

Indiabulls

Indiabulls Financial Services Limited

ANNUAL REPORT — 2011-12 —



Indiabulls
HOME LOANS

BRINGING DREAM HOMES TO LIFE



The Company

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Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even in accurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove 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. Aishwarya Katoch
6. Mr. Shamsheer Singh Ahlawat
7. Mr. Karan Singh
8. Mr. Prem Prakash Mirdha

Statutory Auditor

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

Registered Office

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

Corporate Offices

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

"Indiabulls House", 448-451,
Udyog Vihar, Phase-V,
Gurgaon-122 016

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

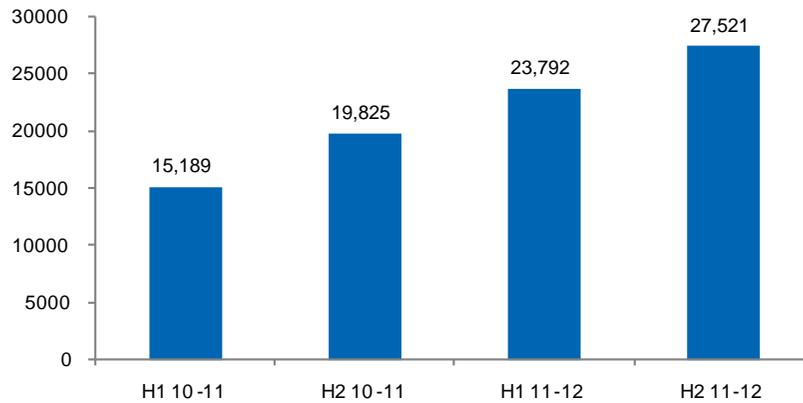
Banking, Financing & Investing Relationships

Allahabad Bank
Axis Bank Ltd.
Axis Mutual Fund
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank
Birla Mutual Fund
Canara Bank
Central Bank of India
Citicorp Finance India Ltd.
Corporation Bank
Daiwa Mutual Fund
DBS Bank
Dena Bank
Deutsche Bank
Dhanlaxmi Bank Ltd.
HDFC Bank Ltd.
HSBC Bank
ICICI Bank Ltd.
ICICI Mutual Fund
IDBI Bank Ltd.
Indian Bank
Indian Overseas Bank
JM Financial Mutual Fund
Karnataka Bank
Kotak Mahindra Bank
Kotak Mutual Fund
Life Insurance Corporation of India
Oriental Bank of Commerce
Peerless Mutual Fund
Pramerica Mutual Fund
Punjab & Sind Bank
Punjab National Bank
Reliance Mutual Fund
Religare Mutual Fund
SBI Mutual Fund
SIDBI
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
Syndicate Bank
Tata Capital Financial Services Limited
Taurus Mutual Fund
The Ratnakar Bank Ltd.
Uco Bank
Union Bank of India
United Bank of India
United India Insurance Company Ltd.
UTI
Vijaya Bank
Yes Bank Ltd.

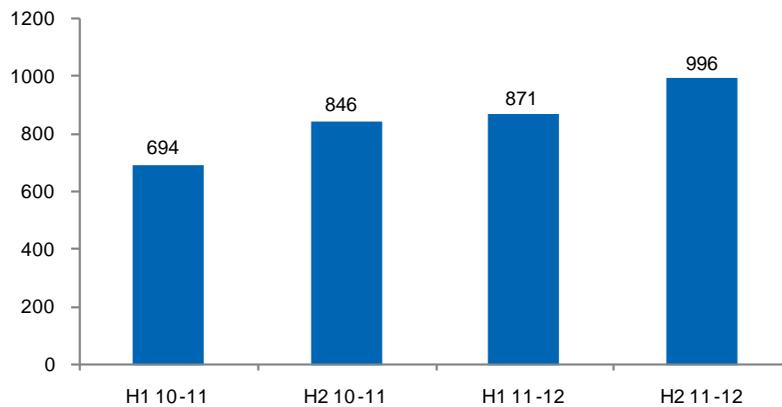


Asset Growth

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



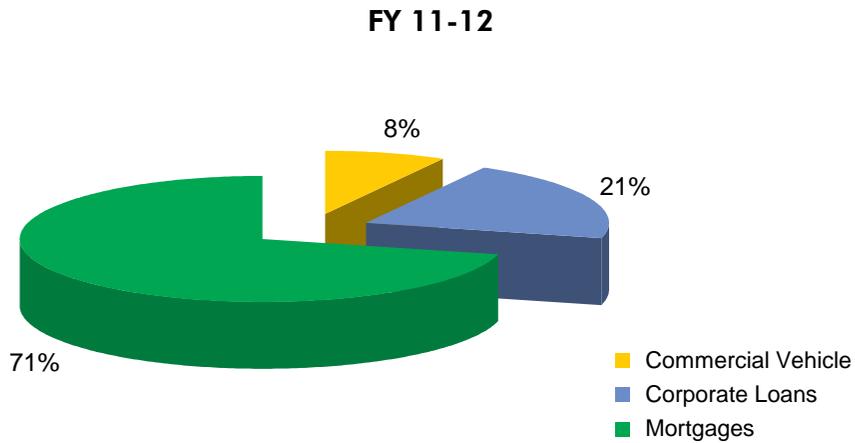
Net Interest Income (NII) (Rs. in Cr.)



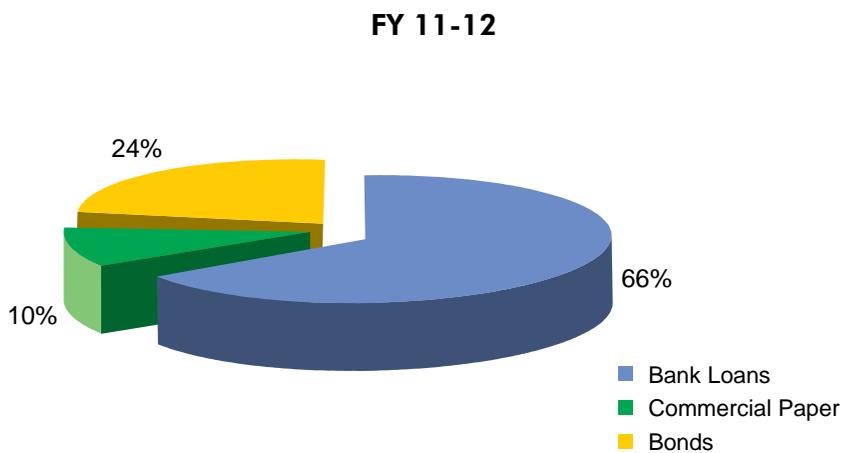
*NII = Interest Income + Fee Income less Interest Expense



