rs. 1,128,150,000 has already been received by the Company from the respective allottees as upfront amount. These warrants are convertible into an equivalent number of Equity shares of face value Rs. 2 each, in the Company, upon receipt of balance conversion price, within a period of eighteen months from the date of allotment. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amount received towards the warrants. (Refer Note 36)

Particulars	As at March 31, 2013 Amount (Rs.)
(6) Long-term borrowings	
Secured	
Redeemable, Non Convertible Debentures <small>(Refer Note 28 (i))*</small>	58,071,000,000
Term Loans <small>(Refer Note 28 (iii))*</small>	
From Banks	111,821,798,868
From Others	4,004,999,999
Unsecured	
Loans and Advances from Others	
– 10.60% Redeemable Non convertible Perpetual Debentures**	1,000,000,000
– Subordinated Debt <small>(Refer Note 28 (iii))</small>	7,446,800,000
	182,344,598,867

* Secured by hypothecation of Loan Receivables/Current Assets/Cash and Cash Equivalents of the Company.

** No Put / Call Option exercisable at the end of 10 years from the date of allotment (exercisable only with the prior approval of the concerned regulatory authority)

Particulars	As at March 31, 2013 Amount (Rs.)
(7) Other Long term liabilities	
Other Liabilities	2,759,578
Interest Accrued but not due on Secured Redeemable Non Convertible Debentures	75,619,945
	78,379,523

Indiabulls

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
(8) Long term provisions	
Provision for Contingencies ⁽¹⁾	2,671,818,448
Provision for Gratuity ^{(Refer Note 25(1))}	79,073,199
Provision for Compensated Absences ^{(Refer Note 25(1))}	35,462,489
Provision for Superannuation ^{(Refer Note 25(1))}	292,225,359
Premium on Redemption on Secured Non Convertible Debentures (Accrued but not due) (Sinking fund)	621,318,989
	3,699,898,484

(1) Provision for Contingencies includes Contingent provision against standard assets and other contingencies. As per National Housing Bank Circular No. NHB/HFC/DIR.3/CMD/2011 dated August 5, 2011 and NHB/HFC/DIR.4/CMD/ 2012 dated January 19, 2012, in addition to provision for non performing assets, all housing finance companies are required to carry a general provision. (i) at the rate of 2% on housing loans disbursed at comparatively lower rate of interest in the initial few years, after which rates are reset at higher rates; (ii) at the rate of 1% of Standard Assets in respect of Commercial Real Estates and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) above. Also in terms of RBI 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 for Standard Assets at 0.25% of the outstanding standard assets. Accordingly, the Company and its subsidiaries is carrying a provision of Rs. 2,521,186,596 towards standard assets (included in Provisions for Contingencies), which is well over the required minimum provision as per the NHB Guidelines in case of the Company and on outstanding balance of Standard Assets as per RBI Directions in case of subsidiary companies.

Movement in Provision for Contingencies Account during the year is as under :

Particulars	As at March 31, 2013 Amount (Rs.)
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note. 36)	811,594,020
Add: Addition during the Year ^{(Refer Note 4(6))}	2,239,588,041
Closing Balance*	3,051,182,061
*Includes Contingent Provision Against Standard Assets	2,521,186,596

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
(9) Short-term borrowings	
Secured	
(a) Loans Repayable on Demand	
From banks- Working Capital Demand Loan*	28,500,000,000
From Banks - Cash Credit Facility*	5,432,615,618
(b) Other Loans and Advances	
From Banks *	7,277,523,476
Redeemable, Non Convertible Debentures*	650,000,000
Unsecured	
Other Loans and Advances	
Commercial Papers **	23,950,000,000
	65,810,139,094

*Secured by hypothecation of Loan Receivables (Current and Future) / Current Assets / Cash and Cash Equivalents of the Company.

**Maximum balance outstanding during the year Rs. 31,880,000,000

	As at March 31, 2013 Amount (Rs.)
(10) Trade payables	
(a) Dues to Micro and Small Enterprises*	—
(b) Dues to others	28,529,227
	28,529,227

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

- (a) 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.
- (b) 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.
- (c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
- (d) No amount of interest was accrued and unpaid at the end of the accounting year.

The above information regarding to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
(11) Other current liabilities	
Current maturities of long term debt ⁽¹⁾	64,703,099,788
Interest accrued but not due ⁽²⁾	3,549,005,814
Temporary overdrawn bank balance as per books	6,957,697,476
Amount payable on assigned loans (net)	2,063,568,150
Other Current Liabilities for Statutory Dues and Expense Provisions	650,812,546
Unclaimed Dividends ⁽³⁾	19,287,496
	77,943,471,270
(1) Current maturities of long term debt	
Redeemable, Non Convertible Debentures ^{(Refer Note 28 (i))}	26,890,000,000
Term Loans	
From Banks ^{(Refer Note 28 (iii))}	37,183,099,788
From Others ^{(Refer Note 28 (ii))}	630,000,000
	64,703,099,788
(2) Interest accrued but not due	
On Term Loans and Working Capital Demand Loans	42,196,097
On Secured Redeemable Non Convertible Debentures	3,106,859,914
On Subordinated Debt and Perpetual Debt	399,949,803
	3,549,005,814
(3) 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, 2013.	
	As at March 31, 2013 Amount (Rs.)
(12) Short-term provisions	
Provision for Taxation (net of Advance Tax Rs. 4,943,752,305)	1,602,658,535
Provision for Fringe Benefits Tax (net of Advance Tax Rs. 78,998,036)	185,628
Provision for Contingencies ^(Refer Note. 8)	379,363,613
Provision for Gratuity ^{(Refer Note 25(1))}	4,820,473
Provision for Compensated Absences ^{(Refer Note 25(1))}	2,580,883
Premium on Redemption on Secured Non Convertible Debentures (Accrued but not due) (Sinking fund)	3,882,512,878
Interim Dividend payable on Equity Shares (Rs. 6.50 per Equity share)	2,031,322,586
Corporate Dividend Tax payable on Interim Dividend on Equity Shares	345,223,274
	8,248,667,870

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

(13) Fixed Assets

Particulars	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2012 Rs.	Addition on account of Scheme of Arrangement (Refer Note 36) Rs.	Adjustments/ Sales during the Year Rs.	As at 31.03.2013 Rs.	As at 01.04.2012 Rs.	Addition on account of Scheme of Arrangement (Refer Note 36) Rs.	Provided during the Year Rs.	Adjustments during the Year Rs.	As at 31.03.2013 Rs.	As at 31.03.2013 Rs.
(i) Tangible Assets										
Land*	—	3,087,000	—	3,218,270	—	—	—	—	—	3,218,270
Buildings	—	10,255,100	—	10,255,100	—	219,824	167,158	—	386,982	9,868,118
Furniture & Fixtures	—	100,237,602	448,435	114,388,263	—	44,109,912	19,398,514	262,230	63,246,196	51,142,067
Vehicles	—	129,065,052	13,539,019	166,151,644	—	31,290,440	15,031,703	5,189,651	41,132,492	125,019,152
Office Equipment	—	94,283,268	11,151,716	104,916,768	—	20,313,199	5,004,471	155,740	25,161,930	79,754,838
Computers	—	179,493,895	14,914,240	193,063,369	—	129,981,178	22,431,862	1,128,297	151,284,743	41,778,626
Leasehold improvements	—	185,175,580	18,653,955	202,895,166	—	59,125,025	10,928,216	719,427	69,333,814	133,561,352
TOTAL (i)	—	701,597,497	110,075,888	794,888,580	—	285,039,578	72,961,924	7,455,345	350,546,157	444,342,423
(ii) Intangible Assets										
Software	—	190,520,872	4,049,255	194,570,127	—	162,352,293	20,883,952	—	183,236,245	11,333,882
TOTAL (ii)	—	190,520,872	4,049,255	194,570,127	—	162,352,293	20,883,952	—	183,236,245	11,333,882
CURRENT YEAR TOTAL [(i)+(ii)]	—	892,118,369	114,125,143	989,458,707	—	447,391,871	93,845,876	7,455,345	533,782,402	455,676,305
(iii) Capital Work in Progress (at cost)										400,000

* Mortgaged as Security against Secured Non Convertible Debentures (Refer Note 6, 9 & 11)

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
(14) Non-current investments <small>(Refer Note 36)</small>	
Long Term - Trade - Unquoted	
Other Long Term Investments:	
— 28,000,000 Fully paid up Equity Shares of face value Rs 5 each in Indian Commodity Exchange Limited ^{(1) & (4)}	101,555,854
Long Term - Non Trade - Unquoted	
— 9.25% Unsecured Redeemable Non-Convertible Subordinated Bonds of Dena Bank of Face Value of Rs. 1,000,000 each ⁽⁴⁾	50,000,000
Total	151,555,854
Aggregate market value of quoted Investments	—
Aggregate book value of quoted Investments	—
Aggregate book value of unquoted Investments	151,555,854
Aggregate provision for diminution in value of Investments	—

- (1) On December 13, 2010 the Erstwhile Holding Company (IBFSL) had sold 26% shares held by it in Indian Commodity Exchange Limited (ICEX) to Reliance Exchange Next Limited (R-Next) for a total consideration of Rs. 473,500,000 against a proportionate cost of Rs. 260,000,000. As a result thereof, the stake of IBFSL in ICEX has been reduced from 40% to 14% and the same has been reclassified as a long term investment from the earlier classification of being an Associate. MMTC filed a petition before the Company Law Board (CLB) against ICEX, R-Next and IBFSL alleging that the transfer is null and void in terms of the Shareholders Agreement in view of the Forward Markets Commission (FMC) guidelines. IBFSL contends that such view of MMTC is based on the old FMC guidelines and without considering the amended FMC Guidelines dated June 17, 2010 wherein the transfer norms were relaxed. IBFSL had filed its objections on maintainability of the petition which is pending adjudication before the CLB.
- (2) During the current financial year, Indiabulls Advisory Services Limited (IASL), a wholly owned subsidiary of the Company has invested Rs. 26,000,000 by subscribing 2,600,000 Equity Shares of face value Rs. 10 each per Equity Share issued by Indiabulls Asset Reconstruction Company Limited (IARCL), an associate of the Company. After this issue, the stake in IARCL has increased from 24.02% to 75.00% (together with IASL) and then IARCL has become a subsidiary of the Company from the earlier classification of being an Associate.
- (3) During the current financial year, the Company has written off its investment in Indiabulls Alternative Asset Management Private Limited as the Company was struck off from the records of Accounting and Corporate Regulatory Authority of Singapore on February 7, 2013.
- (4) Transferred from Erstwhile Holding Company (IBFSL) under the Scheme of Arrangement (Refer Note 36)

(15) Deferred tax Assets (Net)

Pursuant to Accounting Standard (AS) – 22 ‘Accounting for Taxes on Income’ as notified by the Companies (Accounting Standards) Rules, 2006, as amended, the Company has debited an amount of Rs. 136,133,548 as deferred tax charge (net) to the Statement of Profit and Loss arising on account of timing differences. Further Deferred Tax Asset of Rs. 679,800,000 (Included in provision for loan assets and contingent

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

provision against standard assets below) has been recognised against the utilisation from Additional Reserve u/s 29C (Refer Note. 4(6)). The breakup of deferred tax into major components as at March 31, 2013 is as under:

	As at March 31, 2013 Amount (Rs.)
Deferred Tax Liabilities	
On difference between book balance and tax balance of fixed assets	2,390,256
Deferred Tax Assets	
Provision for loan assets and contingent provision against standard assets	1,503,152,749
Disallowance under Section 40A(7) of the Income-Tax Act, 1961	28,345,559
Disallowance under Section 43B of the Income-Tax Act, 1961	112,178,225
Deferred Tax Assets (Net)	1,641,286,277
	As at March 31, 2013 Amount (Rs.)
(16) Long term loans and advances	
(i) Loans and Other Credit Facilities	
(a) Secured Loans ⁽¹⁾	
— Considered Good	299,903,010,103
— Considered Doubtful	970,780,847
Less: Loans Assigned	30,380,506,765
	<u>270,493,284,185</u>
(b) Unsecured Loans	
— Considered Good	756,107,049
— Considered Doubtful	216,222,936
	<u>972,329,985</u>
Total (a) + (b)	271,465,614,170
Less: Provision for Loan Assets ⁽²⁾	
(Including Additional Provision made by the Company)	1,471,584,657
	<u>269,994,029,513</u>
(ii) Other Unsecured Loans and Advances	
Capital Advances	763,821,339
Security Deposit for Rented Premises	43,618,536
Security Deposit with others	8,173,651
Advance Fringe Benefits tax (FBT)	
(Net of Provision for FBT Rs. 2,471,281)	68,775
Advance Tax/Tax deducted at source	
(Net of Provision for Tax of Rs. 6,097,801,665)	721,686,815
Others including Prepaid Expenses and Employee advances	16,150,092
	<u>271,547,548,721</u>

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

- (1) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 270,493,284,185 are secured / partly secured by :
- Equitable mortgage of property and / or
 - Pledge of shares, units, other securities, assignment of life insurance policies and / or
 - Hypothecation of assets and / or
 - Company guarantees or personal guarantees and / or
 - Negative lien and / or Undertaking to create a security.

(2) Movement in Provision for Loan Assets is as under :

Particulars	As at March 31, 2013 Amount (Rs.)
Transfer from Indiabulls Financial Services Limited Group pursuant to Scheme of Arrangement ^(Refer Note 36)	2,486,709,537
Add: Transfer from Statement of Profit and Loss	323,512,490
Less: Utilised during the year - towards Loans written off	1,248,618,814
Closing Balance	1,561,603,213

Particulars	As at March 31, 2013 Amount (Rs.)
(17) Other non-current assets	
Margin Money Accounts having maturity greater than one year	4,725,608,142
Interest Accrued on Deposit accounts / Margin Money	111,679,402
	4,837,287,544

Particulars	As at March 31, 2013 Amount (Rs.)
(18) Current investments	
Quoted	
Investment in Mutual Funds*	1,265,000,000
Investments in Bonds (Quoted) ^{(Refer Note 28(iv)(a))}	3,880,000,000
Investments in Certificate of Deposits (Quoted) ^{(Refer Note 28(iv)(b))}	16,728,935,250
Investments in Government Securities (Quoted) ^{(Refer Note 28(iv)(c))}	505,432,614
	22,379,367,864
Unquoted	
Investment in Mutual Funds**	547,971,199
	547,971,199
	22,927,339,063

*Includes Rs. 50,000,000 considered as Cash and Cash equivalents for Cash Flow

**Considered as Cash and Cash equivalents for Cash Flow

Aggregate market value of quoted Investments	22,678,049,248
Aggregate book value of quoted Investments	22,379,367,864
Aggregate book value of unquoted Investments	547,971,199
Aggregate provision for diminution in value of Investments	—

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
(19) Trade receivables	
Debts Outstanding for a period more than six months from its due date	
— Secured, Considered Good	—
— Unsecured, Considered Good	74,214
Debts Outstanding for a period less than six months from its due date	
— Secured, Considered Good	—
— Unsecured, Considered Good	22,373,079
	22,447,293

	As at March 31, 2013 Amount (Rs.)
(20) Cash and bank balances	
Cash and cash equivalents	
Cash on Hand	157,897,921
Cheques / Drafts on hand	38,296,365
Balances with banks	
— in current accounts #	48,307,454,722
Other bank balances:	
— in deposit accounts having original maturity greater than three months upto one year	68,380,002
— in deposit accounts having original maturity greater than one year	305,800,000
— in deposit accounts held as margin money (under lien) ⁽¹⁾	3,977,205
	48,881,806,215

(1) Deposits accounts with bank of Rs. 3,977,205 are under lien. The Company has the complete beneficial interest on the income earned from these deposits.

includes Rs. 19,287,496 in designated unclaimed dividend accounts.

	As at March 31, 2013 Amount (Rs.)
(21) Short-term loans and advances	
Loans and Other Credit Facilities	
(a) Secured Loans ⁽¹⁾	
— Considered Good	40,404,385,210
Less: Loans assigned	6,046,356,790
	34,358,028,420

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)
(b) Unsecured Loans	
— Considered Good	2,005,662,177
	<u>2,005,662,177</u>
Total (a) +(b)	<u>36,363,690,597</u>
Less: Provision for Loan Assets(Including Additional Provision made by the Company) <small>(Refer Note.16(2))</small>	90,018,556
	<u>36,273,672,041</u>
Advance Interest on Short term borrowings	393,867,622
Security Deposit for Rented Premises	141,228,217
Security Deposit with Others	30,000,000
Application Money for Bonds	250,000,000
Others including Prepaid Expenses/Cenvat Credit and Employee advances	171,691,242
	<u>37,260,459,122</u>

- (1) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 34,358,028,420 are secured / partly secured by :
- Equitable mortgage of property and / or
 - Pledge of shares, units, other securities, assignment of life insurance policies and / or
 - Hypothecation of assets and / or
 - Company guarantees or personal guarantees and / or
 - Negative lien and / or Undertaking to create a security.

	As at March 31, 2013 Amount (Rs.)
(22) Other current assets	
FCNR Hedge Premium	82,542,460
Interest Accrued on Loans	3,317,899,677
Interest Accrued on Deposit accounts / Margin Money / Bonds	161,925,989
	<u>3,562,368,126</u>

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	Year ended March 31, 2013 Amount (Rs.)
(23) Revenue from Operations	
(a) Income from Financing and Investing Activities	
Interest on Financing Activities ⁽¹⁾	42,634,103,020
Dividend on Units of Mutual Funds	1,890,048,501
(b) Income from other Financial Services	
Income from Service Fees/Advisory Services	271,847,554
Commission on Insurance	84,208,441
Management fees	19,008,116
Profit on appreciation of Mutual Fund Investments (Current Investments)	1,871,199
Profit on sale of Current Investments	371,157,229
Other Operating Income ⁽²⁾	2,021,913,582
	47,294,157,642
(1) Interest from Financing Activities Includes:	
Interest on Loan Financing / Income from Securitisation / Assignment	41,587,924,288
Interest on Deposit Accounts	273,465,252
Interest on Bonds / Commercial Papers (Current investments)	772,713,480
Total	42,634,103,020
(2) Other Operating Income includes:	
Loan processing fees	1,426,813,167
Foreclosure fees and other related income	824,820,944
Less: Direct Selling Agents Commission	229,720,529
	2,021,913,582
(24) Other Income	
Sundry Balances written back	62,075,663
Bad debts recovered	391,951,789
Miscellaneous Income	29,673,357
Interest on Income Tax Refund	874,888
Share in Profit of Associate	777,845
	485,353,542

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

	Year ended March 31, 2013 Amount (Rs.)
(25) Employee benefits expense	
Salaries	2,081,448,214
Contribution to Provident Funds and Other Funds ⁽¹⁾	12,129,383
Employee Stock Compensation Expense	7,563,100
Provision for Gratuity, Compensated Absences and Superannuation Expense ⁽¹⁾	120,505,148
Staff Welfare Expenses	23,826,927
	2,245,472,772

(1) Note on AS - 15 disclosure:

Employee Benefits – Provident Fund, ESIC, Gratuity and Compensated Absences disclosures as per Accounting Standard (AS) 15 (Revised) – Employee Benefits as notified by the Companies (Accounting Standards) Rules, 2006, as amended:

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. 12,129,383 in the Statement of Profit and Loss towards Employers contribution for the above mentioned funds.

Provision for unfunded Gratuity and Compensated Absences for all employees is based upon actuarial valuations carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Pursuant to the issuance of the Accounting Standard (AS) 15 (Revised) on 'Employee Benefits', as notified by the, Companies (Accounting Standards) Rules, 2006, as amended, commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

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

Particulars	Gratuity (Unfunded) 2012-2013 Rs.	Compensated Absences (Unfunded) 2012-2013 Rs.	Superannuation (Unfunded) 2012-2013 Rs.
Reconciliation of liability recognised in the Balance Sheet:			
Present Value of commitments (as per Actuarial valuation)	83,893,672	38,043,372	292,225,359
Fair value of plan assets	—	—	—
Net liability in the Balance sheet (as per Actuarial valuation)	83,893,672	38,043,372	292,225,359

Indiabulls

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	Gratuity (Unfunded) 2012-2013 Rs.	Compensated Absences (Unfunded) 2012-2013 Rs.	Superannuation (Unfunded) 2012-2013 Rs.
Movement in net liability recognised in the Balance Sheet:			
Net liability as at the beginning of the year as transferred from IBFSL	71,043,094	31,967,188	194,252,856
Amount paid during the year	(3,605,883)	—	—
Net expenses recognised / (reversed) in the Statement of Profit and Loss	16,456,461	6,076,184	97,972,503
Net liability as at the end of the year	83,893,672	38,043,372	292,225,359
Expenses recognised in the Statement of Profit and Loss:			
Current service cost	22,344,055	13,292,312	26,499,538
Past service cost	—	—	—
Interest Cost	6,060,060	2,883,900	19,355,217
Expected return on plan assets	—	—	—
Actuarial (gains) / Losses	(11,947,654)	(10,100,028)	52,117,748
Expenses charged / (reversal) to the Statement of Profit and Loss	16,456,461	6,076,184	97,972,503
Return on Plan assets:			
Expected return on plan assets	N.A.	N.A.	N.A.
Actuarial (gains) / losses	N.A.	N.A.	N.A.
Actual return on plan assets	N.A.	N.A.	N.A.
Reconciliation of defined-benefit commitments:			
Commitments as at the beginning of the year	71,043,094	31,967,188	194,252,856
Current service cost	22,344,055	13,292,312	26,499,538
Past service cost	—	—	—
Interest cost	6,060,060	2,883,900	19,355,217
(Paid benefits)	(3,605,883)	—	—
Actuarial (gains) / losses	(11,947,654)	(10,100,028)	52,117,748
Commitments as at the end of the year	83,893,672	38,043,372	292,225,359
Reconciliation of Plan assets:			
Plan assets as at the beginning of the year	N.A.	N.A.	N.A.
Expected return on plan assets	N.A.	N.A.	N.A.
Contributions during the year	N.A.	N.A.	N.A.
Paid benefits	N.A.	N.A.	N.A.
Actuarial (gains) / losses	N.A.	N.A.	N.A.
Plan assets as at the end of the year	N.A.	N.A.	N.A.

Indiabulls

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	Gratuity (Unfunded) 2012-2013 Rs.	Compensated Absences (Unfunded) 2012-2013 Rs.	Superannuation (Unfunded) 2012-2013 Rs.
Experience adjustment			
On plan liabilities	11,959,879	10,107,849	(52,033,314)
On plan assets	—	—	—
Present value of benefit obligation	83,893,672	38,043,372	292,225,359
Fair value of plan assets	—	—	—
Excess of (obligation over plan assets) / plan assets over obligation	83,893,672	38,043,372	292,225,359

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:

Particulars	Gratuity (Unfunded) 2012-2013 Rs.	Compensated Absences (Unfunded) 2012-2013 Rs.	Superannuation (Unfunded) 2012-2013 Rs.
Discount rate	8%	8%	8%
Expected return on plan assets	N.A.	N.A.	N.A.
Expected rate of salary increase	5%	5%	5%
Mortality	IALM (1994-96)	IALM (1994-96)	IALM (1994-96)
Retirement Age	60	60	60

(N.A. - not applicable)

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. 33,264,451, Rs. 11,734,060 and Rs. 55,346,782 respectively.

	Year ended March 31, 2013 Amount (Rs.)
(26) Finance costs	
Interest on Loans ⁽¹⁾	17,519,531,696
Interest on Non Convertible Debentures	5,481,777,232
Interest on Commercial Papers	2,353,163,362
Interest on Subordinate Debt	546,006,544
Interest on Taxes	1,678,657
Bank Charges towards Borrowings	16,365,310
Processing fees	72,356,284
	25,990,879,085

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

(1) During the year, the Company has recognised Premium on Options Contracts amounting to Rs. 20,085,000 included in Interest on Loans and unrealised marked to market loss towards derivatives (Interest Rate Swaps) amounting to Rs. 439,933 which has been included under Bank / Finance Charges . Derivative instruments that are outstanding as at March 31, 2013 is as given below:-

- I. Forward Options contracts entered for hedging purposes as at March 31, 2013 for USD 37,277,984 against cross currency of Rs. 2,000,000,000.
- II. Interest Rate Swaps for Notional Principal of Rs. 4,000,000,000 for a total of 8 contracts against fluctuations in interest rate changes.

	Year ended March 31, 2013 Amount (Rs.)
(27) Other Expenses	
Collection Charges	6,979,947
Client Verification Charges	110,702,196
Demat Charges	1,475,842
Stamp Papers/Stamp Duty charges	33,200,952
CERSAI Charges	9,326,200
Rates and Taxes	8,862,262
Communication Expenses	61,834,131
Legal and Professional Charges	462,551,235
Rent and Other charges ⁽¹⁾	386,486,514
Electricity Expenses	46,150,463
Repairs & Maintenance - Others	110,069,962
Recruitment and Training	5,453,758
Printing and Stationery	29,271,523
Traveling and Conveyance Expenses	117,626,192
Business Promotion	127,884,171
Payment to Auditors comprises (net of service tax input credit Rs 1,379,451)	
As Auditors	12,971,309
For Certification	2,123,600
Other Services	5,521,360
Reimbursement of Expenses	2,229,780
Provision for Loan Assets ⁽²⁾	323,512,490
Contingent Provisions against Standard Assets (Net) ⁽²⁾	239,588,041
Advertisement	92,898,974
Bad Debts	669,007,097
Loss on sale of fixed assets	4,158,906
Trusteeship Fees	1,756,621
Donation Expenses	3,005,000
Insurance Premium	29,336
Miscellaneous Expenses	23,263,653
	2,897,941,515

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

- (1) The Company has taken office premises on Lease and Leave & License basis at various locations in India. Lease rent / License fees aggregating to Rs. 349,980,322 in respect of the same have been charged to the Statement of Profit and Loss. The agreements are executed for periods ranging from 11 months to 9 years with a renewable clause. In many cases, the agreements also provide for termination at will by either party by giving a prior notice period between 30 to 90 days. The minimum lease rentals outstanding as at March 31, 2013, are as under:

Particulars	Minimum Lease Rentals For the Year ended March 31, 2013 Amount (Rs.)
Within one year	354,372,631
One to Five years	708,694,390
Above Five Years	164,989,300
	1,228,056,321

- (2) During the year, in addition to the charge of Rs. 563,100,531 towards provision for loan assets and standard assets to the Statement of Profit and Loss, an amount of Rs. 1,320,200,000 (net of Deferred Tax of Rs. 679,800,000), being one time charge of provision for standard assets and other contingencies due to merger between the Company and the Erstwhile Holding Company (Refer note 36) and changes in the provisioning requirements by the National Housing Bank vide Circulars no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to Circular No. NHB(ND)/DRS/Pol- 03/2004-05 dated August 26, 2004 as under;

Particulars	For the Year ended March 31, 2013
Contingent Provisions against Standard Assets	239,588,041
Provision for Loan Assets	323,512,490
Total	563,100,531

Particulars	As at March 31, 2013 Amount (Rs.)
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(28) Explanatory Notes

- (i) **Secured Redeemable Non Convertible Debentures (payable at par unless otherwise stated) include:***

10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 25, 2023**	50,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 19, 2023**	1,000,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 26, 2023**	250,000,000

Indiabulls

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	As at March 31, 2013 Amount (Rs.)
10.20% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on January 16, 2023**	350,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 31, 2022**	500,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 18, 2022	150,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 19, 2022	150,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 6, 2022	150,000,000
10.70% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 6, 2022	200,000,000
10.70% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 28, 2022	8,000,000,000
10.75% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 3, 2022	1,250,000,000
10.15% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 27, 2022	5,000,000,000
10.70% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 22, 2021	1,000,000,000
10.65% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 7, 2021	5,000,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 25, 2018**	150,000,000
10.10% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 19, 2018**	1,000,000,000
10.25% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on January 16, 2018**	400,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 28, 2017**	1,500,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 17, 2017	401,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 30, 2017	5,000,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 26, 2016**	1,000,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 4, 2016**	1,000,000,000

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	As at March 31, 2013 Amount (Rs.)
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 25, 2015	500,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 27, 2015	5,500,000,000
10.65% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 16, 2015	200,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 9, 2015**	700,000,000
4.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on May 8, 2015	2,000,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 24, 2015 ^{(2)**}	70,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 2, 2015 ⁽²⁾	270,000,000
10.60% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 13, 2015	800,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on January 9, 2015**	650,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 18, 2014 ⁽²⁾	330,000,000
9.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 1, 2014	1,000,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 25, 2014 ⁽²⁾	600,000,000
9.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 21, 2014	2,500,000,000
4.65% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 18, 2014	3,000,000,000
10.85% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 31, 2014	500,000,000
10.60% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 10, 2014	2,000,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 26, 2014	100,000,000
10.75% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 22, 2014	450,000,000
10.80% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 22, 2014	150,000,000

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	As at March 31, 2013 Amount (Rs.)
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 9, 2014**	650,000,000
10.70% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 8, 2014	350,000,000
11.20% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 28, 2014	1,250,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on May 26, 2014	500,000,000
11.20% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 15, 2014	500,000,000
10.10% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 28, 2014 ^{(1)**}	500,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 14, 2014 ^{(1)&(2)}	2,000,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 20, 2014 ^{(1)&(2)**}	2,000,000,000
10.40% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 14, 2014 ⁽¹⁾	2,500,000,000
10.60% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 13, 2014 ⁽¹⁾	600,000,000
10.80% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 10, 2014 ⁽¹⁾	250,000,000
10.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 7, 2014 ⁽¹⁾	500,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 9, 2013 ^{(1)&(2)}	500,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 16, 2013 ^{(1)&(2)}	350,000,000
10.25% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 7, 2013 ⁽¹⁾	250,000,000
10.50% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 9, 2013 ⁽¹⁾	1,500,000,000
10.80% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 6, 2013 ⁽¹⁾	150,000,000
10.25% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 12, 2013 ⁽¹⁾	500,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 10, 2013 ^{(1)&(2)}	2,500,000,000

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	As at March 31, 2013 Amount (Rs.)
10.80% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 8, 2013 ⁽¹⁾	750,000,000
10.70% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 19, 2013 ⁽¹⁾	300,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 5, 2013 ^{(1)&(2)}	10,600,000,000
10.15% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 19, 2013 ⁽¹⁾	500,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 12, 2013 ^{(1)&(2)}	340,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on May 13, 2013 ^{(1)&(2)}	220,000,000
0.00% Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 16, 2013 ^{(1)&(2)}	80,000,000
	84,961,000,000

(1) Current Maturity of Long Term Non Convertible Debentures as at March 31, 2013

(2) Redeemable at premium

*Redeemable Non-Convertible Debentures are secured against Freehold Land and pool of Loan Receivables of the Company.

** As at the year end, the Company was in the process of creating the charge / security on assets.

Particulars	As at March 31, 2013 Amount (Rs.)
(ii) Term Loan from banks includes*:	
These loans are repayable in yearly installments with a moratorium period of 2 years from the date of disbursement. The balance tenure for these loans is 50 months (average) from the Balance Sheet date.	57,183,333,332
These loans are repayable in bullet at the end of the tenure from the date of disbursement. The balance tenure for these loans is 11 months (average) from the Balance Sheet date.	25,250,000,000
This loan is repayable in quarterly installments after a moratorium period of 1 year from the date of first disbursement. The balance tenure for this loan is 51 months from the Balance Sheet date.	5,972,222,220

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	As at March 31, 2013 Amount (Rs.)
These loans are repayable in quarterly installments after a moratorium period of 24 months from the date of first disbursement. The balance tenure for these loans is 76 months from the Balance Sheet date.	12,916,600,000
This loan is repayable in 4 half yearly installments after moratorium period of 3 years from the date of first disbursement. The balance tenure for this loans is 43 months from the Balance Sheet date.	2,000,000,000
These loans are repayable in 18 quarterly installments with a moratorium period of 6 months from the date of first disbursement. The balance tenure for these loans is 126 months from the Balance Sheet date.	23,401,493,103
These loans are repayable in yearly installment after the moratorium period of 1 years from the date of disbursement. The balance tenure for these loans is 35 months from the Balance Sheet date.	15,150,000,000
This loan is repayable in monthly installment from the date of disbursement. The balance tenure for this loan is 31 months from the Balance Sheet date. ⁽¹⁾	1,635,000,000
These loans are repayable in quarterly installment from the date of disbursement. The balance tenure for these loans is 25 months from the Balance Sheet date.	1,731,250,000
This loan is repayable in quarterly installment after the moratorium of 1 years from the date of disbursement. The balance tenure for this loans is 13 months from the Balance Sheet date.	700,000,000
These loans are repayable in half yearly installment after the moratorium of 1 years from the date of disbursement. The balance tenure for this loans is 7 months from the Balance Sheet date.	200,000,000
Quarterly Installment with moratorium of 18 months from the date of disbursement. The balance tenure for this loans is 58 months from the Balance Sheet date. ⁽²⁾	7,500,000,000
	153,639,898,655

*Secured by hypothecation of Loan Receivables/Current Assets/Cash and Cash Equivalents of the Company.

(1) Loan taken other than from banks for Rs. 1,635,000,000

(2) Includes Loan taken other than from banks for Rs. 2,999,999,999

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	As at March 31, 2013 Amount (Rs.)
(iii) Subordinate Debt:-	
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on November 15, 2027	326,000,000
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 30, 2027	496,500,000
10.25% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 28, 2027	1,000,000,000
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 05, 2027	1,100,300,000
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 28, 2023	250,000,000
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 06, 2023	200,000,000
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on February 18, 2023	250,000,000
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on January 30, 2023	100,000,000
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on January 14, 2023	250,000,000
10.20% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on December 04, 2022	200,000,000
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on November 15, 2022	11,000,000
10.30% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on October 31, 2022	250,000,000
10.30% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on October 22, 2022	400,000,000
10.30% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on October 09, 2022	350,000,000
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 05, 2022	150,000,000
11.00% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 30, 2022	150,000,000
11.85% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on February 22, 2022	200,000,000
11.85% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on January 31, 2022	362,000,000

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	As at March 31, 2013 Amount (Rs.)
10.50% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 26, 2018	1,250,000,000
11.60% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 22, 2017	1,000,000
11.60% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on May 31, 2017	150,000,000
	7,446,800,000

(iv) Current Investments

Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)
(a) Investment in Bonds (Quoted)			
Yes Bank Ltd. 10.5 BD Perpetual FVR 10 Lacs	1,500	1,500,000,000	1,500,000,000
Yes Bank Ltd. 10.5 BD Perpetual FVR 10 Lacs	1,400	1,400,000,000	1,400,000,000
Yes Bank Ltd. 10.25 BD 29JU27 FVR 10 Lacs	320	320,000,000	320,000,000
Indian Railway Finance Corporation Limited	660,000	1,000	660,000,000
		Total (a)	3,880,000,000

Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)
(b) Investment in Certificate of Deposits (Quoted)			
IDBI Bank Limited CD 19MR14	2,500	250,000,000	230,115,500
IDBI Bank Limited CD 14FB14	2,500	250,000,000	229,006,250
IDBI Bank Limited CD 28AG13	5,000	500,000,000	481,767,000
IDBI Bank Limited CD 10JU13	2,500	250,000,000	245,190,250
IDBI Bank Limited CD 07JU13	5,000	500,000,000	490,328,000
Punjab National Bank CD 25MR14	2,500	250,000,000	229,074,250
Punjab National Bank CD 20MAR14	2,500	250,000,000	230,270,500
Punjab National Bank CD 10MR14	2,500	250,000,000	229,417,750
Punjab National Bank 23DEC13	2,500	250,000,000	234,395,000
Punjab National Bank CD 17SP13	5,000	500,000,000	479,493,500
Punjab National Bank CD 10SP13	7,500	750,000,000	720,494,000
Punjab National Bank CD14JU13	12,500	1,250,000,000	1,227,107,500
Punjab National Bank 10MAY13	5,000	500,000,000	494,552,500
Allahabad Bank CD 26JU13	10,000	1,000,000,000	978,668,000
Allahabad Bank 17JU13	2,500	250,000,000	245,104,500
Allahabad Bank 31MAY13	7,500	750,000,000	738,220,500

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)
IDBI Bank 12SEP13	5,000	500,000,000	480,111,500
IDBI Bank 21JU13	2,500	250,000,000	244,867,750
IDBI Bank 29MAY13	10,000	1,000,000,000	984,572,000
IDBI Bank Limited CD 27MY13	5,000	500,000,000	492,265,500
Central Bank of India 25MAR14	5,000	500,000,000	459,655,000
Central Bank of India CD 07MY13	5,000	500,000,000	494,790,500
Vijaya Bank 19JU13	10,000	1,000,000,000	979,945,000
Vijaya Bank CD 13JU13	2,500	250,000,000	244,820,000
Vijaya Bank CD 27MAY13	5,000	500,000,000	492,431,500
State Bank of Patiala CD 18SP13	2,500	250,000,000	239,768,250
State Bank of Patiala 27MAY13	5,000	500,000,000	492,391,500
State Bank of Patiala 24MAY13	2,500	250,000,000	246,440,000
Canara Bank 24MAR14	2,500	250,000,000	229,461,250
Canara Bank 14MAY13	5,000	500,000,000	494,272,000
Canara Bank 22APR-13	2,000	200,000,000	198,768,000
Punjab and Sind Bank 14JU13	2,500	250,000,000	245,282,500
Punjab and Sind Bank 10JU13	2,500	250,000,000	245,471,250
UCO Bank 13JU13	2,500	250,000,000	245,341,750
Oriental Bank of Commerce 7JU13	2,500	250,000,000	245,698,500
Andhra Bank 10AP13	10,000	1,000,000,000	996,610,000
ING Vysya Bank 24MAY13	5,000	500,000,000	492,766,500
		Total (b)	16,728,935,250
Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)
(c) Investment in Government Securities (Quoted)			
8.15% GOVT.STOCK 2022	4,500,000	450,000,000	454,079,659
8.33% GOVT.STOCK 2026	500,000	50,000,000	51,352,955
		Total (c)	505,432,614
		Grand Total (a) + (b) + (c)	21,114,367,864

(29) Contingent liability not provided for in respect of:-

- (a) Contingent Liabilities not provided for in respect of Capital commitments for acquisition of fixed assets at various branches as at the year end (net of capital advances paid) Rs. 3,004,174,116.
- (b) Demand pending u/s 143(3) of the Income Tax Act, 1961:
 - (i) For Rs. 1,612,574/- with respect to FY 2006-07 against disallowance U/s 14A of the Income Tax Act 1961, against which appeal is pending before CIT (Appeals).

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

- (ii) For Rs. 2,672,534/- with respect to FY 2007-08 against disallowance U/s 14A of the Income Tax Act 1961, against which appeal is pending before ITAT.
 - (iii) For Rs. 35,492,935/- with respect to FY 2007-08 against disallowance U/s 14A of the Income Tax Act 1961, against which appeal is pending before CIT (Appeals).
 - (iv) For Rs. 406,116/- with respect to FY 2008-09 against disallowance U/s 14A of the Income Tax Act 1961, against which appeal is pending before CIT (Appeals).
 - (v) For Rs.17,807,253/- with respect to FY 2009-10 against disallowance U/s 14A of the Income Tax Act 1961, against which appeal is pending before CIT (Appeals).
- (c) Demand pending u/s of 25, 55, 56 & 61 of Rajasthan Sales Tax Act, 2003 in relation to the merged company "IBFSL" for Rs. 14,505,873 (Including interest & Penalty)with respect to FY 2007-08 to FY 2012-13 against which appeal is pending before DC (Appeals). The company has paid tax alongwith interest for Rs. 62,31,069/- under protest.
- (d) Arbitration award passed by the international arbitrator against the Company for Rs. 1,920,007,000 for purchase of 42.50% stake in Indiabulls Finance Company Private Limited (IFCPL), which is disputed by the Company. The Company currently holds 57.5% Equity stake in IFCPL.
- (e) Corporate counter guarantees outstanding in respect of securitization/assignment agreements entered by Company with different assignees as at March 31,2013 is Rs. 3,044,792,269 against which collateral deposit of Rs. 172,908,806 for year ended March 31, 2013 is being provided to the assignees by the Company in the form of Fixed Deposit Receipts. 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.
- (30)** The Company holds 57.50% of the capital of Indiabulls Finance Company Private Limited (IFCPL), which has become a subsidiary of the Company pursuant to the Scheme of Arrangement. The balance 42.50% or 3,233,696 Equity Shares are held by Amaprop Limited (Amaprop), vide a Share Subscription and Shareholders Agreement (SHA) entered into between the Erstwhile Holding Company [Indiabulls Financial Services Limited (IBFSL)], IFCPL and Amaprop. Certain disputes arose between IBFSL and Amaprop on Amaprop exercising its put option under the SHA as the put price arrived at in accordance with the SHA was rejected by the Reserve Bank of India (RBI) being in excess of the Fair Market Value as per the then prevailing RBI pricing guidelines. The disputes were adjudicated in an arbitration held in New York, USA where the Arbitral Tribunal passed an Award requiring IBFSL to pay Rs. 1,920,007,000 alongwith interest and costs thereon (as given in the Award) to Amaprop, for acquiring the 42.50% stake held by Amaprop in IFCPL. The award was later confirmed by the US District Court under the US laws. Amaprop has thereafter initiated proceedings for enforcement / recognition of the Award in the US and UK for which proceedings are pending. Implementation of the Award would result in IFCPL becoming a 100% subsidiary of IBHFL. This Award has simultaneously been challenged by IBFSL before the Hon'ble High Court of Delhi ("High Court") in a petition filed under Section 34 of the Arbitration and Conciliation Act, 1996. During the course of the hearing the High Court had suggested that IBFSL should prefer an application to the RBI for its approval to remit 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 the RBI Circular No. 49 dated May 4, 2010. On an application preferred 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, the RBI directed the parties to conclude the transaction as per the then extant pricing guidelines. The valuation of IFCPL shares held by Amaprop as per the then extant pricing guidelines being lower than Rs. 1,920,007,000 the transaction could not be completed. The High Court has since heard the petition and the award was

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

dismissed by the High Court. IBFSL has filed an appeal against the said Order before the Divisional Bench of High Court, which was listed on January 28, 2013 and was then adjourned to May 21, 2013. On the other hand Amaprop has filed enforcement proceedings before the High Court where the Company have filed objections and the matter was listed on Mar 22, 2013 which got adjourned to April 11, 2013 on which date the Company advanced its arguments on the objections. The matter is now listed on May 2, 2013 for arguments by Amaprop.