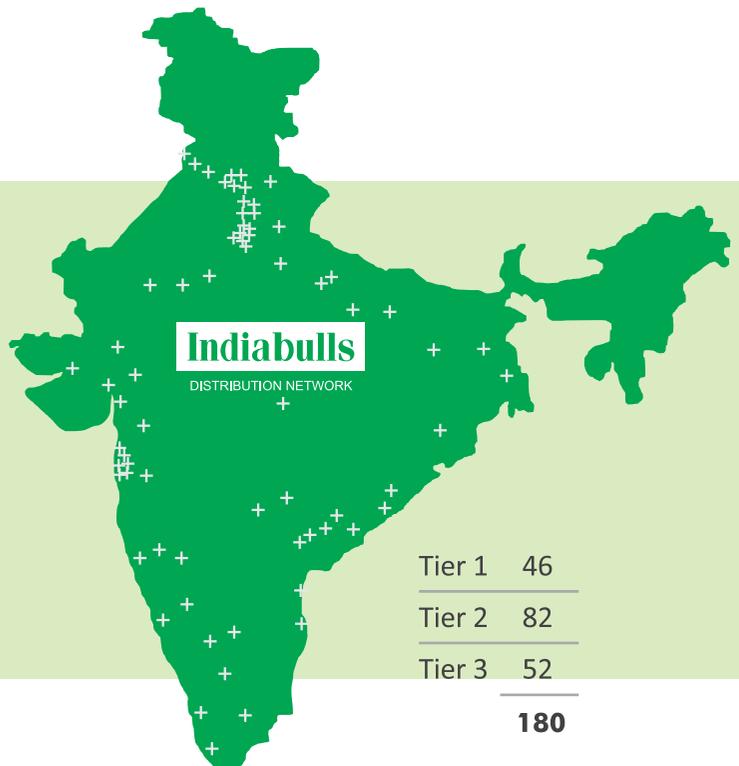
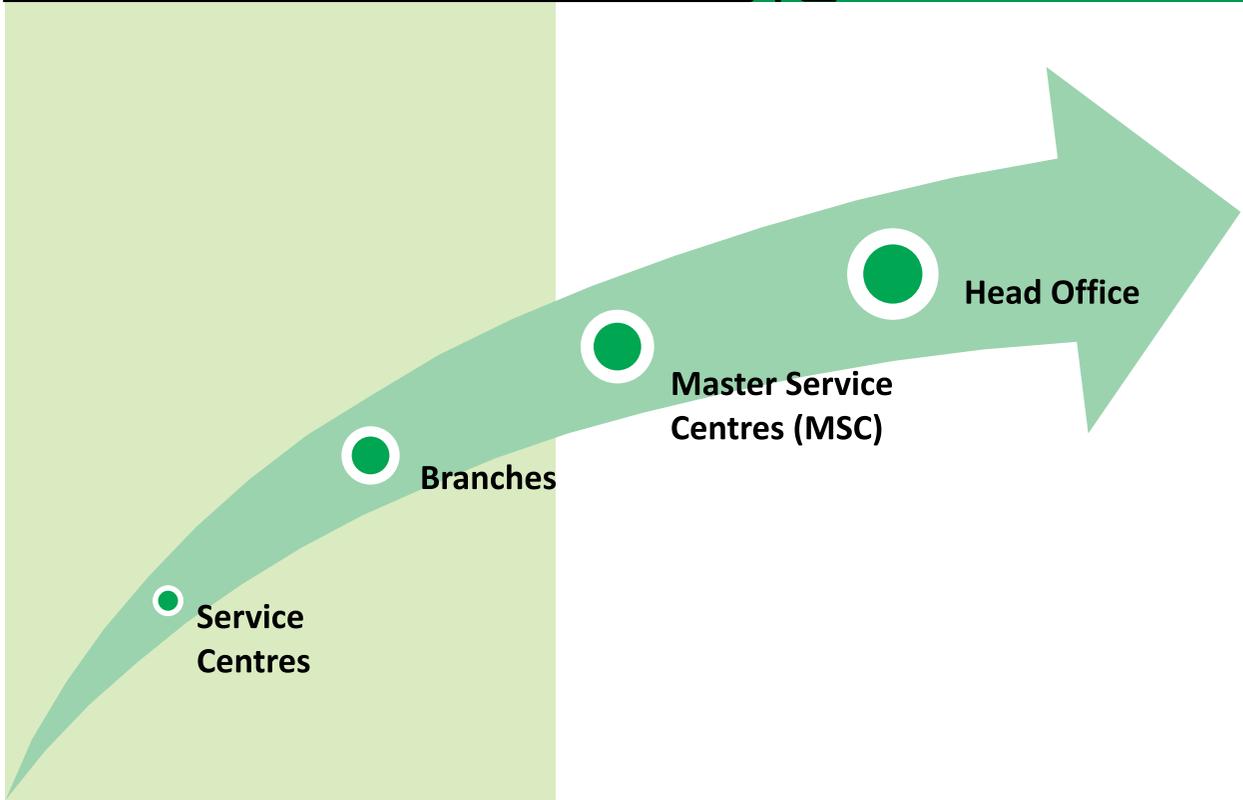
Asset Composition

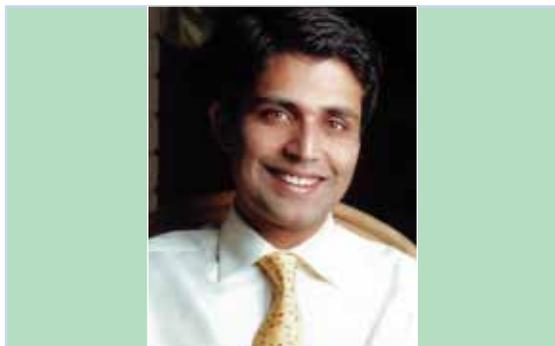


Improving Liability Profile



Streamlined Loan Fulfillment





Dear Shareholders and friends,

It gives me great pleasure in sharing our Company's stupendous achievements in the year gone by. In a way, the year 2011-12 marks the culmination of a transformation journey we embarked upon four years ago. As I have been stressing in my last three successive annual speeches, we have charted our Company's growth trajectory by following the three key mantras integral to our strategy: "Secure, Scalable, and Sustainable growth." The difficult but fail-safe steps we implemented post 2008 meltdown, namely our thrust on high quality secured lending, our focus on collections and consolidation, drastically curtailing our reliance on short term funds, and deepening our banking relationships to access long term funds from varied and diverse lenders have stood us in good stead. Your Company has crossed many impressive milestones in this journey which has made us the one of the most dominant players in the private financial services sector today.

Important milestone

I take pride that today I redeem the promises I made over the last four years as I announce a record performance by the Company on all business parameters for the year ended March 2012. We crossed an important milestone as we posted a record Rs 1,006 crore Profit after Tax (PAT), up 34% from a year ago. Asset under management grew more than 38% to Rs 27,521 crore. The consolidated total revenues stood at Rs 3,846 crore, up 53%. The Net Interest Income (NII) has grown by 21% to Rs 1,866

crore. Return on Equity (ROE) works out to 20.35% with Earnings Equity per Share (EPS) of Rs 32.00. In keeping with our philosophy to reward our shareholders, your Board of Directors has recommended a final dividend of Rs 7 per share (in addition to interim dividend of Rs 6 per share). These numbers are all the more remarkable achieved as they were in a year when the economy showed marked signs of slow down, with inflation and consequent rate hikes by RBI continuing to be the dominant theme. Underpinning this credible performance was our mortgage business, which withstood the overall sluggishness in the economy.