(31) Segment Reporting:

Segment information for the Year ended March 31, 2013., as per Accounting Standard AS-17, Segment Reporting, as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

(a) Primary segment information (by business segments)

Particulars	Amount (Rs.)		
	Investing and financing related activities	Fee Income	Total
Segment Revenue	46,919,093,531	375,064,111	47,294,157,642
Segment Result	16,619,838,066	13,835,492	16,633,673,558
Less: Unallocated expenditure net of other unallocated income			82,301,622
Less: Income taxes and Deferred tax (credit)			3,890,723,065
Profit after tax			12,660,648,871
Segment Assets	388,266,907,445	104,197,644	388,371,105,089
Unallocated Corporate Assets			2,917,069,431
Total Assets			391,288,174,520
Segment Liabilities	333,689,145,701	199,188,522	333,888,334,223
Unallocated Corporate Liabilities			4,265,350,112
Total Liabilities			338,153,684,335
Capital Expenditure	61,719,219	1,404,366	63,123,585
Unallocated Capital Expenditure			50,756,881
Total Capital Expenditure			113,880,466
Depreciation / Amortisation	77,020,427	1,613,501	78,633,928
Unallocated Depreciation			15,211,948
Total Depreciation / Amortisation			93,845,876
Non-Cash expenditure other than depreciation	1,359,470,139	1,390,789	1,360,860,928
Unallocated Non-Cash expenditure other than depreciation			3,473,853
Total Non-Cash Expenditure other than depreciation			1,364,334,781

b) The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

- 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.
- 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 (1) above.

(32) Disclosures in respect of Related Parties as per Accounting Standard, AS-18, 'Related Parties Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006, as amended:

Nature of relationship	Related party
a) Related Party where significant influence exists:	
Associate Company	Indiabulls Asset Reconstruction Company Limited (Associate till January 10, 2013)
b) Other related parties:	
Key Management Personnel	Mr. Sameer Gehlaut, Chairman & Executive Director Mr. Gagan Banga, CEO & Managing Director (Non Executive Chairman upto March 19, 2013) Mr. Ashwini Omprakash Kumar, Deputy Managing Director (Managing Director upto March 19, 2013) Mr. Sachin Chaudhary (CEO-Executive Director upto March 19, 2013) Mr. Ajit Kumar Mittal, Executive Director (Non Executive Chairman upto March 19, 2013) Mr. Rajiv Rattan, Non-Executive Director Mr. Saurabh Kumar Mittal, Non-Executive Director

c) Significant transactions with related parties during the year ended March 31, 2013:

Nature of Transaction	Amount (Rs.)		
	Associate	Key Management Personnel	Total
Other receipts and payments			
Salary / Remuneration (including perquisite and retirement benefits)	—	322,318,746	322,318,746

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

d) Statement of Material transactions during the Year:-

Amount (Rs.)

Particulars	For the Year ended March 31, 2013
Salary / Remuneration	
Remuneration to Directors	
Mr. Sameer Gehlaut	8,275,997
Mr. Gagan Banga	1,543,641
Mr. Ajit Kumar Mittal	531,165
Mr. Ashwini Omprakash Kumar	19,114,066
Mr. Sachin Chaudhary	12,585,979
Salary	
Mr. Sameer Gehlaut	224,088,545
Mr. Gagan Banga	41,797,040
Mr. Ajit Kumar Mittal	14,382,313

Related Party relationships as given above are as identified by the Company.

(33) Earnings Per Equity Share (EPS):

The basic earnings per Equity 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 Equity 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 potential dilutive effect of Employee Stock Option Plan as appropriate. Potential dilutive Equity Shares on account of Share warrants are not adjusted being anti dilutive in nature.

Particulars	Year ended March 31, 2013 Amount (Rs.)
Profit After Tax and prior period adjustments (Rs.)	12,660,648,871
Less: Share of Minority (including share of Reserve Fund) (Rs.)	116,622,031
Profit available for Equity Shareholders (For Basic / Dilutive EPS) (Rs.)	12,544,026,840
Weighted average number of Shares used in computing Basic earnings per share (Nos.)	312,118,479
Add: Potential number of Equity Share that could arise on exercise of Employee Stock Options (Nos.)	9,999,303
Weighted average number of Shares used in computing Diluted earnings per share (Nos.)	322,117,782
Face Value of Equity Shares (Rs.)	2.00
Basic Earnings Per Equity Share (Rs.)	40.19
Diluted Earnings Per Equity Share (Rs.)	38.94

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Notes forming part of the Consolidated Financial Statements of Indiabulls Housing Finance Limited Group for the year ended March 31, 2013 (Contd...)

(34) In respect of amounts as mentioned under Section 205C of the Indian Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2013.

(35) Note relating to Assignment:

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. 53,109,282,699 upto March 31, 2013, being the principal value outstanding as on the date of the deals that are outstanding as on the Balance Sheet date.

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 in Significant Accounting policies in Note 1 (xi) above and residual income on these Loans is being recognised over the life of the underlying loans and not on an upfront basis.

(36) The Board of Directors at their meeting held on April 27, 2012 had approved the Scheme of Arrangement involving the merger of Indiabulls Financial Services Limited (IBFSL, the Holding Company) with the Company in terms of the provisions of Sections 391 to 394 of the Companies Act, 1956 (the "Scheme of Arrangement"). The Appointed Date of the proposed merger fixed under the Scheme of Arrangement was April 1, 2012. The Hon'ble High Court of Delhi, vide its Order dated December 12, 2012, received by the Company on February 8, 2013, approved the Scheme of Arrangement (Order). In terms of the Court approved Scheme of Arrangement, with the filing of the copy of the Order, on March 8, 2013 with the office of ROC, NCT of Delhi & Haryana (the Effective Date), IBFSL, as a going concern, stands amalgamated with IBHFL with effect from the Appointed Date, being April 1, 2012 (Under the Accounting Standard 14 - Pooling of interest method). Consequent to the Scheme of Arrangement becoming effective, the Board of Directors of the Company, at their meeting held on March 25, 2013, issued and allotted –

- i) 312,511,167 Equity Shares of Rs. 2 each of the Company,
- ii) 27,500,000 Warrants of the Company (against the listed warrants of IBFSL), and
- iii) 20,700,000 Warrants of the Company (against the unlisted warrants of IBFSL held by certain promoter group entities and Key Management Personnel of IBFSL) to the Equity Shareholders / Warrants holders of IBFSL, against their holdings in such Equity Shares / Warrants, as on March 20, 2013 i.e. the record date fixed by IBFSL in this regard. The issue of Equity Shares / warrants by the Company was in terms of the share exchange ratio as mentioned in the Court approved Scheme of Arrangement. The Company is in the process of getting its shares and warrants (issued in lieu of listed warrants of IBFSL) listed with National Stock Exchange of India Limited and BSE Limited, for which the necessary applications are being finalised to be filed with the Stock Exchanges.

(37) Since this is the first year of preparation of Consolidated Financial Statements of the Company, previous year figures have not been presented.

For and on behalf of the Board of Directors

Rajiv Rattan
Director

Gagan Banga
Managing Director/ CEO

Amit Jain
Company Secretary

Mumbai, April 23, 2013

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Independent Auditors' Report

To The Members of Indiabulls Housing Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **INDIABULLS HOUSING FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (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

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Independent Auditors' Report

To The Members of Indiabulls Housing Finance Limited (Contd...)

Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, 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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board

of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

A. Siddharth
Partner
(Membership No. 031467)
MUMBAI, 23rd April, 2013

Annexure to The Independent Auditors' Report

To The Members of Indiabulls Housing Finance Limited

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. Having regard to the nature of the Company's business / activities / results, during the year, clauses (ii), (viii), (xiii) and (xiv) of paragraph 4 of the Order 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) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. 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 maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans to one company during the year. At the year-end, the outstanding balance of such loans granted aggregated to Rs. 1,400,000,000 from one company and the maximum amount involved during the year was Rs. 1,400,000,000 from one company.

(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 interest of the Company.

(c) The receipts of principal amounts and interest have, during the year, been regular/ as per stipulations.

(d) There are no overdue amounts in excess of Rs. 1 lakh in respect of loans granted to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

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 one company during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs. Nil from one company and the maximum amount involved during the year was Rs. 688,000,000 from one company.

(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 interest 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

Annexure to The Independent Auditors' Report

To The Members of Indiabulls Housing Finance Limited (Contd...)

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 transaction 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, other than certain purchases and sale of services, which are of a special nature for which comparable quotations are not available.

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 Sections 58A, 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.

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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax (VAT), Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate

authorities. During the year there were no dues payable in respect of Customs Duty and Excise Duty.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax (VAT), Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax and Sales Tax (VAT) which have not been deposited as on 31st March, 2013 on account of disputes are given below.

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to to which the amount relates	Amount involved (Rs.)
The Income-Tax Act, 1961	Income-Tax	Commissioner of Income tax (Appeals)	Year ended 31 st March, 2008	2,414,210
The Income-Tax Act, 1961	Income-Tax	Commissioner of Income tax (Appeals)	Year ended 31 st March, 2010	17,807,253
The Rajasthan Value Added Sales Tax Act, 2003	Sales Tax (VAT)	Deputy Commissioner Appeals	Years ended 31 st March, 2008 to 31 st March 2013	14,505,873

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 financial institutions, banks and debenture holders.

xi. In our opinion, the Company has maintained adequate documents and records where it has granted loans and advances on the basis of

Annexure to The Independent Auditors' Report

To The Members of Indiabulls Housing Finance Limited (Contd...)

- security by way of pledge of shares. The Company has not granted loans and advances on the basis of security by way of pledge of debentures and other securities
- xii. In our opinion and according to the information and explanations given to us, during the year, the Company has not provided guarantees for loans taken by others from banks and financial institutions.
- xiii. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- xiv. According to the information and explanations given to us and on the basis of the maturity profile of assets and liabilities with a maturity profile of one year, as given in the Asset Liability Management Report, liabilities maturing in the next one year are not in excess of the assets of similar maturity.
- xv. 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.
- xvi. According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 35,521 Secured Redeemable Non-Convertible Debentures (NCDs) of Face Value Rs.1,000,000 each. The Company has created security in respect of the debentures issued except, as at the year-end, the Company is in the process of creating the charge / security on assets for 11,770 NCDs of Face Value Rs. 1,000,000 each.
- xvii. The Company has not raised any money by way of public issues during the year.
- xviii. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

A. Siddharth
Partner
(Membership No. 031467)
MUMBAI, 23rd April, 2013

Balance Sheet as at March 31, 2013

Particulars	Note No.	As at March 31, 2013 Amount (Rs.)	As at March 31, 2012 Amount (Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
Share capital	3	625,022,334	1,556,896,560
Reserves and surplus	4	47,637,190,332	7,993,945,979
Money received against share warrants	5	1,128,150,000	—
(2) Non-current liabilities			
Long-term borrowings	6	182,344,598,867	44,962,577,777
Other long-term liabilities	7	78,379,523	232,548
Long-term provisions	8	3,669,533,718	375,708,478
(3) Current liabilities			
Short-term borrowings	9	63,810,139,094	13,125,827,156
Trade payables	10	28,529,227	1,063,764
Other current liabilities	11	77,947,055,331	6,138,839,587
Short-term provisions	12	8,215,269,504	208,272,405
Total		385,483,867,930	74,363,364,254
II. ASSETS			
(1) Non-current assets			
Fixed assets	13		
(i) Tangible assets		440,740,721	58,928,602
(ii) Intangible assets		8,519,726	854,265
Non-current investments	14	3,249,250,000	—
Deferred tax assets (net)	15	1,631,688,292	106,503,091
Long-term loans and advances	16	263,169,892,344	67,963,581,997
Other non-current assets	17	4,837,287,544	18,393,699
(2) Current assets			
Current investments	18	21,686,177,570	430,000,000
Trade receivables	19	18,072,196	—
Cash and bank balances	20	48,455,268,974	823,041,463
Short-term loans and advances	21	38,466,466,458	4,145,438,621
Other current assets	22	3,520,504,105	816,622,516
Total		385,483,867,930	74,363,364,254

Notes forming part of the financial statements 1 - 42

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner
Mumbai, April 23, 2013

Rajiv Rattan
Director
Mumbai, April 23, 2013

Gagan Banga
Managing Director/CEO

Amit Jain
Company Secretary

Statement of Profit and Loss for the Year ended March 31, 2013

Particulars	Note No.	For the Year ended March 31, 2013 Amount (Rs.)	For the Year ended March 31, 2012 Amount (Rs.)
(1) Revenue from operations	23	46,580,630,195	7,855,067,529
(2) Other income	24	481,373,265	34,446,504
(3) Total revenue (1+2)		47,062,003,460	7,889,514,033
(4) Expenses			
Employee benefits expense	25	2,036,224,930	120,316,575
Finance costs	26	26,035,824,918	3,806,928,096
Depreciation and amortisation expense	13	92,110,194	10,551,594
Other expenses	27	2,856,676,868	499,056,859
Total expenses		31,020,836,910	4,436,853,124
(5) Profit before tax (3-4)		16,041,166,550	3,452,660,909
(6) Tax expense			
Current tax expense		3,619,480,524	1,026,351,468
Deferred tax charge/(credit) (Net)	15	142,616,472	(73,563,917)
Total Tax Expense		3,762,096,996	952,787,551
(7) Profit after tax (5-6)		12,279,069,554	2,499,873,358
(8) Earnings per Equity share :	33		
- Basic		39.34	16.06
- Diluted		38.12	16.06
Face value per Equity share		2.00	10.00
Notes forming part of the financial statements	1 - 42		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner
Mumbai, April 23, 2013

Rajiv Rattan
Director
Mumbai, April 23, 2013

Gagan Banga
Managing Director/CEO

Amit Jain
Company Secretary

Cash Flow Statement for the Year ended March 31, 2013

	For the Year ended March 31, 2013 Amount (Rs.)	For the Year ended March 31, 2012 Amount (Rs.)
A Cash flows from operating activities :		
Profit before tax	16,041,166,550	3,452,660,909
Adjustments for:		
Employee Stock Compensation	7,563,100	—
Provision for Gratuity	8,401,930	(5,380,115)
Provision for Compensated Absences	3,140,745	(2,200,582)
Provision for Superannuation	97,972,503	—
Provision for Loan Assets	323,512,490	38,333,310
Contingent Provisions against Standard Assets	223,668,551	70,688,886
Depreciation / Amortisation	92,110,194	10,551,594
Bad debts /Advances written off	668,154,038	85,362,258
Investment written off (Net)	7,394,643	—
Loss on sale of Fixed Assets	4,158,906	992,001
(Unrealised) / Realised gains on appreciation of Mutual Fund Investments (Current Investments)	(1,513,896)	1,816,070
Operating Profit before working capital changes	17,475,729,754	3,652,824,331
Adjustments for:		
Trade and Other Receivables	1,182,977,653	(442,883,210)
Loans and Advances	(49,917,257,844)	(37,912,657,732)
Trade Payables and other liabilities <small>(Refer Note 2 below)</small>	4,396,073,556	1,726,745,122
Cash (used in) operations	(26,862,476,881)	(32,975,971,489)
Income taxes paid (Net)	(2,921,127,383)	(1,089,019,031)
Net cash (used in) operating activities	(29,783,604,264)	(34,064,990,520)
B Cash flows from investing activities		
Purchase of Fixed Assets	(112,720,777)	(13,721,207)
Sale of Fixed Assets	5,170,553	492,956
Capital Advances	244,677	6,889,537
Investment in deposit accounts	(2,829,831,814)	(472,223,080)
Investments in Subsidiaries/Long term Investments	(2,025,000,000)	—
Proceeds from long term Investment written off <small>(Refer Note 14(7))</small>	296,157	—
Proceeds from Investments in Mutual Funds / Other Current Investments (Net)	2,328,121,441	(430,000,000)
Net cash (used in) investing activities	(2,633,719,763)	(908,561,794)

Cash Flow Statement for the Year ended March 31, 2013 (Contd...)

	For the Year ended March 31, 2013 Amount (Rs.)	For the Year ended March 31, 2012 Amount (Rs.)
C Cash flows from financing activities		
Proceeds from Issue of Equity Share through ESOPs (Including Securities Premium)	68,187,021	—
Proceeds from Issue of Share Warrants	1,128,150,000	—
Distribution of Equity Dividends (including Corporate Dividend Tax thereon)	(7,431,026,841)	—
Debenture issue expenses	(962,962,366)	(103,650,561)
Short term Loans to Subsidiary	(1,400,000,000)	—
Short term Loans repaid	—	(280,000,000)
Proceeds from Term loans-(Net)	17,147,690,906	21,807,444,444
(Repayment of) / Proceeds from issue of Commercial Papers (Net)	(2,965,000,000)	6,875,000,000
Net proceeds from Issue of Secured Redeemable Non-Convertible Debentures	23,453,918,000	2,125,000,000
Proceeds from issue of Unsecured Non Convertible Debentures	—	3,000,000,000
Net proceeds from issue of Subordinated Debt	5,333,800,000	1,250,000,000
Proceeds from issue of Perpetual Debt	1,000,000,000	—
Net proceeds from Working capital loans	13,500,000,000	(730,790,355)
Net cash flows from financing activities	<u>48,872,756,720</u>	<u>33,943,003,528</u>
D Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	16,455,432,693	(1,030,548,786)
E Cash and cash equivalents at the beginning of the year	350,818,383	1,381,367,169
Cash and cash equivalents received under Scheme of Arrangement	48,839,928,555	—
F Cash and cash equivalents at the end of the year (D + E) <small>(Refer Note 5 below)</small>	<u><u>65,646,179,631</u></u>	<u><u>350,818,383</u></u>

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 under the Companies (Accounting Standards) Rules, 2006, as amended.
- Trade payables and other liabilities include Rs. 2,108,402,244 (Previous Year Rs. 63,459,837) being amount payable (net) on assigned loans.
- Margin Deposits of Rs. 4,725,608,142 (Previous Year Rs. 190,548,758) have been placed as collateral for Assignment deals on which assignees have a paramount lien.
- Deposits of Rs. 3,977,205 (Previous Year Rs. Nil) are under lien with Bank.

Indiabulls

Cash Flow Statement for the Year ended March 31, 2013 (Contd...)

	For the Year ended March 31, 2013 Amount (Rs.)	For the Year ended March 31, 2012 Amount (Rs.)
5. Cash and cash equivalents at the end of the year include:		
Cash and Bank Balances ^(Refer Note 20)	48,455,268,974	823,041,463
Current Investments in Units of Mutual Funds / Other Current Investments considered as temporary deployment of funds ^(Refer Note 18)	17,556,177,570	—
	<u>66,011,446,544</u>	<u>823,041,463</u>
Less: In deposit accounts having maturity of more than 3 months	363,457,207	472,223,080
Less: Unrealised gains on appreciation of Mutual Fund Investments (Current Investments)	1,809,706	—
Cash and cash equivalents as restated	<u><u>65,646,179,631</u></u>	<u><u>350,818,383</u></u>
6. Unclaimed Dividend account balances in designated bank accounts are not available for use by the Company. ^(Refer Note 20)		
7. Previous Year's figures are regrouped wherever considered necessary to conform with Current Year's groupings and classification.		
8. Previous Year's figures are not comparable due to the Scheme of Arrangement between the Company and the erstwhile Holding company. ^(Refer Note 39)		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner
Mumbai, April 23, 2013

Rajiv Rattan
Director
Mumbai, April 23, 2013

Gagan Banga
Managing Director/CEO

Amit Jain
Company Secretary

Notes forming part of the Financial Statements

for the year ended March 31, 2013

(1) 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 (Indian GAAP) and Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

(ii) Prudential Norms:

The Company follows The Housing Finance Companies (NHB) Directions, 2010 ("NHB Directions, 2010") as amended from time to time, 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, as amended and Guidance Notes issued by The Institute of Chartered Accountants of India ("ICAI") are followed insofar as they are not inconsistent with the NHB Directions, 2010.

(iii) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions 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. Differences 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 and investing activities and others is recognised on an accrual basis. In terms of the NHB Directions, 2010, interest income on Non—performing assets ('NPAs') is recognised only when it is actually realised.

Processing Fees in respect of loans given is recognised on sanction / disbursement

as per the terms of the contract.

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.

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 EMI's, 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 Housing Finance Companies (NHB) Directions 2010, Dividend Income on units of Mutual Fund(s) held by the Company are recognised on cash basis as per the NHB Directions, 2010.

(v) Securitisation / Assignment of Loan portfolio:

Derecognition of loans assigned/ securitised in the books of the Company, recognition of gain / loss arising on securitisation / assignment and accounting for credit enhancements provided by the Company is based on the guidelines issued by The Institute of Chartered Accountants of India.

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

Residual income on Assignment / Securitisation of Loans is recognised over the life of the underlying loans and not on an upfront basis.

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.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (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 amortisation / 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 to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro—rata basis from the date the asset is put to use. Leasehold improvements are amortised over the period of Lease. Depreciation on sale / deduction from fixed assets is provided for up to the date of sale/ deduction, as the case may be. Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

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.

(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 the 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 Statement of Profit and Loss. 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) 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 accounting income and taxable income is accounted for at the tax rates and the tax laws substantively enacted as at the Balance Sheet date, to the extent that the timing differences are expected to crystallise / capable of reversal in one or more subsequent periods.

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 virtual certainty of realisation backed by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

(x) Share/Debenture Issue Expenses and Premium/Discount on Issue:

Share / Debenture issue expenses, net of tax, are adjusted against the Securities Premium Account, as permissible under Section 78(2) of the Companies Act, 1956, to the extent of balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

Premium / Discount on Issue of debentures, net of tax, are adjusted against the Securities Premium Account, as permissible under Section 78(2) of the

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Companies Act, 1956, to the extent of balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

(xi) Investments:

Investments are classified as long term and current investments. Long term investments are carried individually at cost less provision, if any, for diminution other than temporary in the value of such investments. In terms of NHB Directions, 2010, quoted Current investments are valued at lower of cost or market value. Unquoted current investments in units of Mutual Funds are valued as per Net Asset Value of the Plan. Provision for diminution in value of investments is made in accordance with the NHB Directions, 2010 and Accounting Standard (AS) — 13 'Accounting for Investments' as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

(xii) Employee benefits:

The Company's contribution to Provident Fund is charged to the Statement of Profit and Loss. The Company has unfunded defined benefit plans as Compensated Absences and Gratuity for all eligible 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'. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Statement of Profit and Loss as income or expenses, as applicable. Superannuation (Pension & Medical coverage) payable to a 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 the Statement of Profit and Loss as income or expenses as applicable.

(xiii) Commercial Papers:

The liability is recognised at the face value

of the Commercial Paper at the time of its issue. The discount on issue of Commercial Papers is amortised over the tenure of the instrument.

(xiv) Borrowing Costs:

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 the Statement of Profit and Loss.

(xv) 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 certified by an independent firm of Chartered Accountants in respect of stock options granted.

(xvi) Leases:

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

(xvii) Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(xviii) Derivative Transactions:

The Company has entered into Interest Rate Swap (IRS) and Foreign Currency Options (FCO). All outstanding IRS contracts and FCO contracts are marked-to-market as at the year end. Losses are recognised in the Statement of Profit and Loss 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 contracts and FCO contract are recognised as income or expenses for the period. Premium / discount on IRS / FCO contract which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date, except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

(xix) Foreign Currency Transactions and Translations:

- 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 Foreign Exchange Contract (FEC), the difference between the year-end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. Any profit/loss arising on cancellation or renewal of forward contract is recognised as income or expense for the period.
- iii. Non monetary foreign currency items are carried at cost.
- iv. Exchange differences arising on settlement / restatement of short-term foreign currency monetary

assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

- v. The exchange differences arising on settlement / restatement of long-term monetary items which do not relate to acquisition of depreciable fixed assets are amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange differences are carried in the Balance Sheet as "Foreign Currency Monetary Item Translation Difference Account" net of the tax effect thereon, where applicable.

(xx) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate 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 neither recognised nor disclosed.

(2) Corporate Information:

The Board of Directors of Indiabulls Housing Finance Limited (100% subsidiary of "IBFSL") and Indiabulls Financial Services Limited ("IBFSL") at their meeting held on April 27, 2012 had approved the Scheme of Arrangement involving the reverse merger of IBFSL with the Company in terms of the provisions of Sections 391 to 394 of the Companies Act, 1956 (the "Scheme of Arrangement"). The Appointed Date of the proposed merger fixed under the Scheme of Arrangement was April 1, 2012. The

Indiabulls

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Hon'ble High Court of Delhi, vide its Order dated December 12, 2012, received by the Company on February 8, 2013, approved the Scheme of Arrangement. In terms of the Court approved Scheme of Arrangement, with the filing of the copy of the Order, on March 8, 2013, with the office of ROC, NCT of Delhi & Haryana (the Effective Date), IBFSL, as a going concern, stands amalgamated with IBHFL with effect from the Appointed Date, being April 1, 2012. Accordingly, Earnings Per Share and previous year figures are not comparable.

Indiabulls Financial Services Limited ("IBFSL") was incorporated on January 10, 2000 as a Private Limited Company. 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. The Company was converted into a public limited Company pursuant to Section 44 of the Companies Act, 1956 on February 03, 2004.

Indiabulls Housing Finance Limited ("the Company") ("IBHFL") was incorporated on May 10, 2005. On December 28, 2005 the Company was registered under Section 29A of the National Housing Bank Act, 1987 to commence/carry on the business of a Housing Finance Institution without accepting public deposits.

The Company is required to comply with provisions of the National Housing Bank Act, 1987, the Housing Finance Companies (NHB) Directions, 2010 and other guidelines / instructions / circulars issued by the National Housing Bank from time to time.

The Company is engaged in the business to provide finance and to undertake all lending and finance to any person or persons, co-operative society, association of persons, body of individuals, companies, institutions, firms, builders, developers, contractors, tenants and others either at interest or without and/or with or without any security for construction, erection, building, repair, remodeling, development, improvement, purchase of houses, apartments, flats, bungalows, rooms, huts, townships and/or other buildings and real estate of all descriptions or convenience there on and to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephonic, television, and other installations, either in total or part thereof and /or to purchase any free hold or lease hold lands, estate or interest in any property and such other activities as may be permitted under the Main Objects of the Memorandum of Association of the Company.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013 Amount (Rs.)	As at March 31, 2012 Amount (Rs.)
(3) Share capital		
Authorised:		
3,000,000,000 (Previous Year 155,700,000) Equity Shares of face value Rs. 2 each (Previous Year Rs. 10 each)	6,000,000,000	1,557,000,000
1,000,000,000 (Previous Year Nil) Preference Shares of face value Rs. 10 each	10,000,000,000	—
Issued, subscribed and fully paid up ^(i to vii)		
312,511,167 (Previous Year 155,689,656) Equity Shares of face value Rs. 2 each (Previous Year Rs. 10 each) fully paid up	625,022,334	1,556,896,560
The Company has only one class of Equity Shares of face value Rs. 2 each (Previous Year Rs. 10) each fully paid up. Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the Shareholders in the ensuing Annual General Meeting, if applicable.		
In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.	<u>625,022,334</u>	<u>1,556,896,560</u>

- (I) Indiabulls Financial Services Limited (“Erstwhile Holding Company”) had issued Global Depository Receipts (GDR’s) which were transferred under the Scheme of Arrangement. As at March 31, 2013 5,608,131 (Previous Year N.A.) GDR’s were outstanding and were eligible for conversion into Equity Shares. The Company does not have information with respect to holders of these GDR’s. Holders of Global Depository Receipts (GDRs) will be entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares, less the fees and expenses payable under such Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDRs will not have voting rights with respect to the Deposited Shares. The GDRs may not be transferred to any person located in India including Indian residents or ineligible investors except as permitted by Indian laws and regulations.
- (II) 312,511,167 Equity Shares were allotted by the Company, for consideration other than cash to the shareholders of Erstwhile Holding Company pursuant to and in terms of the Scheme of Arrangement, approved by the Hon’ble High Court of Delhi vide its Order dated December 12, 2012, which came into effect on March 8, 2013 from the Appointed Date April 1, 2012. (Refer Note 39)

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(III) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the financial year:—

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
Opening Balance	155,689,656	311,379,312	155,689,656	1,556,896,560
Less: Equity Shares of Rs. 10 each cancelled under the Scheme of Arrangement	155,689,656	311,379,312	—	—
Add: Equity Shares of Rs. 2 each issued during the year under the Scheme of Arrangement*	312,511,167	625,022,334	—	—
Closing Balance	312,511,167	625,022,334	155,689,656	1,556,896,560

*Includes 706,596 Equity Shares of Rs. 2 each issued during the year, under various ESOP Schemes by the Erstwhile Holding Company aggregating to Rs. 1,413,192.

(IV) Shares held by Shareholders holding more than 5% shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Holding Company				
Indiabulls Financial Services Limited (including nominee shareholders) <small>(Refer Note 39)</small>	—	—	155,689,656	100%
Promoters and promoter group company				
Mr. Sameer Gehlaut	37,601,278	12.03%	—	—
Mr. Saurabh Kumar Mittal	18,987,083	6.08%	—	—
Mr. Rajiv Rattan	18,780,253	6.01%	—	—
Orthia Land Development Private Limited	15,717,165	5.03%	—	—
Non-Promoters				
Copthall Mauritius Investment Limited	21,848,131	6.99%	—	—
HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	18,962,353	6.07%	—	—

Indiabulls

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(V) Employees Stock Options Schemes:

Indiabulls Financial Services Limited (“Erstwhile Holding Company”) ^(Refer Note 39) and its erstwhile subsidiary, Indiabulls Credit Services Limited (“ICSL”) had announced ESOS / ESOP schemes for its employees and the employees of other group companies whereas each option represents one Equity Share of the Company. The Company has adopted the ESOS / ESOP schemes in respect of its employees. A Compensation Committee constituted by the Board of Directors administers each of the plans.

(a) Stock option schemes of the erstwhile Holding Company including schemes in lieu of stock options schemes of erstwhile fellow subsidiary Indiabulls Credit Services Limited transferred under the Court approved Scheme of Arrangement ^(Refer Note 39) :

S. No.	ERSTWHILE ICSL PLANS
1	IBFSL – ICSL Employees Stock Option Plan 2006
2	IBFSL — ICSL Employees Stock Option Plan II – 2006
3	Employees Stock Option Plan — 2008

(b) IHFL ESOS — 2013

The members of the Company at their Meeting dated March 6, 2013 approved the IHFL ESOS-2013 scheme consisting of 39,000,000 stock options representing 39,000,000 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, 2013.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(c) The other disclosures in respect of the ESOS / ESOP Schemes are as under:-

Particulars	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
Total Options under the Scheme	1,440,000	720,000	7,500,000	N.A.
Options issued	1,440,000	720,000	7,500,000	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.
Vesting Date	1st April	1st November	8th December	31st December
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 year
Exercise Price (Rs.)	41.67	100.00	95.95	125.90
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
Outstanding at the beginning of the year (Nos.)	370,556	164,268	3,689,793	118,155
Re-grant Addition	N.A	N.A	N.A	N.A
Re-grant Date	N.A	N.A	N.A	December 31, 2009
Options vested during the year (Nos.)	63,558	27,429	495,558	11,460
Exercised during the year (Nos.)	65,046	21,186	547,026	18,990
Expired during the year (Nos.)	—	—	—	—
Cancelled during the year	—	—	—	—
Lapsed during the year	8,600	10,320	99,208	11,250
Re-granted during the year	—	—	—	N.A
Outstanding at the end of the year (Nos.)	296,910	132,762	3,043,559	87,915
Exercisable at the end of the year (Nos.)	21,492	24,328	339,962	12,420
Remaining contractual Life (Weighted Months)	64	80	90	97

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Particulars	Employees Stock Option Plan - 2008- Regrant	IBFSL – ICSL Employees Stock Option Plan - 2006- Regrant	Employees Stock Option Plan - 2008- Regrant	IBFSL – ICSL Employees Stock Option Plan II - 2006- Regrant
Total Options under the Scheme	N.A.	N.A.	N.A.	N.A.
Options issued	N.A.	N.A.	N.A.	N.A.
Vesting Period and Percentage	N.A.	N.A.	N.A.	N.A.
Vesting Date	16th July	27th August	11th January	27th August
Revised Vesting Period & Percentage	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year
Exercise Price (Rs.)	158.50	95.95	153.65	100.00
Exercisable Period	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.)	211,400	316,000	190,668	175,200
Re-grant Addition	N.A.	N.A.	N.A.	N.A.
Re-grant Date	July 16, 2010	August 27, 2009	January 11, 2011	August 27, 2009
Options vested during the year (Nos.)	22,940	39,500	20,000	21,900
Exercised during the year (Nos.)	26,680	—	27,668	—
Expired during the year (Nos.)	—	—	—	—
Cancelled during the year	—	—	—	—
Lapsed during the year	13,000	—	—	—
Re-granted during the year	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	171,720	316,000	163,000	175,200
Exercisable at the end of the year (Nos.)	200	39,500	3,000	21,900
Remaining contractual Life (Weighted Months)	105	95	110	95

N.A. - not applicable

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

The Fair value of the options as determined by an Independent firm of Chartered Accountants, which has been regranted by the Erstwhile Holding Company under the respective plans using the Black-Scholes Merton Option Pricing Model based on the following parameters are as under:-

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
Exercise price	Rs. 125.90	Rs. 158.50	Rs. 95.95	Rs. 100.00	Rs. 153.65
Expected volatility*	99.61%	99.60%	75.57%	75.57%	99.60%
Expected forfeiture percentage on each vesting date	Nil	Nil	Nil	Nil	Nil
Option Life (Weighted Average)	9.80 Years	9.80 Years	9.80 Years	9.80 Years	9.80 Years
Expected Dividends yield	3.19%	2.89%	4.69%	4.50%	2.98%
Weighted Average Fair Value (Rs.)	83.48	90.24	106.30	108.06	84.93
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 / erstwhile 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:-

Particulars	Amount (Rs.)	
	Year ended March 31, 2013	Year ended March 31, 2012
Net Profit available to Equity Share holders (as reported)	12,279,069,554	2,499,873,358
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs. 390,850,276 (Previous Year Rs. N.A.)] (Pro forma)	40,985,070	—
Net Profit available to Equity Share holders (as per Pro forma)	12,238,084,484	2,499,873,358
Basic earnings per share (as reported)	39.34	16.06
Basic earnings per share (Pro forma)	39.21	16.06
Diluted earnings per share (as reported)	38.12	16.06
Diluted earnings per share (Pro forma)	37.99	16.06

(VI) Pursuant to the Scheme of Arrangement the Authorised Capital of the Company has been rearranged to Rs.16,000,000,000 divided into 3,000,000,000 Equity Shares of Rs. 2 each and 1,000,000,000 Preference Shares of Rs. 10 each.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(VII) 52,587,066 Equity Shares of Rs. 2 each (Previous year Nil) are reserved for issuance as follows:—

- 4,387,066 shares of Rs. 2 each (Previous Year Nil) towards Employees Stock options as granted.
- 48,200,000 shares of Rs. 2 each (Previous Year Nil) towards outstanding share warrants.

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
(4) Reserves and surplus		
Capital Reserve:		
Opening Balance	—	—
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note.39)	137,500,000	—
Closing Balance	137,500,000	—
Capital Redemption Reserve:		
Opening Balance	—	—
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note.39)	3,627,392	—
Closing Balance	3,627,392	—
Securities Premium Account:		
Opening Balance	3,365,348,462	3,458,974,212
Add: Additions during the year on account of shares issued under ESOPs	66,773,829	—
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note.39)	32,311,818,259	—
	35,743,940,550	3,458,974,212
Less: Adjustment on account of merger ⁽¹⁾	3,696,478,559	—
Less: Debenture issue expenses (Net of tax effect of Rs. 227,618,812 (Previous Year Rs. 28,783,761))	682,930,943	74,866,800
Less: Premium on Redemption of Non Convertible Debentures (Including Discount) (Net of tax effect of Rs. 605,962,066 (Previous Year Rs. 7,212,184))	1,818,084,554	18,758,950
Closing Balance	29,546,446,494	3,365,348,462
Stock Compensation Adjustment: ^(Refer Note 39)		
Opening Balance	—	—
Employee Stock Options outstanding	61,403,350	—
Less: Deferred Employee Stock Compensation expense	18,794,365	—
Less: Transferred to Securities Premium Account	12,280,670	—
Closing Balance	30,328,315	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
General Reserve:		
Opening Balance	—	—
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note.39)	2,396,248,200	—
Add: Amount transferred during the year from Surplus in Statement of Profit and Loss	1,228,000,000	—
Closing Balance	3,624,248,200	—
Foreign Currency Monetary Item Translation Difference Account: ⁽²⁾		
Opening Balance	—	—
Add: Transfer during the Year	(27,523,476)	—
Closing Balance	(27,523,476)	—
Other Reserves:		
Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961:		
Opening Balance	—	—
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note.39)	890,000,000	—
Closing Balance	890,000,000	—
Statutory Reserve:		
Reserve (I) ⁽³⁾		
Opening Balance	963,808,922	463,834,250
Add: Amount transferred during the year from Surplus in Statement of Profit and Loss	2,455,813,911	499,974,672
Closing Balance	3,419,622,833	963,808,922
Reserve (II)		
Opening Balance	—	—
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^{(4) & (Refer Note 39)}	5,054,795,194	—
Closing Balance	5,054,795,194	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
Additional Reserve Fund (U/s 29C of the National Housing Bank Act, 1987): ⁽³⁾		
Opening Balance	2,069,552,909	280,000,000
Add: Amount transferred during the year from Surplus in Statement of Profit and Loss	2,000,000,000	1,980,000,000
Less: Amount utilised during the year ⁽⁵⁾	1,320,200,000	190,447,091
Closing Balance	2,749,352,909	2,069,552,909
Surplus in Statement of Profit and Loss:		
Opening Balance	1,595,235,686	1,575,337,000
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note.39)	1,295,149,850	—
Net Profit for the year after tax	12,279,069,554	2,499,873,358
Amount available for appropriation (A)	15,169,455,090	4,075,210,358
Appropriations:		
Interim Dividend paid on Equity Shares (Rs. 13.50 Per Share (Previous Year Rs. Nil))	4,215,019,939	—
Interim Dividend payable on Equity Shares (Rs. 6.50 Per Share (Previous Year Rs. Nil))	2,031,322,586	—
Dividend for the previous year on Equity Shares issued by the Erstwhile Holding Company after the year end pursuant to ESOPs Allotment	1,291,745	—
Corporate Dividend Tax on Interim Dividend paid on Equity Shares	683,781,610	—
Corporate Dividend Tax on Interim Dividend payable on Equity Shares	345,223,274	—
Corporate Dividend Tax on Dividend for the previous year on Equity Shares issued by the Erstwhile Holding Company after the year end pursuant to ESOPs Allotment	209,554	—
Transferred to General Reserve	1,228,000,000	—
Transferred to Special Reserve (U/s 29C of the National Housing Bank Act, 1987)	2,455,813,911	499,974,672
Transferred to Additional Reserve (U/s 29C of the National Housing Bank Act, 1987)	2,000,000,000	1,980,000,000
Total Appropriations (B)	12,960,662,619	2,479,974,672
Balance of Profit Carried Forward (A)—(B)	2,208,792,471	1,595,235,686
	47,637,190,332	7,993,945,979

- (1) Difference between the carrying amount of Investment in Indiabulls Housing Finance Limited held by Indiabulls Financial Services Limited, and amount of Capital issued earlier has been debited to Securities Premium account as per Scheme of Arrangement on cancellation of said investment.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- (2) Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending Accounting Standard 11 – The Effects of Changes in Foreign Exchange Rates, as notified by the Companies (Accounting Standards) Rules, 2006, as amended, the Company has exercised the option as per para 46A inserted in the said Standard for all long term monetary assets and liabilities. Consequently an amount of Rs. 27,523,476 representing translation difference on foreign currency loans is carried forward in the Foreign Currency Monetary Item Translation Difference Account as on March 31, 2013. This amount is to be amortised over the balance period of such monetary liabilities.
- (3) In terms of Section 29C of the NHB Act, 1987, the Company is required to transfer at least 20% of its Profit after tax to a Reserve Fund before any dividend is declared. Such a Reserve Fund 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. 2,455,813,911 (Previous Year Rs. 499,974,672) to the Reserve Fund as at the year end. Further an additional amount of Rs. 2,000,000,000 (Previous Year Rs. 1,980,000,000) has been set apart by way of transfer to Additional Reserve Fund in excess of the statutory minimum requirement as specified under Section 29C pursuant to Circular no. NHB(ND)/DRS/Pol-No. 03/2004-05 dated August 26, 2004 issued by the National Housing Bank. The additional amount so transferred may be utilised in the future for any business purpose.
- (4) This pertains to reserve created under section 45-IC of the Reserve Bank of India Act 1934, by the Erstwhile Holding Company Indiabulls Financial Services Limited, which has been transferred to the Company under the Scheme of Arrangement.
- (5) During the year, in addition to the charge of Rs. 547,181,041 (Previous Year Rs. 109,022,196) towards provision for loan assets and standard assets to the Statement of Profit and Loss, an amount of Rs. 1,320,200,000 (net of Deferred Tax of Rs. 679,800,000) [(Previous Year Rs. 190,447,091) (net of deferred tax of Rs. Nil)], being one time charge of provision for standard assets and other contingencies due to merger between the Company and the Erstwhile Holding Company (Refer note 39) and changes in the provisioning requirements by the National Housing Bank vide Circulars no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to Circular No. NHB(ND)/DRS/Pol- 03/2004-05 dated August 26, 2004 as under;

Particulars	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
Provisions for Contingencies	2,223,668,551	261,135,977
Provision for Loan Assets	323,512,490	38,333,310
Total	2,547,181,041	299,469,287

- (5) In terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the erstwhile Holding Company during the current financial year, upon receipt of Shareholders approval, has on June 9, 2012, issued and allotted an aggregate of 20,700,000 warrants, to certain Promoter group entities and Key Management Personnel, at a conversion price of Rs. 218 per Equity Share, 25% of which amounting to Rs. 1,128,150,000 has already been received by the Erstwhile Holding Company from the respective allottees as upfront amount. These warrants are convertible into an equivalent number of Equity Shares of face value Rs. 2 each, in the Company, upon receipt of balance conversion price, within a period of eighteen months from the date of allotment. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amount received towards the warrants. (Refer Note 39)

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(6) Long-term borrowings		
Secured		
Redeemable Non Convertible Debentures (Refer Note 28 (i))**	58,071,000,000	4,850,000,000
Term Loans (Refer Note 28(ii))*		
— from banks	111,821,798,868	35,862,577,777
— from others	4,004,999,999	—
Unsecured		
Loans and Advances from related parties;		
— Redeemable Non convertible Debentures (Refer Note 28(iii))	—	3,000,000,000
Loans and Advances from Others		
— 10.60% Non convertible Subordinated Perpetual Debentures***	1,000,000,000	—
— Subordinated Debt (Refer Note 28 (iv))	7,446,800,000	1,250,000,000
	182,344,598,867	44,962,577,777

* Secured by hypothecation of Loan Receivables(Current and Future) /Current Assets/Cash and Cash Equivalents of the Company.