Strong fundamentals underpinning robust performance

Today, we are one of the best capitalized NBFC's (our CRAR stands at 18.86% as against the prescribed 15%) 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 become an established currency with almost all the leading institutional subscribers. Funds raised through bonds have grown to Rs 6,167 crore in March 2012, up from Rs. 3,903 crore in March 2011. In keeping with its stated strategy, the company continues to maintain healthy levels of liquidity with cash and bank balances & current investment adding up to Rs 5,976 crore at the end of FY 11-12. Among its lenders, the company now counts 67 strong relationships: 23 PSU banks, 15 Private and Foreign banks and 29 mutual funds, pension funds and insurance companies. The company continues to witness improving operational efficiency, with cost to income ratio further declining to below 19%. 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% and 0.33% respectively at the end of FY 12. The total provision pool, including floating and standard asset provisions, stood at Rs 329.83 crore as on March 31, 2012, compared to Rs 219.74 crore last year. In a nut shell, today, more than ever before, I am confident that your Company is well positioned to take advantage of the opportunities that our nation's



burgeoning economy offers as well as to contribute to its growth momentum.

Housing finance: the new frontier

Home loan business for us has been the new frontier as stated in my last year's communication. Mortgage penetration in India, despite a rising trend, is still quite low not only relative to advanced economies but even relative to its peers like Malaysia, Korea, Thailand and China. Mortgage to GDP ratio in India is currently only 9% and is expected to grow to 12% by FY 15. This implies huge growth opportunity for the sector as also for your Company. According to a CRISIL report, Home loan industry in India is expected to grow at 15.7% CAGR from FY 12 to FY 16. Indian home loan industry is characterized by low average LTV of 65 to 70%, implying significant borrower equity. Your Company is ideally poised to take the next big leap in the segment.

Focus on home loans to drive business growth

According to a Ministry of Housing and Urban Poverty Alleviation Report, there is currently housing shortage of 26.53 million units in the country. Increasing urbanization and demographic evolution will result in a sizeable shift of population to cities in the coming decade. We had envisioned these trends well in time and over the last few years, we have steadily built our home loan portfolio by lending at competitive rates to retail borrowers with good credit profile. We see a huge opportunity in this business due to the fact that tax benefit on home loans has lowered the effective interest rates for the home buyers. For instance, for a home loan of Rs 20 lacs with a tenure of 15 years and interest rate of 10.75%, the effective rate post tax works out to 6.75%. Further, increase in the disposable income in tandem with the property prices has kept the affordability at 5 times the annual income.

Strategic restructuring

You may recall in my previous speeches, I have always reiterated our resolve to transform your company into a world class mortgage lender. And we have been

taking very clear and cogent steps toward that goal. The thrust and focus of our business over the last few years has been housing finance. While our 100% subsidiary, Indiabulls Housing Finance Ltd (IHFL) has been steadily growing its home loan business, as the parent company too, a major chunk of our existing and incremental business relates to housing finance – either directly or indirectly. With the result, our Company's asset profile is already more akin to that of a Housing Finance Company. Time has now come to take the final step in that direction, and accordingly, your Board of Directors has decided to merge the Company (IBFSL) with the Indiabulls Housing Finance Ltd (IHFL).

The merger of two entities is both a business necessity as well as a strategic imperative, as it would allow us to consolidate the capital, resulting in higher capital being available to the merged HFC entity. The proposed merger would result in business synergies as the combined entity would have a better capital adequacy, improved risk profile, enhanced credit rating, hopefully leading to lowering of cost structure of funds. The merger would be effected through a scheme of amalgamation as per the provisions of section 391 to 394 of the Companies Act, 1956.

In summary, I am proud to chair a business with a strong organic growth profile, with leadership and with people to take difficult decisions, to embrace opportunities, and effectively manage risk. A business positioned for growth and well placed to chart a successful path through the challenges and opportunities that come along the way. Finally, I would like to thank you, our shareholders for your continued support. I would also like to thank our customers, employees, bankers and regulators for their faith in us and their support and guidance.

Thank you!

Sameer Gehlaut
Founder & Chairman



Mr. Gagan Banga, CEO
Indiabulls Financial Services Limited

Management Discussion and Analysis

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

Economic Scenario

For the Indian economy, FY 2012 was a year of recovery interrupted. The sovereign debt crisis in the Euro zone intensified, political turmoil in Middle East injected widespread uncertainty, crude oil prices rose, an earthquake struck Japan and the overall gloom refused to lift.

The global crisis has affected our country. India's Gross Domestic Product (GDP) is estimated to grow by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. Though India has been able to limit the adverse impact of this slowdown on our economy, this year's performance has been disappointing. But it is also a fact that in any cross-country comparison, India still remains among the front runners in economic growth.

For the better part of the past two years, India had to battle near double-digit headline inflation. The monetary and fiscal policy response during this period was geared towards taming domestic inflationary pressures. A tight monetary policy impacted investment and consumption growth. The fiscal policy

had to absorb expanded outlays on subsidies and duty reductions to limit the pass-through of higher fuel prices to consumers. As a result growth moderated and the fiscal balance deteriorated.

However, with agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weak industrial growth. Numerous indicators suggest that the economy is now turning around. There are signs of recovery in coal, fertilizers, cement and electricity sectors. These are core sectors that have an impact on the entire economy. Indian manufacturing appears to be on the cusp of a revival.

Industry overview

The home loan industry is expected to grow at a compounded annual growth rate of 15.7% from FY-12 to FY-16 on a large base of over Rs. 6 lacs crores. The expected growth in the low risk home loan industry gives opportunity for Indiabulls to sustain current growth in its mortgage finance business. HFCs continue to play a critical role in making home loans accessible to a wider set of India's population with their keen understanding of customer needs, HFCs remain focused on product innovation and customization alongwith investments in Legal and Technical appraisal skill sets —factors that help them gain an edge over banks while maintaining their niche positioning.

The recent trends of strong growth and improving asset quality and profitability are likely to continue, strengthening the credit risk profiles of HFCs over the medium term.

Business Review

Indiabulls Financial Services Limited (IBFSL) is one of India's largest lending operations with total consolidated loan assets on a managed basis of Rs. 275,212 million as at March 31, 2012. Indiabulls lending business, is primarily focused on mortgage loans with specific emphasis on Home Loans to the salaried segment, through its HFC wholly owned subsidiary IHFL. The company also provides other loans like Loan against Residential Properties for home improvement and to small businesses, Commercial Vehicle Loans, and Corporate Loans for housing projects. Indiabulls has a presence in 180 locations in India, spread across 18 states and union territories. Over the past several years, Indiabulls has expanded its branch network, focusing on geographical areas that are of greater relevance to the products it offers.



The company generates its revenues through the following activities:-

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

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

Indiabulls recorded a total income of Rs.38,464.20 million for the fiscal year ended March 31, 2012 vs Rs. 25,099.56 million for the prior fiscal year.

The profitability of the Company increased to Rs.10,064.63 million for the fiscal year March 31, 2012 as against Rs. 7,509.23 million for the prior fiscal year.

Business Strengths

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

Stable and Long-term Liability Mix

The Company has seen a continuing improvement in its liability profile and this has been a major area of success for the Company in FY 2011-12. As of March 31, 2012, 66% of the Company's borrowings come from bank loans. During the year, the Company raised 5-yr and 10-yr term loans from the banks / Financial Institutions. A further 24% of the borrowings are in the form of Bonds. Dependence on short-term debt has substantially reduced and now constitutes only 10% of the total borrowings.

An Asset Base of High-Quality Secured Assets

With strong focus on mortgage loans, the Company has been able to build a book of long-term, low-risk secured assets. As a consequence the company has witnessed a steady growth in its asset base at a quarterly average of appx. Rs. 2,000 crores over

the course of last 10 quarters. The NPAs have also continuously declined with Gross NPA at 0.79% and Net NPA at 0.33% as of March 31st, 2012. This is the 8th consecutive quarter end at which the percentage of NPAs have been lower than the corresponding quarter in the previous year.

Take the first step towards your dream home!
Indiabulls Home Loans @
10.5%

Indiabulls
HOME LOANS
Ab Ghar Aa Jao
HELPLINE: 1800 200 7777 | SMS: 'HOME' TO 56677

Improved Credit Rating

IBFSL's long term facilities have been assigned the rating of AA+ by CARE, signifying high degree of safety regarding timely servicing of debt obligations. The Company's short term facilities have been assigned the rating of A1+ by CRISIL, considered to have very strong degree of safety regarding timely payment of financial obligations - such instruments carry lowest credit risk. The rating factors in strong business growth of the Company with focus on the relatively safer asset class of mortgage loans, improvement in maturity profile of its liabilities with lower dependence on short term borrowings and improvement in profitability.

ISO 9001:2008 Certification:-

In recognition of maintenance of quality Document Management Process, the Company was awarded ISO 9001:2008 certification by OSS Certification Services, a JAS-ANZ (Joint Accreditation System of Australia and New Zealand) accredited certification body.



Experienced Senior Management Team

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

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

Focused Distribution Network

The financial year 2011-12, saw the Company tailoring its branch network to be in closer alignment with its business strategy. In keeping with the focus on Home Loans, the company opened many well-

appointed, accessible branches with an aim to nurture long-term customer relationships. Indiabulls today has a presence in 180 locations in India, spread across 18 states and union territories. The company has a well trained, in house Direct Sales' team of over 1,400 people to promptly attend to prospective customers.

Strong Brand Recognition

IBFSL is one of India's leading companies and has strong brand recognition within India, which helps attract new, potential clients. The Company has established a network of easily-accessible branches across 180 locations throughout India, and the wide presence of these branches further enhances its brand recognition with prospective clients.

Business Strategy

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

Indiabulls is one of India's Leading Home Loan Providers

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

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

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

With the objective of growing the home loan business, we have in place a direct selling team of more than 1400 people. We are leveraging IBFSL's existing extensive branch network & opening new locations strategically so that we are closer to our customers.



Indiabulls has been one of the most widely recognized success stories of Indian economy in the past decade. Expanding our home loans business successfully and profitably not only helps in meeting the genuine demand from millions of aspiring home owners but also allows us to positively contribute to the Indian growth story.

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

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

Continue to Pursue a Stable Liability Mix

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

Maintain Strict Risk Management Policies for our Loan Portfolio

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

Perceived Business Risks

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

Real Estate Industry

With a high economic growth rate, increasing urbanization, growing demand for commercial and residential spaces; the real estate industry witnesses a continually changing landscape. The sector is particularly sensitive to interest rate movements, credit availability and land acquisition, building & construction norms. While the supply side is characterized by long-gestation periods and exposed to execution and financing risks, the demand side is sharply affected by prevailing interest rates

and buyers' expectation of price movements. The Company's disbursements are directly linked to credit off-take that funds new real estate purchases and as such is exposed to the factors laid out above.

Human Resources

IBFSL firmly believes that its employees are key to driving performance and developing competitive advantage. The emphasis has been on proper recruitment of talent and empowerment while devoting resources for their continuous development.

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

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

Internal Control Systems

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

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

As part of our deep commitment to social causes, Indiabulls has taken up this noble project named "Novartis Oncology Access" (NOA) in partnership with Novartis (manufacturer of drugs) & Max foundation (NGO). We as the financial partner are helping them assess actual income of patient & family & based on assessed income; recommend the drugs donation slab as per approved guidelines & SOP.

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 & 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, as per standard operating procedure (SOP) prescribed by Novartis based on the WHO guidelines for drug donation programs. Based on the family composite Income a suitable donation decision is given.

Contactability

Indiabulls has designated a dedicated Help-Line

Number: 022 30491720 that will receive patient calls during office hours (9:00 a.m. to 6.00 p.m.) for it to handle in-bound calls in response only to queries regarding the submission of requirements for the NOA. For any medical or clinical queries, the Company refer patients to their treating physician.

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.



Dear Shareholders,

Your Directors have pleasure in presenting the 13th Annual Report together with the audited statement of accounts of the Company for the financial year ended March 31, 2012.

Financial Results

The highlights of the financial results of the Company for the financial year ended March 31, 2012.

(Amount in Rs.)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit before Depreciation	9,402,771,554	8,002,196,292
Less: Depreciation and amortization expenses	79,102,215	93,452,717
Profit before Tax	9,323,669,339	7,908,743,575
Less: Provision for Tax	2,085,752,961	1,821,833,936
Profit after Tax	7,237,916,378	6,086,909,639
Add brought forward balance	1,636,315,518	1,185,525,465
Amount available for appropriation	8,874,231,896	7,272,435,104
Appropriation		
Proposed Final Dividend on Equity Shares	2,182,631,997	1,555,132,650
Interim Dividend paid on Equity Shares	1,867,243,668	1,552,642,450
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment	715,890	1,806,605
Corporate Dividend Tax on:		
Proposed Final dividend on Equity Shares	354,077,476	252,281,394
Interim Dividend on Equity Shares	302,913,604	257,874,504
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment	116,135	300,055
Transfer to General Reserve	723,800,000	608,700,000
Transfer to Special Reserve (U/s 36(1)(viii) of the Income Tax Act, 1961)	700,000,000	190,000,000
Transfer to Reserve Fund (U/s 45-IC of RBI Act, 1934)	1,447,583,276	1,217,381,928
Balance of Profit Carried Forward	1,295,149,850	1,636,315,518

BUSINESS UPDATE

- Return on Equity (RoE) has grown to 20.35%. The Company intends to further improve RoE by maintaining a steady business growth.
- 350% final dividend of Rs. 7/- per share of face value of Rs 2/- has been proposed. With this, the total dividend for FY 2011-12 (including interim dividend of Rs. 6/- already paid) is Rs. 13/- per share of face value of Rs 2/- amounting to 650%, total outflow of Rs. 470.7 Cr

(inclusive of Dividend Distribution Tax).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Asset Growth

- Assets have grown at a quarterly average of approx Rs. 2,000 Cr over the course of the last 10 quarters.
- Net Interest Income continues to steadily increase on the back of steady asset growth from long-duration mortgages.



Asset Composition

- Home loans, which forms the majority of incremental disbursements, are disbursed at an average ticket size of Rs. 23 lacs; average LTV of 64% at origination, for an average term of about 14 years.
- Long-term, low-risk mortgage loans' contribution remains steady at 71% of the total assets.