** Redeemable Non-Convertible Debentures are secured against Immovable Property / Current Assets and pool of Current and Future Loan Receivables of the Company.

*** No Put / Call Option exercisable at the end of 10 years from the date of allotment (exercisable only with the prior approval of the concerned regulatory authority)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(7) Other Long-term liabilities		
Other Liabilities	2,759,578	232,548
Interest Accrued but not due on Secured Redeemable, Non Convertible Debentures	75,619,945	—
	78,379,523	232,548
(8) Long term provisions		
Provision for Contingencies ^{(1) & (Refer Note 36)}	2,650,973,268	342,339,958
Provision for Gratuity ^(Refer Note 25)	72,998,994	5,358,135
Provision for Compensated Absences ^(Refer Note 25)	32,017,108	2,039,251
Provision for Superannuation ^(Refer Note 25)	292,225,359	—
Premium on Redemption on Secured Non Convertible Debentures (Accrued but not due)(Sinking fund)	621,318,989	25,971,134
	3,669,533,718	375,708,478

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- (1) Provision for Contingencies includes Contingent provision against standard assets and other contingencies. As per National Housing Bank Circular No. NHB/HFC/DIR.3/CMD/2011 dated August 5, 2011 and NHB/HFC/DIR.4/CMD/ 2012 dated January 19, 2012, in addition to provision for non performing assets, all housing finance companies are required to carry a general provision. (i) at the rate of 2% on housing loans disbursed at comparatively lower rate of interest in the initial few years, after which rates are reset at higher rates; (ii) at the rate of 1% of Standard Assets in respect of Commercial Real Estates and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) above. Accordingly, the Company is carrying a provision of Rs. 2,500,000,000 (Previous Year Rs. 362,357,671) towards standard assets (included in Provisions for Contingencies), which is well over the required minimum provision as per the NHB Guidelines.

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
Movement in Provision for Contingencies Account during the year is as under :		
Opening Balance	362,357,671	101,221,694
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note. 39)	443,969,243	—
Add: Addition during the Year ^{(Refer Note 4(5))}	2,223,668,551	261,135,977
Closing Balance*	3,029,995,465	362,357,671
*Includes Contingent Provision Against Standard Assets	2,500,000,000	362,357,671
(9) Short-term borrowings		
Secured		
(a) Loans repayable on demand		
From banks- Working Capital Demand Loan*	28,500,000,000	6,000,000,000
From banks- Cash Credit Facility*	5,432,615,618	250,827,156
(b) Other Loans and advances		
From banks*	7,277,523,476	—
Redeemable, Non Convertible Debentures**	650,000,000	—
Unsecured		
Other Loans and advances		
Commercial Papers***	21,950,000,000	6,875,000,000
	63,810,139,094	13,125,827,156

* Secured by hypothecation of Loan Receivables (Current and Future) / Current Assets / Cash and Cash Equivalents of the Company.

** Redeemable Non-Convertible Debentures are secured against Immovable Property / Current Assets and pool of Current and Future Loan Receivables of the Company.

*** Maximum balance outstanding during the year Rs. 29,880,000,000 (Previous year Rs. 7,375,000,000).

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(10) Trade payables		
(a) Dues to Micro and Small Enterprises *	—	—
(b) Dues to others	28,529,227	1,063,764
	28,529,227	1,063,764

* 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 regarding to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(11) Other current liabilities		
Current maturities of long term debt ⁽¹⁾	64,703,099,788	2,444,866,667
Interest accrued but not due ⁽²⁾	3,549,005,814	157,088,255
Temporary Overdrawn Bank Balances as per books	6,957,573,072	3,395,648,869
Amount payable on Assigned Loans ⁽³⁾	2,108,402,244	63,459,837
Other Current Liabilities for Statutory Dues and Expense Provisions	609,686,917	77,775,959
Unclaimed Dividends ⁽⁴⁾	19,287,496	—
	77,947,055,331	6,138,839,587
(1) Current maturities of long term debt		
Redeemable, Non Convertible		
Debentures ^{(Refer Note 28(i))}	26,890,000,000	—
Term Loans		
From Banks ^{(Refer Note 28 (ii))}	37,183,099,788	2,444,866,667
From Others ^{(Refer Note 28 (ii))}	630,000,000	—
	64,703,099,788	2,444,866,667

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(2) Interest accrued but not due		
On Term Loans and Working Capital Demand Loans	42,196,097	914,966
On Secured Redeemable Non Convertible Debentures	3,106,859,914	154,375,344
On Subordinate Debt and Perpetual Debt	399,949,803	1,797,945
	3,549,005,814	157,088,255
(3) Amount payable on assigned loans is net of amount receivable from related parties amounting to Rs. 18,460,081 (Previous Year Rs Nil).		
(4) 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, 2013.		

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(12) Short-term provisions		
Provision for Taxation (Net of Advance Tax/ TDS/ Self assessment Tax Rs. 4,552,744,233 (Previous Year Rs. 1,248,470,653))	1,569,908,553	187,692,272
Provision for Fringe Benefits Tax (net of Advance Tax Rs.78,998,036, Previous Year Rs. Nil)	185,628	—
Provision for Contingencies ^(Refer Note. 8 & 36)	379,022,197	20,017,713
Provision for Gratuity ^(Refer Note 25)	4,702,015	351,518
Provision for Compensated Absences ^(Refer Note 25)	2,392,373	210,902
Premium on Redemption on Secured Non Convertible Debentures (Accrued but not due) (Sinking fund)	3,882,512,878	—
Interim Dividend payable on Equity Shares (Rs. 6.50 per Equity share (Previous Year Rs. Nil))	2,031,322,586	—
Corporate Dividend Tax payable on Interim Dividend payable on Equity Shares	345,223,274	—
	8,215,269,504	208,272,405

Notes forming part of the Financial Statements for the year ended March 31, 2013 (Contd...)

(13) FIXED ASSETS	GROSS BLOCK AT COST						DEPRECIATION / AMORTISATION				NET BLOCK	
	Particulars	As at April 01, 2012	Addition on account of Scheme of Arrangement (Refer Note 39)	Adjustments during the year	As at March 31, 2013	As at April 01, 2012	Provided during the year	Adjustments during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	
A. Tangible Assets												
Land*	1,175,000	1,912,000	131,270	3,218,270	—	—	—	—	—	3,218,270	1,175,000	
Building	10,255,400	—	—	10,255,400	219,824	167,158	—	386,982	9,868,118	9,868,118	10,035,276	
Computers	21,884,417	155,703,916	13,788,069	190,031,636	15,706,680	22,151,501	1,128,298	150,333,966	39,697,670	39,697,670	6,177,737	
Furniture & Fixtures	20,679,740	79,212,861	14,599,096	114,043,262	11,265,199	19,376,675	262,230	63,197,754	50,845,508	50,845,508	9,414,541	
Leasehold Improvements	18,049,237	167,126,343	18,653,955	202,895,166	5,023,537	10,928,216	719,427	69,333,814	133,561,352	133,561,352	13,025,700	
Office Equipments	8,269,635	85,653,829	10,873,521	104,278,769	1,640,933	4,981,741	155,740	25,118,877	79,159,892	79,159,892	6,628,702	
Vehicles	15,166,011	112,826,028	50,625,611	165,078,631	2,694,365	14,929,767	5,189,651	40,688,720	124,389,911	124,389,911	12,471,646	
TOTAL (A)	95,479,140	602,434,977	108,671,522	789,800,834	36,550,538	72,535,058	7,455,346	349,060,113	440,740,721	440,740,721	58,928,602	
PREVIOUS YEAR (I)	84,910,242	—	13,601,879	95,479,140	28,128,280	9,970,282	1,548,024	36,550,538	58,928,602	58,928,602	—	
B. Intangible Assets												
Software	26,047,406	159,238,201	4,049,255	189,334,862	25,193,141	19,575,136	—	180,815,136	8,519,726	8,519,726	854,265	
TOTAL (B)	26,047,406	159,238,201	4,049,255	189,334,862	25,193,141	19,575,136	—	180,815,136	8,519,726	8,519,726	854,265	
PREVIOUS YEAR (II)	25,928,078	—	119,328	26,047,406	24,611,829	581,312	—	25,193,141	854,265	854,265	—	
TOTAL (A+B)	121,526,546	761,673,178	112,720,777	979,135,696	61,743,679	92,110,194	7,455,346	529,875,249	449,260,447	449,260,447	59,782,867	
PREVIOUS YEAR (I)+(II)	110,838,320	—	13,721,207	121,526,546	52,740,109	10,551,594	1,548,024	61,743,679	59,782,867	59,782,867	—	

*Mortgaged as Security against Secured Non Convertible Debentures (Refer Note 6, 9 & 11)

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(14) Non-current investments <small>(Refer Note 39)</small>		
Long Term - Trade - Unquoted		
(i) In Wholly owned Subsidiary Companies (Unless otherwise stated):		
– 50,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Insurance Advisors Limited ^{(1)&(5)}	500,000	—
– 4,375,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Finance Company Private Limited ^{(2)&(5)}	437,500,000	—
– 5,000,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Capital Services Limited ^{(1)&(5)}	50,000,000	—
– 10,000,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Infrastructure Credit Limited ⁽⁵⁾	250,000,000	—
– 22,500,000 (Previous Year Nil) Fully paid up Compulsory Convertible Cumulative Preference shares of face value Rs 10 each in Indiabulls Infrastructure Credit Limited ⁽³⁾	2,025,000,000	—
– 2,550,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Advisory Services Limited ⁽⁵⁾	25,500,000	—
– 50,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Asset Holding Company Limited ^{(1)&(5)}	500,000	—
– 50,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Life Insurance Company Limited ^{(1) & (5)}	500,000	—
– 150,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Collection Agency limited ⁽⁵⁾	100,500,000	—
– 50,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Ibulls Sales Limited ⁽⁵⁾	500,000	—
– 15,000,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Asset Management Company Limited ⁽⁵⁾	150,000,000	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
– 500,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Trustee Company Limited ⁽⁵⁾	5,000,000	—
– 150,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Holdings Limited ⁽⁵⁾	1,500,000	—
– 1,225,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Asset Reconstruction Company Limited ^{(5)&(6)}	12,250,000	—
Total (i)	3,059,250,000	—
(ii) Other Long Term Investments (Unquoted):		
– 28,000,000 (Previous Year Nil) Fully paid up Equity Shares of face value Rs 5 each in Indian Commodity Exchange Limited ^{(4)&(5)}	140,000,000	—
– 50 (Previous Year Nil) 9.25% Unsecured Redeemable, Non-Convertible Subordinated Bonds of Dena Bank of Face Value of Rs. 1,000,000 each ⁽⁵⁾	50,000,000	—
Total (ii)	190,000,000	—
Total (i) + (ii)	3,249,250,000	—
Aggregate market value of quoted Investments	—	—
Aggregate book value of quoted Investments	—	—
Aggregate book value of unquoted Investments	3,249,250,000	—
Aggregate provision for diminution in value of Investments	—	—

- (1) 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 the books of account.

As at March 31, 2013, the Company holds 100% of the Equity capital of Indiabulls Asset Holding Company Limited, and Indiabulls Life Insurance Company Limited at a cost of Rs. 500,000 each. Based on the audited financials of these companies, as at March 31, 2013, 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. As the Management considers 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 their carrying values has been made in the books of account.

Indiabulls

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- (2) The Company holds 57.50% of the capital of Indiabulls Finance Company Private Limited (IFCPL), which has become a subsidiary of the Company pursuant to the Scheme of Arrangement. The balance 42.50% or 3,233,696 Equity Shares are held by Amaprop Limited (Amaprop), vide a Share Subscription and Shareholders Agreement (SHA) entered into between the erstwhile Holding Company [Indiabulls Financial Services Limited (IBFSL)], IFCPL and Amaprop. Certain disputes arose between IBFSL and Amaprop on Amaprop exercising its put option under the SHA as the put price arrived at in accordance with the SHA was rejected by the Reserve Bank of India (RBI) being in excess of the Fair Market Value as per the then prevailing RBI pricing guidelines. The disputes were adjudicated in an arbitration held in New York, USA where the Arbitral Tribunal passed an Award requiring IBFSL to pay Rs. 1,920,007,000 alongwith interest and costs thereon (as given in the award) to Amaprop, for acquiring the 42.50% stake held by Amaprop in IFCPL. The Award was later confirmed by the US District Court under the US laws. Amaprop has thereafter initiated proceedings for enforcement / recognition of the award in the US and UK for which proceedings are pending. Implementation of the Award would result in IFCPL becoming a 100% subsidiary of IBHFL.

This Award has simultaneously been challenged by IBFSL before the Hon'ble High Court of Delhi ("High Court") in a petition filed under Section 34 of the Arbitration and Conciliation Act, 1996. During the course of the hearing the High Court had suggested that IBFSL should prefer an application to the RBI for its approval to remit 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 the RBI Circular No. 49 dated May 4, 2010. On an application preferred 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, the RBI directed the parties to conclude the transaction as per the then extant pricing guidelines. The valuation of IFCPL shares held by Amaprop as per the then extant pricing guidelines being lower than Rs. 1,920,007,000 the transaction could not be completed. The High Court has since heard the petition and the Award was dismissed by the High Court. IBFSL has filed an appeal against the said Order before the Divisional Bench of High Court, which was listed on January 28, 2013 and was then adjourned to May 21, 2013. On the other hand Amaprop has filed enforcement proceedings before the High Court where the Company have filed objections and the matter was listed on Mar 22, 2013 which got adjourned to April 11, 2013 on which date the Company advanced its arguments on the objections. The matter is now listed on May 2, 2013 for arguments by Amaprop.

- (3) During the current financial year, the Company has invested Rs. 2,025,000,000 by subscribing to 22,500,000 Compulsorily Convertible Cumulative Preference Shares of face value Rs. 10 per share, issued by its wholly owned subsidiary namely Indiabulls Infrastructure Credit Limited.
- (4) On December 13, 2010 the Erstwhile Holding Company (IBFSL) had sold 26% shares held by it in Indian Commodity Exchange Limited (ICEX) to Reliance Exchange Next Limited (R-Next) for a total consideration of Rs. 473,500,000 against a proportionate cost of Rs. 260,000,000. As a result thereof, the stake of IBFSL in ICEX has been reduced from 40% to 14% and the same has been reclassified as a long term investment from the earlier classification of being an Associate. MMTC filed a petition before the Company Law Board (CLB) against ICEX, R-Next and IBFSL alleging that the transfer is null and void in terms of the Shareholders Agreement in view of the Forward Markets Commission (FMC) guidelines. IBFSL contends that such view of MMTC is based on the old FMC guidelines and without considering the amended FMC Guidelines dated June 17, 2010 wherein the transfer norms were relaxed. IBFSL had filed its objections on maintainability of the petition which is pending adjudication before the CLB.
- (5) Transferred from Indiabulls Financial Services Limited under the Scheme of Arrangement. ^(Refer Note 39)

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- (6) During the current financial year, Indiabulls Advisory Services Limited (IASL), a wholly owned subsidiary of the Company has invested Rs. 26,000,000 by purchasing 2,600,000 Equity Shares of face value Rs. 10 each per Equity Share from the earlier shareholders of Indiabulls Asset Reconstruction Company Limited (IARCL), an associate of the Company. After this purchase, the stake in IARCL has increased from 24.02% to 75.00% (together with IASL) and then IARCL has become a subsidiary of the Company from the earlier classification of being an Associate.
- (7) During the current financial year, the Company has written off its investment in Indiabulls Alternative Asset Management Private Limited, as the Company was struck off from the records of Accounting And Corporate Regulatory Authority of Singapore, on February 7, 2013.