HOME LOANS: STREAMLINED LOAN FULFILMENT

- In FY 2012, the company's document management system received the ISO certification (ISO 9001:2008).
- The company continues to grow its branch network and now has 180 branches spread across the country.
- The company has a well-trained, in-house Direct Sales' Team of over 1,400 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. 5,975.62 Cr at the end of FY 11-12
- Funds raised through bonds have grown to Rs. 6,167 Cr in Mar 2012, up from Rs. 3,903 Cr in Mar 2011
- The company has further reduced its reliance on short-term money to 10% of total borrowings, well within its target limit of 15%

DIVERSIFIED BORROWING PROGRAMME

- Amongst its lenders, the company now counts 67 strong relationships: 23 PSU banks, 15 Private and Foreign banks and 29 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 below 19%.
- 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 floating and standard asset provisions, stood at Rs.329.83Cr as on March 31, 2012, compared to Rs.219.74Cr on March 31, 2011.

INCOME SOURCES

- 'Interest Income' contributes significantly to the total income. Its contribution has increased on account of sustained asset book growth due to long-term mortgage loans.
- 'Fee Income' continues to be a significant income stream for the company.
- Improving recoveries from written off assets and misc income, has led to 'Other Income' maintaining its contribution to the total income.

Sale of Loans

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

As at 31st March, 2012, total loans outstanding in respect of loans sold stood at Rs.2,175.21 Crores. The Company Continue to service the loans sold under these transactions and is entitled to the residual interest on the loan sold. The residual interest on the individual loans sold is 3.85% per annum.

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, 2012, the company is having the Assets under Management (AUM) of Rs 27,521.23 Crores as against Rs 19,824.86 Crores in the previous year and the loan book stood at Rs 25,346.03 Crores as against Rs 19,430.67 crores in the previous year.

Subordinated Debt

During the year, the Company raised Rs.211.30 Crores 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, 2012, the Company's outstanding



subordinated debt stood at Rs. 211.30 crores. The debt is subordinated 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, 2012, Rs. 211.30 Crores 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. 3,079.00 crores on a private placement basis. The Corporation'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, 2012, NCD outstanding stood at Rs. 6,166.50 Crores.

Loans from Banks

During the year, the Company raised term loans amounting to Rs. 5,350.00 Crores from commercial banks. The Company further raised Rs. 75.00 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, 2012 amounted to Rs. 218.78 crores. This is equivalent to 0.79% of the portfolio (as against 1.03% in the previous year). This is the 8th consecutive quarter end at which the percentage of non-performing loans have been lower than the corresponding quarter in the previous year.

Regulatory Guidelines / Amendments

The Company has complied with RBI directions regarding Accounting Standards, Prudential norms for asset classification, income recognition, provisioning, capital adequacy and credit rating. During the year, National Housing Bank (NHB) has scrapped and abolished the pre-payment penalty on pre-closure of home loans, in a situation where the housing loan is on floating interest rate basis and is pre-closed through any source and where the housing loan is on fixed interest rate basis and is pre-closed through

own source.

Risk Management Framework

The Company has risk management framework, which provides for the mechanism for risk assessment and mitigation. The Risk Management Committee of the Company comprising members of its senior management reviewed the risk associated with the business of the Company, its root causes, efficacy of the measures taken to mitigate the same, four times during the year. 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) framed by Reserve Bank of India (RBI) seeks to promote good and fair practices by setting minimum standards in dealing with customers while doing lending business. RBI during the year issued the revised guidelines on FPC. 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. Customer awareness programs are hosted with Money Life foundation wherein conclaves being conducted to educate the end user about the Mortgage Market. Regular mailers are sent named as " Know Your Loan" to our existing customers. This letter talks about various attributes such as ROI trend, Prepayment clause, Balance transfers, Market conditions etc. To keep the customer educated all the times, bulk SMS & e-mailers are sent on real time basis.

Cross Selling and Distribution of Financial Products and Services

State of the Art Customer Care set up is helping continuous facilitation to the customers by resolving their queries and taking care of any further loan requirements. Survey calling is also helping in continuous process improvement & creating customer referral as the outcome. In the last financial year more than 20 offices got opened which has increased our presence through 180 branches spread across



more than 60 cities. All our offices are located in the main commercial hubs of a city which is resulting in ease to locate the office and increasing customer walk in's at the branch.

Training and Human Resource Management

We have hired 120 management graduates in the last year & recently hiring has been done for more than 115 Chartered Accountant's & Management graduates from esteemed college located PAN India. This talent pool is creating platform for delivering better & skilled services to our esteemed customers. Trainings for more than 1400 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 the periodic trainings sessions have been organized by the Training Dept.

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 15.7% CAGR from FY12 to FY16 on a large base of more than Rs.6,00,000 Crores.
- Indian Home Loans' market is characterized by low Average LTVs of 65-70% and predominantly first-time home loan borrowers, implying significant borrower equity and end-use towards self-occupied residential property.
- The expected growth in the home loan Industry gives opportunity for the Company to sustain current growth in its mortgage business.

FACTORS DRIVING MORTGAGE DEMAND

- Tax incentives have lowered the effective interest rates of mortgages for a home loan of Rs.20 Lacs, tenor of 15 years and interest rate of 10.75%p.a, the effective rate post tax incentives is 6.75% p.a.
- Increase in the disposable income in tandem with the property prices have kept the affordability at 5 times the annual income.

- Increasing urbanization and demographic evolutions will result in 40% of Indian population residing in cities by 2030, up from current rate of 31% as per the report published by the McKinsey Global Institute
- Current urban housing shortage is 26.53 million units as per the report published by the Ministry of Housing and Urban Poverty Alleviation

DIVIDEND

In keeping with the Company's policy to reward its shareholders, the Board of Directors of the Company has recommended a final dividend of Rs. 7/- per share on the face value of Rs. 2/- per share i.e. 350%, for the financial year 2011-2012. This is in addition to the interim dividend @ Rs. 6/- per share (300%), declared on October 21, 2011. Thereby total dividend paid/recommended for the said financial year is Rs. 13/- per share. (650%). The final dividend, if approved at the ensuing Annual General Meeting, would be paid to those members whose names appear in the Company's Register of Members as on the book closure date, appearing in the notice convening the Annual General Meeting which forms a part of the Annual Report and to all those members whose names appear as beneficial owners in the records of the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, as on the said date. .

SIGNIFICANT DEVELOPMENT DURING THE YEAR

Reverse Merger with Housing Finance Company

- The Board has decided to restructure the business of Indiabulls Financial Services Limited (IBFSL) by way of its reverse merger with its wholly owned subsidiary, Indiabulls Housing Finance Limited (IHFL), a Housing Finance Company (HFC) registered with NHB.
- Majority of the existing and incremental business of IBFSL relates to housing finance and all other companies with similar asset profile and business are already licensed as HFCs.
- Amalgamation with IHFL will consolidate the capital available to the merged HFC entity, enabling it to steadily grow its mortgage loans business.
- Consequent to the Scheme becoming effective, upon sanction by Hon'ble High Court of Delhi and other regulatory and stakeholder approvals, the shareholders of IBFSL will get 1 (one) equity



share of Rs. 2/- each of IHFL for every 1 (one) equity share of Rs. 2/- each held by them in IBFSL. The appointed date of the Amalgamation is April 1, 2012.