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(15) Deferred tax assets (Net)		
Pursuant to Accounting Standard (AS) – 22 ‘Accounting for Taxes on Income’ as notified by the Companies (Accounting Standards) Rules, 2006, as amended, the Company has debited an amount of Rs. 142,616,472 (Previous Year credited Rs. 73,563,917) as deferred tax charge (net) to the Statement of Profit and Loss arising on account of timing differences. Further Deferred Tax Asset of Rs. 679,800,000 (Previous Year Rs. Nil) (Included in Provision for loan assets and contingent provision against standard assets below) has been recognised against the utilisation of Additional Reserve u/s 29C). <small>(Refer Note. 4(5))</small>		
The breakup of deferred tax into major components as at March 31, 2013 is as under:		
Deferred Tax Liabilities		
On difference between book balance and tax balance of fixed assets	1,696,889	—
Deferred Tax Assets		
On difference between book balance and tax balance of fixed assets	—	92,619
Provision for loan assets and contingent provision against standard assets	1,495,951,425	103,827,913
Disallowance under Section 40A(7) of the Income-Tax Act, 1961	26,410,573	1,852,497
Disallowance under Section 43B of the Income-Tax Act, 1961	111,023,183	730,062
Deferred Tax Assets (Net)	1,631,688,292	106,503,091

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(16) Long-term loans and advances (Unsecured unless otherwise stated)		
(i) Loans and Other Credit Facilities:		
(a) Secured Loans ⁽¹⁾		
– Considered Good	293,652,590,362	94,139,017,319
– Considered Doubtful	970,780,847	246,214,362
Less: Loans Assigned	32,422,458,904	26,306,394,318
	<u>262,200,912,305</u>	<u>68,078,837,363</u>
(b) Unsecured Loans		
– Considered Good	756,107,049	648,533
– Considered Doubtful	216,222,936	—
	<u>972,329,985</u>	<u>648,533</u>
Total (a) +(b)	263,173,242,290	68,079,485,896
Less: Provision for Loan Assets ⁽²⁾ (Including additional provision made by the Company) ^(Refer Note.36)	1,471,584,657	145,140,046
	<u>261,701,657,633</u>	<u>67,934,345,850</u>
(ii) Other Unsecured Loans and Advances		
Capital Advances	763,821,339	163,105
Security Deposit for Rented Premises	43,618,536	5,095,500
Security Deposit with others	8,173,651	341,338
Advance Fringe Benefits tax (FBT) (Net of Provision for FBT Rs. 2,471,281 (Previous Year Rs. 2,471,281))	68,775	68,775
Advance Tax / Tax deducted at source (Net of Provision for Tax Rs. 5,692,315,105 (Previous Year Rs. 219,666,630))	636,402,318	22,311,304
Others including Prepaid Expenses and Employee advances	16,150,092	1,256,125
	<u><u>263,169,892,344</u></u>	<u><u>67,963,581,997</u></u>

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
(1) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 262,200,912,305 (Previous Year Rs. 68,078,837,363) are secured / partly secured by :		
(a) Equitable mortgage of property and / or		
(b) Pledge of shares, units, other securities, assignment of life insurance policies and / or		
(c) Hypothecation of assets and / or		
(d) Company guarantees or personal guarantees and / or		
(e) Negative lien and / or Undertaking to create a security.		
(2) Movement in Provision for Loan Assets is as under :		
Opening Balance	148,101,481	109,768,171
Add: Transfer from Indiabulls Financial Services Limited pursuant to Scheme of Arrangement ^(Refer Note 39)	2,338,608,056	—
Add: Transfer from Statement of Profit and Loss	323,512,490	123,695,568
Less: Utilised during the year - towards Loans written off	1,248,618,814	85,362,258
Closing Balance	1,561,603,213	148,101,481
(17) Other non-current assets		
Margin Money Accounts having maturity greater than one year	4,725,608,142	—
Interest Accrued on Deposit accounts / Margin Money	111,679,402	18,393,699
	4,837,287,544	18,393,699
(18) Current investments		
<u>Investments in Mutual Funds</u>		
Indiabulls Mutual Fund		
– FMP 387 DAYS March 2012 (1) - Growth Plan (Quoted)	700,000,000	350,000,000
No. of Units : 70,000,000.000		
(Previous Year 35,000,000.000)		
NAV Rs. 11.0861 (Previous Year Rs. 10.0773)		
– FMP 377 DAYS March 2012 (2) - Growth Plan (Quoted)	160,000,000	80,000,000
No. of Units : 16,000,000.000		
(Previous Year 8,000,000.000)		
NAV Rs. 11.0193 (Previous Year Rs. 10.0113)		
– FMP 370 DAYS March 2012 (1) - Growth Plan (Quoted)	50,000,000	—
No. of Units : 5,000,000.000 (Previous Year Nil)		
NAV Rs. 10.0113 (Previous Year N.A)		

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
– Direct Plan - Growth *	70,242,200	—
No. of Units : 7,000,000.000 (Previous Year Nil)		
NAV Rs. 10.0346 (Previous Year N.A.)		
LIC Nomura Mutual Fund		
– FMP Series 57-24 Month - Growth Plan (Quoted)*	50,000,000	—
No. of Units : 5,000,000.000 (Previous Year Nil)		
NAV Rs. 10.1883 (Previous Year N.A)		
SBI Mutual Fund		
– Income fund: Growth Plan*	201,567,506	—
No. of Units : 6,926,670.800 (Previous Year Nil)		
NAV Rs. 29.1002 (Previous Year N.A.)		
Investments in Bonds(Quoted) ^{(Refer Note 28(v(a)))}	3,220,000,000	—
Investments in Certificate of Deposits(Quoted) ^{(Refer Note 28(v(b)))} *	16,728,935,250	—
Investments in Government Securities (Quoted) ^{(Refer Note 28(v(c)))} *	505,432,614	—
	<u>21,686,177,570</u>	<u>430,000,000</u>
*Considered as Cash and Cash equivalents for Cash Flow		
Aggregate Market value of Quoted Investments	21,672,337,198	432,795,900
Aggregate book value of Quoted Investments	21,414,367,864	430,000,000
Aggregate book value of Unquoted Investments	271,809,706	—
Aggregate provision for diminution in the value of investments	—	—
(19) Trade receivables		
Other Debts		
Other Debts Outstanding for a period exceeding six months from its due date		
– Secured, Considered Good	—	—
– Unsecured, Considered Good	—	—
Other Debts Outstanding for a period less than six months from its due date		
– Secured, Considered Good	—	—
– Unsecured, Considered Good	18,072,196	—
	<u>18,072,196</u>	<u>—</u>

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(20) Cash and bank balances		
Cash and cash equivalents		
Cash on Hand	156,830,651	16,001,837
Cheques / Drafts on hand	38,296,365	23,209,764
Balances with banks		
– in current accounts [#]	47,896,684,751	311,606,782
Other bank balances:		
– in deposit accounts having original maturity greater than three months upto one year	53,680,002	3,674,322
– in deposit accounts having original maturity greater than one year	305,800,000	278,000,000
– in deposit accounts held as margin money (under lien) ^{(1)&(2)}	3,977,205	190,548,758
	48,455,268,974	823,041,463

(1) Deposits accounts with bank of Rs.3,977,205 (Previous Year Rs. Nil) are under lien. The Company has the complete beneficial interest on the income earned from these deposits.

(2) Deposits accounts with bank of Rs. Nil (Previous Year Rs. 190,548,758) are held as margin money and is used as collateral security on the assignment deals done by the Company till March 31, 2013. The Company has the complete beneficial interest on the income earned from these deposits.

includes Rs.19,287,496 (Previous Year Nil) in designated unclaimed dividend accounts.

	As at March 31, 2013	Amount (Rs.) As at March 31, 2012
(21) Short-term loans and advances (Unsecured unless otherwise stated)		
(i) Loans and Other Credit Facilities:		
(a) Secured Loans ⁽¹⁾		
– Considered Good	41,363,343,733	5,591,856,299
– Considered Doubtful	—	26,258,890
Less: Loans assigned	7,141,881,720	1,637,327,771
	<u>34,221,462,013</u>	<u>3,980,787,418</u>
(b) Unsecured Loans		
– Considered Good	2,005,662,177	5,159,731
	<u>2,005,662,177</u>	<u>5,159,731</u>

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
(c) Unsecured Loans to Related Parties		
Indiabulls Finance Company Private Limited	1,400,000,000	—
	<u>1,400,000,000</u>	<u>—</u>
Total (a) +(b)+(c)	37,627,124,190	3,985,947,149
Less: Provision for Loan Assets (Including additional provision made by the Company) ^{(Refer Note.16(2))}	90,018,556	2,961,435
	<u>37,537,105,634</u>	<u>3,982,985,714</u>
Advance Interest on Short term borrowings	350,901,622	140,310,844
Security Deposit for Rented Premises	141,228,217	3,466,510
Security Deposit with Others	30,000,000	—
Application Money for Bonds	250,000,000	—
Others including Prepaid Expenses / Cenvat Credit and Employee advances	157,230,985	18,675,553
	<u>38,466,466,458</u>	<u>4,145,438,621</u>

- (1) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 34,221,462,013 (Previous Year Rs. 3,980,787,418) are secured / partly secured by :
- Equitable mortgage of property and / or
 - Pledge of shares, units, other securities, assignment of life insurance policies and / or
 - Hypothecation of assets and / or
 - Company guarantees or personal guarantees and / or
 - Negative lien and / or Undertaking to create a security.

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
(22) Other current assets		
FCNR Hedge Premium	82,542,460	—
Interest Accrued on Loans	3,281,464,760	652,754,380
Interest Accrued on Deposit accounts / Margin Money / Bonds	156,496,885	21,068,136
Deposit Accounts	—	142,800,000
	<u>3,520,504,105</u>	<u>816,622,516</u>

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
(23) Revenue from operations		
(a) Income from Financing and Investing Activities		
Income from Financing Activities ⁽¹⁾	42,218,762,616	6,476,429,724
Dividend Income on Units of Mutual Funds	1,819,515,352	91,661,496
(b) Income from other Financial Services		
Income from Service Fees/Advisory Services	96,325,100	714,086,624
Commission on Insurance	84,208,441	—
Profit on appreciation of Mutual Fund Investments (Current Investments)	1,809,706	—
Profit on sale of Current Investments	369,760,797	5,380,337
Other Operating Income ⁽²⁾	1,990,248,183	567,509,348
	46,580,630,195	7,855,067,529
(1) Income from Financing Activities Includes:		
Interest on Loan Financing / Income from Securitisation / Assignment	41,173,430,580	6,444,794,913
Interest on Deposit Accounts	273,137,877	31,634,811
Interest on Bonds / Commercial Papers (Current investments)	772,194,159	—
	42,218,762,616	6,476,429,724
(2) Other Operating Income includes:		
Loan processing fees	1,385,591,568	496,910,481
Foreclosure fees and other related income	824,820,944	221,573,845
Less: Direct Selling Agents Commission	220,164,329	150,974,978
	1,990,248,183	567,509,348
24) Other income		
Sundry Balances Written back	62,075,663	822,333
Bad debts recovered	391,951,789	33,359,467
Miscellaneous Income	27,345,813	264,704
	481,373,265	34,446,504
25) Employee benefits expense		
Salaries ⁽¹⁾	1,879,683,841	113,763,010
Contribution to Provident Fund and Other Funds ⁽²⁾	8,295,159	93,060
Employee Stock Compensation Expense	7,563,100	—
Provision for Gratuity, Compensated Absences and Superannuation Expense ⁽²⁾	116,893,471	3,839,333
Staff Welfare Expenses	23,789,359	2,621,172
	2,036,224,930	120,316,575

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- (1) Salaries exclude an amount of Rs. Nil (Previous Year Rs.2,023,843) being cost of employees apportioned to the erstwhile Holding Company on specific job basis.
- (2) Employee Benefits – Provident Fund, ESIC, Gratuity and Compensated Absences disclosures as per Accounting Standard (AS) 15 (Revised) – Employee Benefits as notified by the Companies (Accounting Standards) Rules, 2006, as amended:

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. 8,295,159 (Previous year Rs. 93,060) in the Statement of Profit and Loss towards Employers contribution for the above mentioned funds.

Provision for unfunded Gratuity and Compensated Absences for all employees is based upon actuarial valuations carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Pursuant to the issuance of the Accounting Standard (AS) 15 (Revised) on 'Employee Benefits', as notified by the, Companies (Accounting Standards) Rules, 2006, as amended, commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

Disclosure in respect of Gratuity, Compensated Absences and Superannuation:

Particulars	Amount (Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Reconciliation of liability recognised in the Balance Sheet:						
Present Value of commitments (as per Actuarial valuation)	77,701,009	5,709,653	34,409,481	2,250,153	292,225,359	N.A.
Fair value of plan assets	—	—	—	—	—	N.A.
Net liability in the Balance sheet (as per Actuarial valuation)	77,701,009	5,709,653	34,409,481	2,250,153	292,225,359	N.A.
Movement in net liability recognised in the Balance Sheet:						
Net liability as at the beginning of the year	5,709,653	11,089,768	2,250,153	4,450,735	—	N.A.
Net liability as at the beginning of the year as Transferred from IBFSL	63,589,426	—	29,018,583	—	194,252,856	N.A.
Amount (paid) during the year	(3,579,748)	(474,762)	—	—	—	N.A.
Net expenses recognised / (reversed) in the Statement of Profit and Loss	14,174,479	2,693,461	4,746,489	1,145,872	97,972,503	N.A.
Acquisition Adjustment (on account of transfer of employees)	(2,192,801)	—	(1,605,744)	—	—	N.A.
Transferred to Holding Company (on account of transfer of employees)	—	(7,598,814)	—	(3,346,454)	—	N.A.
Net liability as at the end of the year	77,701,009	5,709,653	34,409,481	2,250,153	292,225,359	N.A.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Particulars	Amount (Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Expenses recognised in the Statement of Profit and Loss:						
Current service cost	18,912,786	9,429,800	10,751,464	3,960,048	26,499,538	N.A.
Past service cost	—	—	—	—	—	N.A.
Interest Cost	5,864,436	618,440	2,758,769	237,521	19,355,217	N.A.
Expected return on plan assets	—	—	—	—	—	N.A.
Actuarial (gains) / Losses	(10,602,743)	(7,354,779)	(8,763,744)	(3,051,697)	52,117,748	N.A.
Expenses charged / (reversal) to the Statement of Profit and Loss	14,174,479	2,693,461	4,746,489	1,145,872	97,972,503	N.A.*
Return on Plan assets:						
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.*
Reconciliation of defined-benefit commitments:						
Commitments as at the beginning of the year	69,299,079	11,089,768	31,268,736	4,450,735	194,252,856	N.A.*
Current service cost	18,912,786	9,429,800	10,751,464	3,960,048	26,499,538	N.A.*
Past service cost	—	—	—	—	—	N.A.*
Interest cost	5,864,436	618,440	2,758,769	237,521	19,355,217	N.A.*
(Paid benefits)	(3,579,748)	(8,073,576)	—	(3,346,454)	—	N.A.*
Acquisition Adjustment (on account of transfer of employee)	(2,192,801)	—	(1,605,744)	—	—	N.A.*
Actuarial (gains) / losses	(10,602,743)	(7,354,779)	(8,763,744)	(3,051,697)	52,117,748	N.A.*
Commitments as at the end of the year	77,701,009	5,709,653	34,409,481	2,250,153	292,225,359	N.A.*
Reconciliation of Plan assets:						
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.*

N.A — not applicable

*N.A — not available

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Particulars	Amount (Rs.)				
	Gratuity (Unfunded)				
	Financial Years				
	2012-2013	2011-2012	2010-2011	2009-2010	2008-09
Experience adjustment					
On plan liabilities	10,602,743	7,356,120	1,001,814	2,075,010	1,210,236
On plan assets	—	—	—	—	—
Present value of benefit obligation	77,701,009	5,709,653	11,089,768	8,543,162	7,446,053
Fair value of plan assets	—	—	—	—	—
Excess of (obligation over plan assets) / plan assets over obligation	77,701,009	5,709,653	11,089,768	8,543,162	7,446,053
N.A - not applicable					

Particulars	Amount (Rs.)				
	Compensated Absences (Unfunded)				
	Financial Years				
	2012-2013	2011-2012	2010-2011	2009-2010	2008-09
Experience adjustment					
On plan liabilities	8,763,744	3,052,548	1,185,954	950,615	239,549
On plan assets	—	—	—	—	—
Present value of benefit obligation	34,409,481	2,250,153	4,450,735	3,862,168	3,206,254
Fair value of plan assets	—	—	—	—	—
Excess of (obligation over plan assets) / plan assets over obligation	34,409,481	2,250,153	4,450,735	3,862,168	3,206,254
N.A — not applicable					

Particulars	Amount (Rs.)				
	Superannuation (unfunded)				
	Financial Years				
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Experience adjustment					
On plan liabilities	(52,033,314)	N.A.	N.A.	N.A.	N.A.
On plan assets	—	N.A.	N.A.	N.A.	N.A.
Present value of benefit obligation	292,225,359	N.A.	N.A.	N.A.	N.A.
Fair value of plan assets	—	N.A.	N.A.	N.A.	N.A.
Excess of (obligation over plan assets) / plan assets over obligation	292,225,359	N.A.	N.A.	N.A.	N.A.
N.A — not available					

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

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:

Particulars	Amount (Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Discount Rate	8.00%	8.50%	8.00%	8.50%	8.00%	N.A.
Expected Return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected rate of salary increase	5.00%	5.50%	5.00%	5.50%	5.00%	N.A.
Mortality	IALM (1994-96)	LIC (1994-96)	IALM (1994-96)	LIC (1994-96)	IALM (1994-96)	N.A.
Retirement Age (Years)	60	60	60	60	60	N.A.

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. 28,452,477 (Previous Year Rs. 1,945,187) Rs. 9,557,623 (Previous Year Rs. 670,277) and Rs. 55,346,782 (Previous Year Rs, Nil) respectively.

	Amount (Rs.)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
(26) Finance costs		
Interest on Loans ⁽¹⁾	17,568,409,887	3,151,514,132
Interest on Non-Convertible Debentures	5,481,777,232	182,625,702
Interest on Commercial Papers	2,351,117,362	392,271,981
Interest on Subordinate Debt	546,006,544	1,797,945
Interest on Taxes	379,659	8,508,987
Bank Charges towards Borrowings	15,777,950	6,896,980
Processing fees	72,356,284	62,209,369
Arranger fees	—	1,103,000
	26,035,824,918	3,806,928,096

(1) During the year, the Company has recognised Premium on Options Contracts amounting to Rs. 20,085,000 (Previous Year Rs. Nil) included in Interest on Loans and unrealised marked to market loss towards derivatives (Interest Rate Swaps) amounting to Rs. 439,933 (Previous Year Rs. Nil) which has been included under Bank / Finance Charges . Derivative instruments that are outstanding as at March 31, 2013 is as given below:—

- I. Forward Options contracts entered for hedging purposes as at March 31, 2013 for USD 37,277,984 (Previous Year USD Nil (Buy)) against cross currency of Rs. 2,000,000,000 (Previous Year Rs. Nil).

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- II. Interest Rate Swaps for Notional Principal of Rs. 4,000,000,000 (Previous Year Rs. Nil) for a total of 8 contracts (Previous Year Nil) against fluctuations in interest rate changes.

	For the Year ended March 31, 2013	Amount (Rs.) For the Year ended March 31, 2012
(27) Other expenses		
Collection Charges	6,979,947	861,889
Client Verification Charges	110,702,196	74,812,322
Demat Charges	1,475,842	208,380
Stamp Papers/Stamp Duty charges	32,478,298	9,632,706
CERSAI Charges	9,326,200	5,999,750
Rates & Taxes	6,815,274	606,636
Communication Expenses	60,073,614	11,032,348
Legal and Professional Charges	458,161,143	21,392,175
Rent and Other Charges ⁽¹⁾	386,486,514	28,786,194
Electricity Expenses	46,150,463	4,637,673
Repairs and Maintenance-Others	108,940,281	9,213,234
Recruitment and Training	5,453,758	38,529
Printing and Stationery	28,844,859	6,764,166
Traveling and Conveyance Expenses	115,031,850	10,302,873
Business Promotion	121,291,754	21,520
Payment to Auditors comprises (net of service tax input credit Rs. 1,208,190 (Previous year Rs. 412,000))		
As Auditors	11,148,900	6,069,680
For Certification	2,123,600	743,260
Other Services	5,415,180	—
Reimbursement of Expenses	2,070,510	743,260
Provision for Loan assets ⁽²⁾ & (Refer Note 36)	323,512,490	38,333,310
Contingent Provision against Standard Assets (Net) ⁽²⁾ & (Refer Note 36)	223,668,551	70,688,886
Assignment Expense	—	109,586,410
Advertisement	92,898,974	173,204
Bad Debts	668,154,038	85,362,258
Loss on sale of fixed assets	4,158,906	992,001
Trusteeship Fees	1,756,621	218,000
Donation Expenses	3,005,000	—
Investment written off (Net) ^{(Refer Note 14(7))}	7,394,643	—
Miscellaneous Expenses	13,157,462	1,836,195
	2,856,676,868	499,056,859

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- (1) The Company has taken office premises on Lease and Leave & License basis at various locations in India. Lease rent / License fees aggregating to Rs. 349,980,322 (Previous Year Rs. 24,549,339) in respect of the same have been charged to the Statement of Profit and Loss. The agreements are executed for periods ranging from 11 months to 9 years with a renewable clause. In many cases, the agreements also provide for termination at will by either party by giving a prior notice period between 30 to 90 days. The minimum lease rentals outstanding as at March 31, 2013, are as under:

Particulars	Minimum Lease Rentals	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Within one year	354,372,631	16,279,783
One to Five years	708,694,390	28,811,849
Above Five Years	164,989,300	16,736,051
	1,228,056,321	61,827,683

- (2) During the year, in addition to the charge of Rs. 547,181,041 (Previous Year Rs. 109,022,196) towards provision for loan assets and standard assets to the Statement of Profit and Loss, an amount of Rs. 1,320,200,000 (net of Deferred Tax of Rs. 679,800,000) [(Previous Year Rs. 190,447,091) (net of deferred tax of Rs. Nil)], being one time charge of provision for standard assets and other contingencies due to merger between the Company and the erstwhile Holding company^(Refer note 39) and changes in the provisioning requirements by the National Housing Bank vide Circulars no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 has been transferred from Additional Reserve created as per Section 29C of the National Housing Bank Act, 1987 pursuant to Circular No. NHB(ND)/DRS/Pol-03/2004-05 dated August 26, 2004 as under;

Particulars	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Contingent Provisions against Standard Assets	223,668,551	70,688,886
Provision for Loan Assets	323,512,490	38,333,310
Total	547,181,041	109,022,196

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012

(28) Explanatory Notes

(i) Secured Redeemable Non Convertible Debentures (payable at par unless otherwise stated) include:*

10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 25, 2023**	50,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 19, 2023**	1,000,000,000	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 26, 2023**	250,000,000	—
10.20 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on January 16, 2023**	350,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 31, 2022**	500,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 18, 2022	150,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 19, 2022	150,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 6, 2022	150,000,000	—
10.70 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 6, 2022	200,000,000	—
10.70 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 28, 2022	8,000,000,000	—
10.75 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 3, 2022	1,250,000,000	—
10.15 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 27, 2022	5,000,000,000	—
10.70 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 22, 2021	1,000,000,000	1,000,000,000
10.65 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 7, 2021	5,000,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 25, 2018**	150,000,000	—
10.10 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 19, 2018**	1,000,000,000	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
10.25 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on January 16, 2018**	400,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 28, 2017**	1,500,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 17, 2017	401,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 30, 2017	5,000,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 26, 2016**	1,000,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 4, 2016**	1,000,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 25, 2015	500,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 27, 2015	5,500,000,000	—
10.65 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 16, 2015	200,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 9, 2015**	700,000,000	—
4.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on May 8, 2015	2,000,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 24, 2015 ^{(2)**}	70,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 2, 2015 ⁽²⁾	270,000,000	—
10.60 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 13, 2015	800,000,000	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on January 9, 2015**	650,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 18, 2014 ⁽²⁾	330,000,000	—
9.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 1, 2014	1,000,000,000	1,000,000,000
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 25, 2014 ⁽²⁾	600,000,000	—
9.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 21, 2014	2,500,000,000	2,500,000,000
4.65 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on November 18, 2014	3,000,000,000	—
10.85 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 31, 2014	500,000,000	—
10.60 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 10, 2014	2,000,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 26, 2014	100,000,000	—
10.75 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 22, 2014	450,000,000	—
10.80 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 22, 2014	150,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 9, 2014**	650,000,000	—
10.70 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 8, 2014	350,000,000	—
11.20 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 28, 2014	1,250,000,000	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on May 26, 2014	500,000,000	—
11.20 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 15, 2014	500,000,000	—
10.10 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 28, 2014 ^{(1)**}	500,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on March 14, 2014 ^{(1)&(2)}	2,000,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 20, 2014 ^{(1)&(2)**}	2,000,000,000	—
10.40 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 14, 2014 ⁽¹⁾	2,500,000,000	—
10.60 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 13, 2014 ⁽¹⁾	600,000,000	—
10.80 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 10, 2014 ⁽¹⁾	250,000,000	—
10.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on February 7, 2014 ⁽¹⁾	500,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on December 9, 2013 ^{(1)&(2)}	500,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 16, 2013 ^{(1)&(2)}	350,000,000	350,000,000
10.25 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on October 7, 2013 ⁽¹⁾	250,000,000	—
10.50 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 9, 2013 ⁽¹⁾	1,500,000,000	—
10.80 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on September 6, 2013 ⁽¹⁾	150,000,000	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
10.25 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 12, 2013 ⁽¹⁾	500,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 10, 2013 ^{(1)&(2)}	2,500,000,000	—
10.80 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on August 8, 2013 ⁽¹⁾	750,000,000	—
10.70 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 19, 2013 ⁽¹⁾	300,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on July 5, 2013 ^{(1)&(2)}	10,600,000,000	—
10.15 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 19, 2013 ⁽¹⁾	500,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on June 12, 2013 ^{(1)&(2)}	340,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on May 13, 2013 ^{(1)&(2)}	220,000,000	—
0.00 % Redeemable Non convertible Debentures of Face value Rs. 1,000,000 each Redeemable on April 16, 2013 ^{(1)&(2)}	80,000,000	—
	84,961,000,000	4,850,000,000

(1) Current Maturity of Long Term Non Convertible Debentures as at March 31, 2013

(2) Redeemable at premium

*Redeemable Non-Convertible Debentures are secured against Immovable Property / Current Assets and pool of Current and Future Loan Receivables of the Company.

** As at the year end, the Company was in the process of creating the charge/security on assets.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)
	As at March 31, 2013
(ii) (a) Term Loan from banks includes as at March 31, 2013*:	
These loans are repayable in yearly installments with a moratorium period of 2 years from the date of disbursement. The balance tenure for these loans are 50 months (average) from the Balance Sheet date.	57,183,333,332
These loans are repayable in bullet at the end of the tenure from the date of disbursement. The balance tenure for these loans are 11 months (average) from the Balance Sheet date.	25,250,000,000
This loan is repayable in quarterly installments after a moratorium period of 1 year from the date of first disbursement. The balance tenure for this loan is 51 months from the Balance Sheet date	5,972,222,220
These loans are repayable in quarterly installments after a moratorium period of 24 months from the date of first disbursement. The balance tenure for these loans are 76 months from the Balance Sheet date.	12,916,600,000
This loan is repayable in 4 half yearly installments after moratorium period of 3 years from the date of first disbursement. The balance tenure for this loan is 43 months from the Balance Sheet date.	2,000,000,000
These loans are repayable in 18 quarterly installments with a moratorium period of 6 months from the date of first disbursement. The balance tenure for these loans are 126 months from the Balance Sheet date.	23,401,493,103
These loans are repayable in yearly installments after the moratorium period of 1 year from the date of disbursement. The balance tenure for these loans are 35 months from the Balance Sheet date.	15,150,000,000
This loan is repayable in monthly installment from the date of disbursement. The balance tenure for this loan is 31 months from the Balance Sheet date. ⁽¹⁾	1,635,000,000
These loans are repayable in quarterly installments from the date of disbursement. The balance tenure for these loans are 25 months from the Balance Sheet date.	1,731,250,000
This loan is repayable in quarterly installment after the moratorium of 1 year from the date of disbursement. The balance tenure for this loan is 13 months from the Balance Sheet date.	700,000,000
These loans are repayable in half yearly installments after the moratorium of 1 year from the date of disbursement. The balance tenure for these loans are 7 months from the Balance Sheet date.	200,000,000
Quarterly Installment with moratorium of 18 months from the date of disbursement. The balance tenure for this loan is 58 months from the Balance Sheet date. ⁽²⁾	7,500,000,000
	153,639,898,655

(1) Loan taken other than from banks for Rs. 1,635,000,000

(2) Includes Loan taken other than from banks for Rs. 2,999,999,999

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

		Amount (Rs.)
		As at
		March 31, 2012
(ii) (b) Term Loan from banks includes as at March 31, 2012*:		
These loans are repayable in yearly installments with a moratorium period of 2 years from the date of disbursement. The balance tenure for these loans are 51 months (average) from the Balance Sheet date.	25,000,000,000	
These loans are repayable in bullet at the end of the tenure from the date of disbursement. The balance tenure for these loans are 5 months (average) from the Balance Sheet date.	11,000,000,000	
This loan is repayable in 36 quarterly installments after a moratorium period of 1 year from the date of first disbursement. The balance tenure for this loan is 104 months from the balance Sheet date.	1,944,444,444	
This loan is repayable in 12 quarterly installments after a moratorium period of 24 months from the date of first disbursement. The balance tenure for this loan is 49 months from the Balance Sheet date.	2,000,000,000	
This loan is repayable in 4 half yearly installments after moratorium period of 3 years from the date of first disbursement. The balance tenure for this loan is 55 months from the Balance Sheet date.	2,000,000,000	
This loan is repayable in 18 quarterly installments with a moratorium period of 6 months from the date of first disbursement. The balance tenure for this loan is 52 months from the Balance Sheet date.	2,363,000,000	
	44,307,444,444	

*Secured by hypothecation of Loan Receivables (Current and Future) / Current Assets / Cash and Cash Equivalents of the Company.

(iii) Loans and Advances from Related Parties:

During the year, the Company raised Rs. Nil (Previous Year Rs. 3,000,000,000) through an issue of Perpetual Subordinated Debt instruments by way of Unsecured Non-Convertible Redeemable Debentures of Face Value of Rs. 100,000 each. These Debentures were issued to Indiabulls Financial Services Limited, the Erstwhile Holding Company and had a tenure of minimum 15 years subject to call option with the lender to be exercised only after 10 years with the prior approval of the NHB. This instrument qualifies as Upper Tier II Capital under the NHB Directions, 2010, for assessing capital adequacy. The claims of the investors in Upper Tier II instruments shall be (a) Superior to the claims of investors in instruments eligible for inclusion in Tier I Capital; and (b) subordinate to the claims of all other creditors. The same has been cancelled pursuant to the Scheme of Arrangement. (Refer Note 39)

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

	Amount (Rs.)	
	As at March 31, 2013	As at March 31, 2012
(iv) Subordinated Debt		
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on November 15, 2027	326,000,000	—
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 30, 2027	496,500,000	—
10.25% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 28, 2027	1,000,000,000	—
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 05, 2027	1,100,300,000	—
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 28, 2023	250,000,000	—
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 06, 2023	200,000,000	—
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on February 18, 2023	250,000,000	—
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on January 30, 2023	100,000,000	—
10.10% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on January 14, 2023	250,000,000	—
10.20% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on December 04, 2022	200,000,000	—
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on November 15, 2022	11,000,000	—
10.30% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on October 31, 2022	250,000,000	—
10.30% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on October 22, 2022	400,000,000	—
10.30% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on October 09, 2022	350,000,000	—
10.65% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 05, 2022	150,000,000	—
11.00% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 30, 2022	150,000,000	—
11.85% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on February 22, 2022	200,000,000	—
11.85% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on January 31, 2022	362,000,000	—
10.50% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on March 26, 2018	1,250,000,000	1,250,000,000
11.60% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on June 22, 2017	1,000,000	—
11.60% Subordinated Debt of Face value of Rs. 100,000 each Redeemable on May 31, 2017	150,000,000	—
	7,446,800,000	1,250,000,000

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

				Amount (Rs.)	
				As at	As at
				March 31, 2013	March 31, 2012
(v) Current Investments					
(a) Investment in Bonds (Quoted)					
Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)		
Yes Bank Ltd. 10.5 BD Perpetual FVR 10 Lacs	1500	1,500,000,000	1,500,000,000		—
Yes Bank Ltd. 10.5 BD Perpetual FVR 10 Lacs	1400	1,400,000,000	1,400,000,000		—
Yes Bank Ltd. 10.25 BD 29JU27 FVR 10 Lacs	320	320,000,000	320,000,000		—
Total (A)			3,220,000,000		—
(b) Investment in Certificate of Deposits (Quoted)					
IDBI Bank Limited CD 19MR14	2,500	250,000,000	230,115,500		—
IDBI Bank Limited CD 14FB14	2,500	250,000,000	229,006,250		—
IDBI Bank Limited CD 28AG13	5,000	500,000,000	481,767,000		—
IDBI Bank Limited CD 10JU13	2,500	250,000,000	245,190,250		—
IDBI Bank Limited CD 07JU13	5,000	500,000,000	490,328,000		—
Punjab National Bank CD 25MR14	2,500	250,000,000	229,074,250		—
Punjab National Bank CD 20MAR14	2,500	250,000,000	230,270,500		—
Punjab National Bank CD 10MR14	2,500	250,000,000	229,417,750		—
Punjab National Bank 23DEC13	2,500	250,000,000	234,395,000		—
Punjab National Bank CD 17SP13	5,000	500,000,000	479,493,500		—
Punjab National Bank CD 10SP13	7,500	750,000,000	720,494,000		—
Punjab National Bank CD14JU13	12,500	1,250,000,000	1,227,107,500		—
Punjab National Bank 10MAY13	5,000	500,000,000	494,552,500		—
Allahabad Bank CD 26JU13	10,000	1,000,000,000	978,668,000		—
Allahabad Bank 17JU13	2,500	250,000,000	245,104,500		—
Allahabad Bank 31MAY13	7,500	750,000,000	738,220,500		—
IDBI Bank 12SEP13	5,000	500,000,000	480,111,500		—
IDBI Bank 21JU13	2,500	250,000,000	244,867,750		—
IDBI Bank 29MAY13	10,000	1,000,000,000	984,572,000		—
IDBI Bank Limited CD 27MY13	5,000	500,000,000	492,265,500		—
Central Bank of India 25MAR14	5,000	500,000,000	459,655,000		—
Central Bank of India CD 07MY13	5,000	500,000,000	494,790,500		—
Vijaya Bank 19JU13	10,000	1,000,000,000	979,945,000		—
Vijaya Bank CD 13JU13	2,500	250,000,000	244,820,000		—
Vijaya Bank CD 27MAY13	5,000	500,000,000	492,431,500		—
State Bank of Patiala CD 18SP13	2,500	250,000,000	239,768,250		—
State Bank of Patiala 27MAY13	5,000	500,000,000	492,391,500		—
State Bank of Patiala 24MAY13	2,500	250,000,000	246,440,000		—
Canara Bank 24MAR14	2,500	250,000,000	229,461,250		—
Canara Bank 14MAY13	5,000	500,000,000	494,272,000		—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

				Amount (Rs.)	
				As at	As at
				March 31, 2013	March 31, 2012
Canara Bank 22APR—13	2,000	200,000,000	198,768,000	—	—
Punjab and Sind Bank 14JU13	2,500	250,000,000	245,282,500	—	—
Punjab and Sind Bank 10JU13	2,500	250,000,000	245,471,250	—	—
UCO Bank 13JU13	2,500	250,000,000	245,341,750	—	—
Oriental Bank of Commerce 7JU13	2,500	250,000,000	245,698,500	—	—
Andhra Bank 10AP13	10,000	1,000,000,000	996,610,000	—	—
ING Vysya Bank 24MAY13	5,000	500,000,000	492,766,500	—	—
Total (B)			16,728,935,250	—	—
(c) Investment in Government Securities(Quoted)					
Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)		
8.15% GOVT.STOCK 2022	4,500,000	450,000,000	454,079,659	—	—
8.33% GOVT.STOCK 2026	500,000	50,000,000	51,352,955	—	—
Total (C)			505,432,614	—	—
Total (A)+(B)+(C)			20,454,367,864	—	—

(29) Contingent Liability not provided for in respect of:

- (a) Contingent Liabilities not provided for in respect of Capital commitments for acquisition of fixed assets at various branches as at the year end (net of capital advances paid) Rs. 3,004,174,116 (Previous Year Rs.202,372).
- (b) Demand pending u/s 143(3) of the Income Tax Act,1961 in relation to the merged company Indiabulls Financial Services Limited(“IBFSL”)
 - (i) For Rs. 2,414,210 with respect to FY 2007-08 against disallowance U/s 14A of the Income Tax Act,1961, against which appeal is pending before ITAT.
 - (ii) For Rs.17,807,253 with respect to FY 2009-10 against disallowance U/s 14A of the Income Tax Act,1961, against which appeal is pending before CIT (Appeals)
- (c) Demand pending u/s of 25, 55 , 56 & 61 of Rajasthan Sales Tax Act, 2003 in relation to the merged company IBFSL for Rs. 14,505,873 (Including interest & Penalty) with respect to FY 2007-08 to FY 2012-13 against which appeal is pending before DC(Appeals).The company has paid tax alongwith interest for Rs. 6,231,069 under protest.
- (d) Arbitration award passed by the international arbitrator against IBFSL for Rs. 1,920,007,000 (Previous Year Rs. N.A.) for purchase of 42.50% stake in Indiabulls Finance Company Private Limited (IFCPL), which is disputed by the Company. The Company currently holds 57.50% Equity stake in IFCPL. ^{(Refer Note 14(2))}
- (e) Corporate counter guarantees outstanding in respect of securitisation/ assignment agreements entered by the Company with different assignees as at March 31,2013 is Rs.3,044,792,269 (Previous Year Rs.302,366,480) against which collateral deposit of Rs 172,908,806 (Previous Year Rs. 19,048,758) for the year ended March 31, 2013 is being provided to the assignees by the Company in the form of Fixed Deposit Receipts. 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.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(30) Segment Reporting:

Segment information for the year ended March 31, 2013, as per Accounting Standard (AS)-17 "Segment Reporting", as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

(a) Primary segment information (by business segments)

Particulars	Amount (Rs.)		
	Investing and financing related activities	Fee Income	Total
Segment Revenue	46,400,096,654	180,533,541	46,580,630,195
	<i>7,140,980,905</i>	<i>714,086,624</i>	<i>7,855,067,529</i>
Segment Result	16,061,986,171	25,575,287	16,087,561,458
	<i>2,759,531,372</i>	<i>712,933,864</i>	<i>3,472,465,236</i>
Less: Unallocated expenditure net of other unallocated income			46,394,908
			<i>19,804,327</i>
Less: Income taxes and Deferred tax (credit)			3,762,096,996
			<i>952,787,551</i>
Profit after tax			12,279,069,554
			<i>2,499,873,358</i>
Segment Assets	382,746,355,520	18,135,980	382,764,491,500
	<i>74,180,639,652</i>	<i>73,891</i>	<i>74,180,713,543</i>
Unallocated Corporate Assets			2,719,376,430
			<i>182,650,711</i>
Total Assets			385,483,867,930
			<i>74,363,364,254</i>
Segment Liabilities	331,710,247,035	192,000,000	331,902,247,035
	<i>64,268,471,884</i>	—	<i>64,268,471,884</i>
Unallocated Corporate Liabilities			4,191,258,229
			<i>544,049,831</i>
Total Liabilities			336,093,505,264
			<i>64,812,521,715</i>
Capital Expenditure	61,719,219	—	61,719,219
	<i>11,120,930</i>	—	<i>11,120,931</i>
Unallocated Capital Expenditure			50,756,881
			<i>2,600,277</i>
Total Capital Expenditure			112,476,100
			<i>13,721,208</i>
Depreciation / Amortisation	76,994,303	18,966	77,013,269
	<i>8,916,612</i>	<i>8,859</i>	<i>8,925,471</i>
Unallocated Depreciation			15,096,925
			<i>1,626,123</i>
Total Depreciation / Amortisation			92,110,194
			<i>10,551,594</i>
Non-Cash expenditure other than depreciation	1,340,493,053	—	1,340,493,053
	<i>194,384,454</i>	—	<i>194,384,454</i>
Unallocated Non-Cash expenditure other than depreciation			3,473,853
			<i>3,839,333</i>
Total Non-Cash Expenditure other than depreciation			1,343,966,906
			<i>198,223,787</i>

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

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (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 financing 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, commission on insurance and other fee based activities.
- 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 (Refer Note 1) above.