Launch of Indiabulls Mutual Fund

Indiabulls Mutual Fund, sponsored by your Company went live on 24th October, 2011 and garnered more than Rs. 1,100 crores in its first scheme called Indiabulls Liquid Fund. It has built strong AUM base of around Rs.2300 Cr in the span of 6 months, and achieved March end Average AUM ranking of 31 out of total 44 AMCs. By the end of March 2012, it had launched Liquid fund, Ultra Short Term Fund, Blue chip Equity Fund and 2 FMPs, and is planning to launch 5-6 new schemes during the financial year 2012-13.

Launch of IB Homefinder

IB Homefinder an online property search portal, presently with a showcase of over 1600 Projects, was launched by the Company in December 2011 to facilitate its customer to locate and identify property as per their requirement. It provides various property options, among which most of them are pre-approved projects of Indiabulls HFC and provide choice of houses and home finance under one roof. It also provides platform for the Developers in showcasing their Projects. IB homefinder has currently tied up with over 550 Developers across India with presence in more than 7 cities covering major metro towns – Delhi NCR, Jaipur, Mumbai, Hyderabad, Bengaluru, Pune and Chennai.

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

As part of our deep commitment to social causes, Indiabulls has taken up this noble project named "Novartis Oncology Access" (NOA) in partnership with Novartis (manufacturer of drugs) & Max foundation (NGO). We as the financial partner are helping them assess actual income of patient & family & based on assessed income; recommend the drugs donation slab as per approved guidelines & SOP.

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 it's partner Physicians, who enroll

patients under this program after diagnosis. The MAX Foundation, an independent NGO, assists patients throughout the program in completing formalities & 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, as per standard operating procedure (SOP) prescribed by Novartis based on the WHO guidelines for drug donation programs. Based on the family composite Income a suitable donation decision is given.

Contactability

Indiabulls has designated a dedicated Help-Line Number: 022 30491720 that will receive patient calls during office hours (9:00 a.m. to 6.00 p.m.) for it to handle in-bound calls in response only to queries regarding the submission of requirements for the NOA. For any medical or clinical queries, the Company refer patients to their treating physician.

EMPLOYEES STOCK OPTIONS

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

The Company had also launched ESOP Schemes titled as "IBFSL ESOP -2010" and "IBFSL ESOP 2011". However, no option has yet been granted under these schemes.

During the current financial year, upto the date of this report, the Company has allotted an aggregate 48,846 (Forty Eight Thousand Eight Hundred and Forty Six) Equity shares of face value Rs. 2/- each under IBFSL-ICSL Employees Stock Option Plan -2006, on May 02, 2012, as a result of which the equity capital of the Company stands increased from Rs. 62,36,09,142/- divided into 31,18,04,571 Equity shares of face value Rs. 2/- each to Rs. 62,37,06,834/- divided into 31,18,53,417 Equity shares of face value Rs. 2/- each.



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 27, 2012, 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, 2012 have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of the Company interested in obtaining the same. The annual accounts of the subsidiary companies are also kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned. 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 and Accounting Standard AS-23, as notified by the Companies (Accounting Standard) Rules, 2006, as amended, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries and associate.

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 and the Article 129 of the Articles of Association of the Company, Mr. Prem Prakash Mirdha, (DIN: 01352748) and Mr. Aishwarya Katoch, (DIN: 00557488) retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

Brief resume of the Directors seeking reappointment, nature of their expertise in specific functional areas and names of companies in which they hold

directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

LISTING WITH STOCK EXCHANGES

The equity shares of the Company continue to remain listed with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The listing fees payable to both the exchanges for the financial year 2012-2013 have been paid. The Global Depository Receipts issued by the Company continue to be listed on the Luxembourg Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

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

AUDITORS & AUDITORS' REPORT

M/s Deloitte Haskins & Sells, Chartered Accountants (Regn. No. 117366W), Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their 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, 2012 and the profit of the Company for the year ended on that date;

3. the Directors have taken proper and sufficient care for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Date: May 11, 2012

Place: New Delhi

Sameer Gehlaut

Chairman



ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

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

A. Conservation of Energy

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

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

B. TECHNOLOGY ABSORPTION

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

Constantly endeavor 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, 2012 (Rs.)	March 31, 2011 (Rs.)
Professional Expenses	35,890,612	32,921,412

Particulars	For the year ended	For the year ended
	March 31, 2012 (Rs.)	March 31, 2011 (Rs.)
GDRs listing / Issue related expense	976,829	690,615
Traveling Expense	6,029,459	10,421,014
Interest	37,980,628	7,443,678
Advertisement/ Corporate Sponsorship Expenses	11,108,375	-

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

Final Dividend (Year End March 31, 2011)

Number of Shareholders: 2 (Previous Year 3)

Equity Shares held on which dividend is remitted: – 12,776,920 Equity Shares (Previous Year 18,752,135)

Amount Remitted- Rs. 63,884,600 (Previous Year Rs. 93,760,675)

Interim Dividend (Year End March 31, 2012)

Number of Shareholders: 2 (Previous Year 3)

Equity Shares held on which dividend is remitted: – 12,776,920 Equity Shares (Previous Year 12,828,020)

Amount Remitted- Rs. 76,661,520 (Previous Year Rs. 64,140,100 for the Year end March 31, 2011)

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

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

Amount Remitted- Rs. Nil (Previous Year Rs. Nil)



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.

IBFSL – ICSL Employees Stock Option Plan - 2006 – As on March 31, 2012

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	713,700 options at Rs 41.67 per Option 79,000 options at Rs 95.95 per Option
d. Options exercised	481,636 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	481,636 options at Rs 41.67 per Option 79,000 options at Rs 95.95 per Option
f. Options lapsed	192,808
g. Variation in terms of options	Not Applicable
h. Money realized by exercise of options	Rs. 27,649,822.12
i. Total number of options in force	370,556 options at Rs 41.67 per Option 316,000 options at Rs 95.95 per Option
j. Employee wise details of options granted to;	
i. Senior Management personnel	Mr Gagan Banga - 3,95,000
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 23.07
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.