(31) Disclosures in respect of Related Parties as per Accounting Standard (AS) - 18 'Related Party Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

Nature of relationship

Related party

(a) Related party where control exists:

Holding Company

Indiabulls Financial Services Limited
(upto March 31, 2012)^(Refer Note. 39)

Subsidiary Companies

Indiabulls Asset Reconstruction Company Limited
(Associate upto January 10, 2013)
(Subsidiary of Indiabulls Advisory Services Limited)
Indiabulls Finance Company Private Limited
Indiabulls Infrastructure Credit Limited
Indiabulls Insurance Advisors Limited
Indiabulls Life Insurance Company Limited
Indiabulls Capital Services Limited
Indiabulls Collection Agency Limited
Ibulls Sales Limited
Indiabulls Advisory Services Limited
Nilgiri Financial Consultants Limited
(Subsidiary of Indiabulls Insurance Advisors Limited)
Indiabulls Asset Holding Company Limited
Indiabulls Asset Management Company Limited
Indiabulls Trustee Company Limited
Indiabulls Holdings Limited
Indiabulls Alternative Asset Management Private Limited (upto February 7, 2013)
Indiabulls Venture Capital Management Company Limited
(Subsidiary of Indiabulls Holdings Limited)
Indiabulls Venture Capital Trustee Company Limited
(Subsidiary of Indiabulls Holdings Limited)

Key Management Personnel

Mr. Sameer Gehlaut, Chairman & Executive Director
Mr. Gagan Banga, CEO & Managing Director
(Non Executive Chairman upto March 19, 2013)
Mr. Ashwini Omprakash Kumar, Deputy Managing Director
(Managing Director upto March 19, 2013)
Mr. Sachin Chaudhary
(CEO-Executive Director upto March 19, 2013)
Mr. Ajit Kumar Mittal, Executive Director
(Non Executive Chairman upto March 19, 2013)
Mr. Rajiv Rattan, Non -Executive Director
Mr. Saurabh Kumar Mittal, Non -Executive Director

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(b) Significant transactions with related parties during the year ended March 31, 2013:

Nature of Transactions					Amount (Rs.)
	Holding Company	Fellow Subsidiary Companies	Subsidiary Companies	Key Management Personnel	Total
Finance					
Loan taken (Maximum balance outstanding during the year)	— 4,280,000,000	— 298,000,000	688,000,000 —	— —	688,000,000 4,578,000,000
Loan given (Maximum balance outstanding during the year)	— —	— —	1,400,000,000 —	— —	1,400,000,000 —
Non Convertible Debentures Issue of Perpetual Debentures	— 3,000,000,000	— —	— —	— —	— 3,000,000,000
Income					
Income from Service Fee	— 5,350,000	— —	— —	— —	— 5,350,000
Interest Income on Loan	—	—	1,326,027	—	1,326,027
Reimbursement of Expenses Incurred	— 2,023,843	— —	16,050,792 —	— —	16,050,792 2,023,843
Expenses					
Interest Expense on Loan	—	— 33,163,880	48,878,190 —	— —	48,878,190 33,163,880
Reimbursement of Expenses Paid	— 55,595,792	— —	— —	— —	— 55,595,792
Commission / Consultancy Paid	—	—	36,517,000	—	36,517,000
Other receipts and payments					
Investment in Compulsory Convertible Cumulative Preference Shares	—	—	2,025,000,000	—	2,025,000,000
Bond Sales	—	—	664,803,715	—	664,803,715
Salary / Remuneration (including perquisite and retirement benefits)	—	—	—	322,318,746 11,664,633	322,318,746 11,664,633
Sale of Loan Receivables	— 17,831,342,549	— —	3,182,402,959 —	— —	3,182,402,959 17,831,342,549
Purchase of Loan Receivables	— 132,264,282	— —	— —	— —	— 132,264,282
Purchase of Certificate of Deposit	— 734,702,250	— —	— —	— —	— 734,702,250
Sale of Certificate of Deposit	— 738,089,250	— —	— —	— —	— 738,089,250

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

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(c) Outstanding balance as at March 31, 2013:

Nature of Transactions	Amount (Rs.)			
	Holding Company	Subsidiary Companies	Key Management Personnel	Total
Loan given	—	1,400,000,000	—	1,400,000,000
	—	—	—	—
Perpetual Debentures Issued	—	—	—	—
	3,000,000,000	—	—	3,000,000,000
Assignment (Payable)/ Receivable (Net)	—	(44,834,095)	—	(44,834,095)
	32,974,528	—	—	32,974,528
Corporate counter guarantees given to third parties for the Company	—	—	—	—
	500,000,000	—	—	500,000,000

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

(d) Statement of Material transactions during the Year:

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Loan Taken (Maximum balance outstanding during the year)		
Holding Company		
– Indiabulls Financial Services Limited	—	4,280,000,000
Fellow Subsidiary		
– Indiabulls Finance Company Private Limited	—	298,000,000
Subsidiaries		
– Indiabulls Finance Company Private Limited	688,000,000	—
Loan Given (Maximum balance outstanding during the year)		
Subsidiaries		
– Indiabulls Finance Company Private Limited	1,400,000,000	—
– Indiabulls Infrastructure Credit Limited	250,000,000	—
– Ibulls Sales Limited	5,500,000	—
Reimbursement of Expenses Paid		
Holding Company		
– Indiabulls Financial Services Limited	—	55,595,792
Commission / Consultancy Paid		
Subsidiaries		
– Ibulls Sales Limited	2,809,000	—
– Indiabulls Asset Management Company Limited	33,708,000	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Reimbursement of Expenses Incurred		
Holding Company		
– Indiabulls Financial Services Limited	—	2,023,843
Subsidiaries		
– Indiabulls Advisory Services Limited	4,040,045	—
– Indiabulls Capital Services Limited	4,522,629	—
– Indiabulls Finance Company Private Limited	7,488,118	—
Interest paid on Loan		
Fellow Subsidiary		
– Indiabulls Finance Company Private Limited	—	33,163,880
Subsidiary		
– Indiabulls Finance Company Private Limited	48,878,190	—
Income from Service Fees		
Holding Company		
– Indiabulls Financial Services Limited	—	5,350,000
Perpetual Debentures Issued		
Holding Company		
– Indiabulls Financial Services Limited	—	3,000,000,000
Interest Income on Loan		
Subsidiary		
– Indiabulls Finance Company Private Limited	1,326,027	—
Investment in Compulsory Convertible Cumulative Preference Shares		
Subsidiary		
– Indiabulls Infrastructure Credit Limited	2,025,000,000	—
Bond Sales		
Subsidiary		
– Indiabulls Finance Company Private Limited	664,803,715	—
Salary / Remuneration		
Remuneration to Directors		
– Sameer Gehlaut	8,275,997	—
– Gagan Banga	1,543,641	—
– Ajit Kumar Mittal	531,165	—
– Ashwini Omprakash Kumar	19,114,066	—
– Sachin Chaudhary	12,585,979	11,664,633
Salary		
– Sameer Gehlaut	224,088,545	—
– Gagan Banga	41,797,040	—
– Ajit Kumar Mittal	14,382,313	—

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Sale of Loan Receivables		
Holding Company		
– Indiabulls Financial Services Limited	—	17,831,342,549
Subsidiaries		
– Indiabulls Infrastructure Credit Limited	2,483,946,709	—
– Indiabulls Finance Company Private Limited	698,456,250	—
Purchase of Loan Receivables		
Holding Company		
– Indiabulls Financial Services Limited	—	132,264,282
Purchase of Certificate of Deposit		
Holding Company		
– Indiabulls Financial Services Limited	—	734,702,250
Sale of Certificate of Deposit		
Holding Company		
– Indiabulls Financial Services Limited	—	738,089,250

Related Party relationships as given above are as identified by the Company.

(e) Breakup of outstanding Balances

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Loan given		
Subsidiaries		
– Indiabulls Finance Company Private Limited	1,400,000,000	—
Perpetual Debentures Issued		
Holding Company		
– Indiabulls Financial Services Limited	—	3,000,000,000
Assignment (Payable)/ Receivable (Net)		
Holding Company		
– Indiabulls Financial Services Limited	—	32,974,528
Subsidiaries		
– Indiabulls Finance Company Private Limited Assignment Receivable	18,460,080	—
– Indiabulls Infrastructure Credit Limited (Assignment Payable)	(63,294,175)	—
Corporate counter guarantees given to third parties for the Company		
Holding Company		
– Indiabulls Financial Services Limited	—	500,000,000

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

(32) (a) Expenditure in Foreign Currency:

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Professional Expenses	39,216,246	—
GDRs listing / Issue related Expense	803,670	—
Travelling Expenses	5,332,405	—
Commission Expense	1,289,759	—
Interest Expense on Foreign Currency Loan	13,810,479	—
Advertisement/Corporate Sponsorship Expenses	7,635,651	—
Total	68,088,210	—

(b) Remittances during the year in foreign currency on account of dividends:

Final Dividend by erstwhile Holding company Indiabulls Financial Services Limited (Year ended March 31, 2012)

Number of Shareholders: 2 (Previous Year Nil)

Equity Shares held on which dividend is remitted: - 8,967,321 Equity Shares (Previous Year Nil)

Amount Remitted- Rs. 62,771,247 (Previous Year Rs. Nil)

1st Interim Dividend (During the year ended March 31, 2013)

Number of Shareholders: 2 (Previous Year Nil)

Equity Shares held on which dividend is remitted: - 10,167,993 Equity Shares (Previous Year Nil)

Amount Remitted - Rs. 81,343,944 (Previous Year Rs. Nil)

2nd Interim Dividend (During the year ended March 31, 2013)

Number of Shareholders: 2 (Previous Year Nil)

Equity Shares held on which dividend is remitted: - 10,329,200 Equity Shares (Previous Year Nil)

Amount Remitted - Rs. 56,810,600 (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.

(33) Earnings Per Equity Share

Earnings Per Equity 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 potential dilutive effect of Employee Stock Option Plan as appropriate. Potential dilutive Equity Shares on account of Share warrants are not adjusted being anti dilutive in nature.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Profit available for Equity Shareholders (Rs.)	12,279,069,554	2,499,873,358
Weighted average number of Shares used in computing Basic Earnings per Equity Share (Nos.)	312,118,479	155,689,656
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options / Share Warrants (Nos.)	9,999,303	—
Weighted average number of shares used in computing Diluted Earnings per Equity Share (Nos.)	322,117,782	155,689,656
Face Value of Equity Shares - (Rs.)	2.00	10.00
Basic Earnings Per Equity Share - (Rs.)	39.34	16.06
Diluted Earnings Per Equity Share - (Rs.)	38.12	16.06

(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, 2013.

(35) Disclosures in terms of Circular no. NHB/ND/DRS/Pol—No. 35/2010—11 dated October 11, 2010:

(i) Disclosure for Capital to Risk Asset Ratio (CRAR) :—

CRAR	As at March 31, 2013	As at March 31, 2012
Items		
i) CRAR (%)	18.47%	19.22%
ii) CRAR – Tier I capital (%)	14.96%	12.96%
iii) CRAR – Tier II Capital (%)	3.51%	6.26%

(ii) Exposure to Real Estate Sector:—

Category		
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;	124,430,823,818	65,582,292,251
ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates	146,486,110,923	6,477,332,534
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	—	—
b. Commercial Real Estate	—	—
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	250,000,000	—

Note: In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

Asset Liability Management

Maturity Pattern of Assets and Liabilities as at March 31, 2013:

	Amount (Rs. In crores)				
	1 day to 30/31 days (1 month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 to 6 months	Over 6 months to 1 year
Liabilities					
Borrowing from banks	20.19	406.92	353.49	1,355.32	2,939.80
	<i>80.73</i>	<i>150.00</i>	<i>413.90</i>	<i>19.46</i>	<i>205.76</i>
Market borrowings	203.00	359.50	684.00	1,860.00	745.00
	—	—	—	—	687.50
Assets					
Advances	1,228.41	419.05	742.11	1,495.03	3,048.62
	<i>232.27</i>	<i>166.45</i>	<i>559.96</i>	<i>441.20</i>	<i>935.67</i>
Investments	118.62	—	—	1,050.77	1,005.00
	<i>43.00</i>	—	<i>17.15</i>	<i>0.37</i>	<i>16.18</i>

Maturity Pattern of Assets and Liabilities as at March 31, 2013:

	Amount (Rs. In crores)					
	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Grand Total
Liabilities						
Borrowing from banks	8,719.83	4,879.54	212.80	265.07	332.05	19,485.01
	<i>2,389.99</i>	<i>1,463.93</i>	<i>169.44</i>	<i>38.89</i>	—	<i>4,932.10</i>
Market borrowings	3,754.50	985.20	—	2,716.30	293.28	11,600.78
	<i>35.00</i>	—	<i>100.00</i>	<i>300.00</i>	—	<i>1,122.50</i>
Assets						
Advances	13,002.03	6,012.99	2,093.94	1,898.19	1,571.91	31,512.28
	<i>2,612.76</i>	<i>1,638.04</i>	<i>670.30</i>	<i>0.95</i>	<i>22.51</i>	<i>7,280.11</i>
Investments	283.67	219.47	5.00	—	319.93	3,002.46
	—	<i>27.80</i>	—	—	—	<i>104.50</i>

Note: In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission.

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

- (36) As per the Housing Finance Companies (NHB) Directions 2010, non-performing assets are recognised on the basis of ninety days and above overdue of interest/installment. The Company has made the Provision for Loans and Other Credit Facilities in respect of Housing and Non-Housing Loans in terms of paragraph 28 of the Housing Finance Companies (NHB) Directions 2010 and NHB Notification No. NHB.HFC.DIR.3/CMD/2011 dated August 05, 2011 and NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012. The same is disclosed in terms of paragraph 29(2) of the Housing Finance Companies (NHB) Directions, 2010 and NHB Circular No. NHB(ND)/DRS/Pol.No.41/2010-11 dated September 26, 2011.

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

The total provision carried by the Company in respect of Housing and Non-Housing Loans for sub standard, doubtful and loss assets is as follows :

Particulars	Amount (Rs.)			
	Housing Loans		Non Housing Loans	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Substandard Assets	34,904,572	3,466,637	193,228,906	14,529,074
Doubtful Assets - upto one Year	3,394,680	4,806,129	391,188,614	12,466,516
Doubtful Assets - one to three Years	8,474,211	2,406,706	85,394,100	78,946,363
Doubtful Assets - more than three Years	—	—	22,668,634	—
Loss Assets	—	—	—	—
Provision of Depreciation on Investments	—	—	—	—
Total	46,773,463	10,679,472	692,480,254	105,941,953

Further the Company has made an additional provision as at March 31, 2013 of Rs. 822,349,495 (Previous Year Rs. 31,480,057)

The balance loan outstanding as at March 31, 2013 for sub-standard assets is Rs. 1,520,889,853 (Previous Year Rs. 119,971,406) out of which housing loan is Rs 233,697,149 (Previous Year Rs 23,110,915) and Non housing loan is Rs 1,288,192,704 (Previous Year Rs 96,860,491).

The balance loan outstanding as at March 31, 2013 for doubtful assets upto one year category is Rs. 929,664,370 (Previous Year Rs 69,090,578) out of which housing loan is Rs 13,578,721 (Previous Year Rs 19,224,515) and Non housing loan is Rs 916,085,649 (Previous Year Rs. 49,866,063).

The balance loan outstanding as at March 31, 2013 for doubtful assets one to three years category is Rs. 234,670,779 (Previous Year Rs. 203,382,674) out of which housing loan is Rs. 21,185,529 (Previous Year Rs 6,016,765) and Non housing loan is Rs 213,485,250 (Previous Year Rs.197,365,908).

The balance outstanding as at March 31, 2013 for doubtful assets more than three years category is Rs. 22,668,634 (Previous Year Rs. Nil) out of which housing loan is Rs Nil (Previous Year Rs Nil) and Non housing loan is Rs 22,688,634 (Previous Year Rs. Nil).

Provision for contingencies on standard assets and loan assets as on March 31, 2013 amounting to Rs. 4,591,598,678 (Previous Year Rs. 510,459,152) includes provisions for non-performing assets, standard assets and all other contingencies.

- (37)** 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. 56,291,685,659 (Previous Year Rs. 37,237,447,576) upto March 31, 2013, being the principal value outstanding as on the date of the deals that are outstanding as on the Balance Sheet date.

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 in Significant Accounting policies in Note 1 (v) above and residual income on these Loans is being recognised over the life of the underlying loans and not on an upfront basis.

- (38)** The Company being a HFC has to follow the concentration of Credit Norms as per the NHB guidelines. Post merger of Indiabulls Financial Services Limited (the holding company) with the Company, the company has followed these norms based on the combined Balance sheet of the Company as merged with the Holding company from March 8, 2013 being the effective date of the merger as per the Order of the Hon'ble High Court of Delhi.

Indiabulls

Notes forming part of the Financial Statements

for the year ended March 31, 2013 (Contd...)

- (39) The Board of Directors at their meeting held on April 27, 2012 had approved the Scheme of Arrangement involving the merger of Indiabulls Financial Services Limited (IBFSL, the Holding Company) with the Company in terms of the provisions of Sections 391 to 394 of the Companies Act, 1956 (the "Scheme of Arrangement"). The Appointed Date of the proposed merger fixed under the Scheme of Arrangement was April 1, 2012. The Hon'ble High Court of Delhi, vide its Order dated December 12, 2012, received by the Company on February 8, 2013, approved the Scheme of Arrangement (Order). In terms of the Court approved Scheme of Arrangement, with the filing of the copy of the Order, on March 8, 2013 with the office of ROC, NCT of Delhi & Haryana (the Effective Date), IBFSL, as a going concern, stands amalgamated with IBHFL with effect from the Appointed Date, being April 1, 2012 (Under the Accounting Standard 14 – Pooling of interest method). Consequent to the Scheme of Arrangement becoming effective, the Board of Directors of the Company, at their meeting held on March 25, 2013, issued and allotted -
- i) 312,511,167 Equity Shares of Rs. 2 each of the Company,
 - ii) 27,500,000 Warrants of the Company (against the listed warrants of IBFSL), and
 - iii) 20,700,000 Warrants of the Company (against the unlisted warrants of IBFSL held by certain promoter group entities and Key Management Personnel of IBFSL)
- to the Equity Shareholders / Warrants holders of IBFSL, against their holdings in such Equity Shares / Warrants, as on March 20, 2013 i.e. the record date fixed by IBFSL in this regard. The issue of Equity Shares / warrants by the Company was in terms of the share exchange ratio as mentioned in the Court approved Scheme of Arrangement. The Company is in the process of getting its Shares and Warrants (issued in lieu of listed warrants of IBFSL) listed with National Stock Exchange of India Limited and BSE Limited, for which the necessary applications are being finalised to be filed with the Stock Exchanges.
- (40) The Company has complied with the NHB Directions, 2010 including Prudential Norms and as amended from time to time.
- (41) On account of merger as mentioned in Note No. 39, the Earnings Per Equity Share and the figures in respect of the current year are not comparable with the previous comparable year presented.
- (42) Previous Year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

For and on behalf of the Board of Directors

Rajiv Rattan

Director

Mumbai, April 23, 2013

Gagan Banga

Managing Director/CEO

Amit Jain

Company Secretary

Indiabulls

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956

relating to Company's Interest in Subsidiary Companies for the Financial Year 2012-13

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 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			
						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 2013	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	i) For the Financial Year ended 31st March 2013	ii) For the financial years of the Subsidiary Companies since they become Holding Company's subsidiaries
1	Indiabulls Insurance Advisors Limited	31-Mar-13	27-Dec-03	50,000 Equity shares of face value of Rs.10 each fully paid up	100%	2,424,058	(1,046,785,552)	NIL	NIL
2	Indiabulls Finance Company Private Limited	31-Mar-13	18-Mar-05	4,375,000 Equity shares of face value of Rs.10 each fully paid up	57.50%	156,410,152	675,353,563	NIL	NIL
3	Indiabulls Capital Services Limited	31-Mar-13	13-Apr-05	5,000,000 Equity shares of face value of Rs.10 each fully paid up	100%	4,536,874	(161,660,778)	NIL	NIL
4	Nilgiri Financial Consultants Limited*	31-Mar-13	14-Dec-05	50,000 Equity shares of face value of Rs.10 each fully paid up	100%	5,660,528	50,519,697	NIL	NIL
5	Indiabulls Collection Agency Limited	31-Mar-13	1-Jun-06	150,000 Equity shares of face value of Rs.10 each fully paid up	100%	12,199,339	37,021,270	NIL	NIL
6	Ibulls Sales Limited	31-Mar-13	9-Oct-06	50,000 Equity shares of face value of Rs.10 each fully paid up	100%	2,976,915	1,800,527	NIL	NIL
7	Indiabulls Infrastructure Credit Limited	31-Mar-13	7-Jul-06	10,000,000 Equity shares of face value of Rs.10 each fully paid up	100%	74,737,555	576,152,343	NIL	NIL
8	Indiabulls Advisory Services Limited	31-Mar-13	2-Nov-06	2,550,000 Equity shares of face value of Rs.10 each fully paid up	100%	1,204,579	25,230,096	NIL	NIL
9	Indiabulls Asset Holding Company Limited	31-Mar-13	14-Jun-07	50,000 Equity Shares of Rs.10 each fully paid up	100%	(127,090)	(718,124)	NIL	NIL
10	Indiabulls Life Insurance Company Limited	31-Mar-13	3-Dec-07	50,000 Equity Shares of Rs.10 each fully paid up	100%	(6,106,254)	(38,218,151)	NIL	NIL

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956

relating to Company's Interest in Subsidiary Companies for the Financial Year 2012-13 (Contd...)

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 in 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 2013	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	iii) For the Financial Year ended 31st March 2013	iv) For the financial years of the Subsidiary Companies since they become Holding Company's subsidiaries
11	Indiabulls Asset Management Company Limited	31-Mar-13	10-Apr-08	15,000,000 Equity Shares of Rs.10 each fully paid up	100%	(1,263,813)	(14,537,606)	NIL	NIL
12	Indiabulls Trustee Company Limited	31-Mar-13	10-Apr-08	500,000 Equity Shares of Rs.10 each fully paid up	100%	425,649	246,206	NIL	NIL
13	Indiabulls Venture Capital Management Company Limited*	31-Mar-13	3-Mar-10	50,000 Equity Shares of Rs.10 each fully paid up	100%	(80,601)	(225,801)	NIL	NIL
14	Indiabulls Venture Capital Trustee Company Limited*	31-Mar-13	3-Mar-10	50,000 Equity Shares of Rs.10 each fully paid up	100%	(89,495)	(226,718)	NIL	NIL
15	Indiabulls Holdings Limited	31-Mar-13	7-Apr-10	150,000 Equity Shares of Rs.10 each fully paid up	100%	(81,804)	(207,994)	NIL	NIL
16	Indiabulls Asset Reconstruction Company Limited**	For the period from January 11, 2013 to March 31, 2013	11-Jan-13	3,825,000 Equity Shares of Rs.10 each fully paid up	75.00%	3,043,582	-	NIL	NIL
17	Indiabulls Alternative Asset Management Private Limited***	For the period from April 01, 2012 to February 07, 2013	20-Aug-10	-	-	595,907	(8,309,278)	NIL	NIL

Notes : * Being Subsidiary of the Company in term of Section 4 (1) (c) of the Companies Act, 1956.

** Being Subsidiary of the Company for the period from January 11, 2013 to March 31, 2013.

*** Struck off from the records of Accounting and Corporate Regulatory Authority of Singapore on February 07, 2013.

For and on behalf of the Board of Directors

Rajiv Rattan
Director

Gagan Banga
Managing Director/ CEO

Indiabulls

Wherever you may roam
There's no place like home





“Indiabulls House”

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