Particulars	
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	

IBFSL – ICSL Employees Stock Option Plan II - 2006 – As on March 31, 2012

Particulars	
a. Options Granted	720,000
b. Exercise price	Rs 100
c. Options vested	205,417 options at Rs 100 per Option 43,800 options at Rs 100 per Option
d. Options exercised	118,343 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	118,343 options at Rs 100 per Option 43,800 options at Rs 100 per Option
f. Options lapsed	218,389
g. Variation in terms of options	Not applicable
h. Money realized by exercise of options	Rs. 16,214,300
i. Total number of options in force	339,468 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. 23.07



Particulars	
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	

Employees Stock Option – 2008 – As on March 31, 2012

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	2,158,860 options at Rs 95.95 per option 26,820 options at Rs. 125.90 per option 20,000 options at Rs. 153.65 per option 23,040 options at Rs. 158.50 per option
d. Options exercised	1,485,176 options at Rs 95.95 per option 945 options at Rs. 125.90 per option 9,332 options at Rs. 153.65 per option 19,000 options at Rs. 158.50 per option
e. The total number of Shares arising as a result of exercise of option	1,485,176 options at Rs 95.95 per option 945 options at Rs. 125.90 per option 9,332 options at Rs. 153.65 per option 19,000 options at Rs. 158.50 per option
f. Options lapsed	1,527,281 options at Rs 95.95 per option

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



Particulars	
	248,250 options at Rs. 125.90 per option
g. Variation in terms of options	Not Applicable
h. Money realized by exercise of options	Rs. 147,066,974.50
i. Total number of options in force	3,689,793 options at Rs 95.95 per option 118,155 options at Rs. 125.90 per option 190,668 options at Rs. 153.65 per option 211,400 options at Rs. 158.50 per option
j. Employee wise details of options granted to;	
i. Senior Management personnel	Mr. Gagan Banga – 786,000
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 23.07
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.100.88
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted – average information: Refer Note 3 of Notes to Accounts forming part of the Financial Statements.	Refer Note 3 of Note 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	



1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

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

2. BOARD OF DIRECTORS (BOARD)

(A) Composition and size of the Board

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

The Board consists of eight directors, two of whom including the Chairman and the CEO are Executive Directors. The remaining six directors are Non-Executive Directors, with four of such directors being Independent Directors. The Chairman being an Executive Director, the number of Independent Non-Executive Directors on the Board is 50% of the Board strength at any point of time. The details of Directors, number of directorships held by them in other companies as also the number of their memberships and chairmanships on various board Committees, as on March 31, 2012 are depicted in the table given below:



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

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

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

***Figure 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 2011-12 the Board met 36 (Thirty Six) times .The dates of the Board meetings were April 11, 2011, April 22, 2011, May 09, 2011, May 31, 2011, June 20, 2011, June 30, 2011, July 08, 2011, July 19, 2011, July 21, 2011, July 27, 2011, July 29, 2011, August 03, 2011, August 09, 2011, August 10, 2011, August 29, 2011, August 30, 2011, September 07, 2011, September 09, 2011, September 26, 2011, October 01, 2011, October 21, 2011, October 31, 2011, November 17, 2011, November 18, 2011, December 07, 2011, December 09, 2011, January 09, 2012, January 27, 2012, January 30, 2012, January 31, 2012, February 13, 2012, February 21, 2012, February 22, 2012, February 27, 2012, March 14, 2012 and March 30, 2012.

The last Annual General Meeting of the Company was held on June 27, 2011.

A table depicting the attendance of Directors at various board meetings held during the FY 2011-12 and at the Annual General Meeting last held is given below:



Sl. No.	Name of the Director		No. of board Meetings Attended	Attendance at the last AGM
1.	Mr. Sameer Gehlaut	(DIN : 00060783)	30	No
2.	Mr. Rajiv Rattan	(DIN : 00010849)	34	Yes
3.	Mr. Saurabh Kumar Mittal	(DIN : 01175382)	29	No
4.	Mr. Gagan Banga	(DIN : 00010894)	36	No
5.	Mr. Aishwarya Katoch	(DIN : 00557488)	32	Yes
6.	Mr. Shamsher Singh Ahlawat	(DIN : 00017480)	32	Yes
7.	Mr. Karan Singh	(DIN : 00017236)	32	Yes
8.	Mr. Prem Prakash Mirdha	(DIN : 01352748)	32	No

(C) Code of Conduct

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

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

3. COMMITTEES OF THE BOARD

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

(A) Audit Committee

Composition

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

Terms of reference of the Audit Committee

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

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



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

Meetings and Attendance during the year

During the financial year ended March 31, 2012 the Committee met four times. The dates of the meetings being April 22, 2011, July 21, 2011, October 20, 2011 and January 28, 2012.

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

Name of the Member	No. of meetings attended
Mr. Shamsher Singh Ahlawat	3
Mr. Aishwarya Katoch	3
Mr. Saurabh Kumar Mittal	Nil
Mr. Karan Singh	4

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

(B) Remuneration Committee

Composition

The Company has in place a Remuneration

Committee comprising of three Independent Non-Executive Directors namely, Mr. Aishwarya Katoch, as Chairman, Mr. Prem Prakash Mirdha and Mr. 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.

Meetings

During the year, the Committee met once on July 25, 2011 and the meeting was attended by all of its members.

Remuneration Policy

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

Director's Remuneration:

- (i) Remuneration of Executive Directors

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

Name of the Director	Relation-ship With other Director	Salary per annum (Rs.)	Perfor-mance linked incen-tive (Rs.)	Employee Benefits (Rs.)	Sit-ting Fee (Rs.)	Total (Rs.)
Sameer Gehlaut	None	99,543,760	Nil	66,213,972	Nil	165,757,732
Gagan Banga	None	30,369,675	Nil	5,975	Nil	30,375,650

Notes:

- Aforesaid components of remuneration include the Basic salary and House rent Allowance. For Mr. Gagan Banga it also includes Transport Allowance, Medical, LTA and Supplementary Allowance, Children Education Allowance, Children Hostel Allowance, Professional Development Allowance. Variable Merit payment, Telephone Expenses, Car Running Maintenance.



2. Perquisite represents Gratuity, Superannuation and leave encashment, 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 governed by applicable rules and policy of the Company.
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 i.e the period of five years from the date of vesting under the relevant employee stock option schemes.

(ii) Remuneration of Non Executive Directors

Non- Executive Directors have not been paid any remuneration/sitting fees during the FY 2011-12.

(C) Shareholders'/ Investors' Grievance Committee

Composition

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

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

Terms of Reference

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

delegated to Mr. Karan Singh.

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

Meetings and Attendance during the year

During the financial year ended March 31, 2012, the Committee met four times. The dates of the meetings being June 30, 2011, September 30, 2011, December 30, 2011 and March 27, 2012.

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

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

Name and designation of Compliance Officer

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

Details of queries / complaints received and resolved during the year 2011-12

Sl. No.	Nature of Complaint	Received	Redressed	Pending
1.	Letters from SEBI/Stock Exchanges	7	7	Nil
2.	Non credit/receipt of shares in demat account	1	1	Nil
3.	Non-receipt of dividend	249	249	Nil
4.	Non-receipt of annual report	12	12	Nil
5.	Non receipt of securities after transfer	01	01	Nil
Total		270	270	Nil



(D) Nomination Committee

Composition

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

Terms of reference of the Nomination Committee

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

- to undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the board based upon qualification, expertise, track record, integrity and other fit and proper criteria.
- to prescribe criteria such as educational qualification, age, specialized skill, political etc towards eligible criteria for director.
- to devise a model deed of covenants to be obtained from the directors binding them to discharge their responsibilities to the best of their ability.

Meetings and Attendance during the year

During the financial year ended March 31, 2012 the Committee met seven times. The dates of the meetings being April 15, 2011, April 25, 2011, April 27, 2011, May 18, 2011, August 09, 2011, August 23, 2011 and February 27, 2012.

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

Name of the Member	No. of meetings attended
Mr. Shamsher Singh Ahlawat	7
Mr. Aishwarya Katoch	7
Mr. Karan Singh	7

(E) Integrated Risk Management Committee

Composition

The Integrated Risk Management Committee

comprises of six members namely Mr. Gagan Banga, Mr. Mukesh Garg, Mr. Subhankar Ghosh, Mr. Gaurav Bhatia, Mr. Akhil Gupta and Mr. Ashwini Hooda.

Terms of reference of the Integrated Risk Management Committee

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

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

Meetings and Attendance during the year

During the financial year ended March 31, 2012 the Committee met twelve times. The dates of the meetings being April 04, 2011, May 04, 2011, June 06, 2011, July 06, 2011, August 02, 2011, September 02, 2011, October 03, 2011, November 21, 2011, December 01, 2011, March 14, 2012, March 23, 2012 and March 28, 2012 .

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

Name of the Member	No. of meetings attended
Mr. Gagan Banga	10
Mr. Mukesh Garg	12
Mr. Subhankar Ghosh	12
Mr. Dharmendra Patro*	08



Name of the Member	No. of meetings attended
Mr. Akhil Gupta	12
Mr. Ashwini Hooda	10
Mr. Gaurav Bhatia	03

* During the FY 2011-12, Mr. Dharmendra Patro ceased to be member of the Integrated Risk Management Committee and in his place Mr. Gaurav Bhatia was appointed as member of the said committee.

(F) Asset Liability Management Committee (ALCO)

Composition

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

Terms of reference of the Asset Liability Management Committee

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

- To keep an eye on the structure / composition of the Company's assets and liabilities.
- Analysing of required maturity profile and mix of incremental assets and liabilities.
- Articulate interest rate view of the Company and deciding on the future business strategy.
- Review and articulate funding policy.
- Decide the transfer pricing policy of the Company.

- Evaluate market risk involved in launching of new products.
- Approval of Inter corporate loans to subsidiaries/associate companies.
- Approval of policy on tolerance limits for different time buckets.
- Fixing up PLR from time to time.
- Assessment of opportunity cost and maintenance of liquidity.
- Analyzing various risks like liquidity risk, interest rate risk, investment risk and business risks.

Meetings and Attendance during the year

During the financial year ended March 31, 2012 the Committee met Seventeen times. The dates of the meetings being April 01, 2011, April 07, 2011, April 25, 2011, May 06, 2011, June 06, 2011, June 29, 2011, July 08, 2011, July 28, 2011, August 08, 2011, September 07, 2011, October 07, 2011, November 07, 2011, December 07, 2011, January 04, 2012, February 06, 2012, February 24, 2012 and March 07, 2012.

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

Name of the Member	No. of meetings attended
Mr. Gagan Banga	17
Mr. Mukesh Garg	17
Mr. Ashok Sharma	17
Mr. Ashwini Hooda	15

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
2008-09	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	September 30, 2009	10.30 A.M.
2009-10	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	June 14, 2010	10.00 A.M.
2010-11	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	June 27, 2011	10.15 A.M



- B. Details of special resolutions passed in the previous three AGMs:
- (1) In the AGM of the Company for the year 2008-09 held on September 30, 2009 no special resolutions were passed.
 - (2) In the AGM of the Company for the year 2009-2010 held on June 14, 2010, two special resolutions as briefly described below, were passed:
 - (i) Special resolution in terms of Section 81(1A) of the Companies Act, 1956, pertaining to issue of Non Convertible Debentures, for an amount up to Rs. 3000 Crore of tenure upto 7 years and Warrants convertible into a maximum of 45,000,000 Equity Shares at a later date, to qualified Institutional buyers (QIBs) through qualified institutions placement (QIP) basis.
 - (ii) Special resolution in terms of Section 31 of the Companies Act, 1956 to amend the Articles of Association of the Company.
 - (3) In the AGM of the Company for the year 2010-2011 held on June 27, 2011, four special resolutions as briefly described below, were passed:
 - (i) Special resolution pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Articles of Association of the Company and of other applicable statutes, if any to create, issue, offer and allot at any time or from time to time, directly or through a trust, to the Eligible Employees of the Company and its subsidiaries and the Directors of the Company and its subsidiaries, whether whole-time or not (except the promoter directors or directors holding by themselves or through the relatives or any body corporate, 10% or more of the outstanding equity share capital of the Company), stock options not exceeding 9,000,000 in number, representing 9,000,000 equity shares of face value Rs. 2/- each of the Company, in one or more tranches, under the Scheme titled 'Employee Stock Option Scheme- 2011' ("IBFSL ESOP-2011").
 - (ii) Special resolution pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Articles of Association of the Company, the Listing Agreements with stock exchanges and other applicable statutes, if any to create, issue, offer and allot at any time or from time to time, directly or through a trust, to the permanent Employees of the subsidiaries of the Company and the Directors of the subsidiaries of the Company, whether whole-time or not (except the promoter directors or directors holding by themselves or through the relatives or any body corporate, 10% or more of the outstanding equity share capital of the Company), stock options under the Scheme titled 'Employee Stock Option Scheme-2011' ("IBFSL ESOP-2011").
 - (iii) Special resolution pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Articles of Association of the Company, the Listing Agreements with stock exchanges and other applicable statutes, if any to identify eligible employees and grant options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant under the 'Employee Stock Option Scheme-2011' ("IBFSL ESOP-2011")
 - (iv) Special resolution pursuant to the applicable provisions of the Companies Act, 1956 Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Articles of Association of the Company and of other applicable statutes, if any for amending the clause pertaining to exercise price under the Stock Option Schemes namely "IBFSL-ICSL Employees Stock Option



Plan – 2006”, “IBFSL-ICSL Employees Stock Option Plan II – 2006”, “Employees Stock Option Plan 2008” and “IBFSL ESOP – 2010”, earlier consented to / approved by the shareholders, to be the market price of the equity shares of the Company under respective Stock Option Schemes,, being the latest available closing price, prior to the date of grant or the price as may be decided by the Board.”.

C. Postal Ballot during the FY 2011-12

During the year 2011-12, no resolution was passed by the Company through Postal Ballot.

D. Procedure for Postal Ballot

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

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

5. DISCLOSURES

(i) Details on materially significant related party transactions

Details of materially significant related party transactions made during the year 2011-12, are contained in the notes to the annual accounts which form a part of the Annual Report.

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

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

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

The Company has in place a highly effective Whistle blower policy which sets out the process and mechanism whereby employees at various levels in the organisation can bring to the notice of the management any violations of the applicable laws regulations as also any unethical or unprofessional conduct.

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

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

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

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

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



6. MEANS OF COMMUNICATION

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

7. GENERAL SHAREHOLDERS' INFORMATION

(A) Date, Time and Venue of AGM

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

(B) Profile of Directors seeking re-appointment

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

Mr. Prem Prakash Mirdha

Mr. Prem Prakash Mirdha aged about 55 years, had a long stint of 11 years with merchant navy, thereafter he has setup his own cement plants and is successfully running the same. He also operates lime

kilns which are suppliers to enterprises engaged in steel and sugar industries. He is on the Board of the Company as an independent director since July 31, 2006. His association as Board member of the Company has been beneficial for the Company, meriting his re – appointment as director on the Board of the Company.

Mr. Prem Prakash Mirdha is also on the Board of several other Indiabulls group companies namely Indiabulls Real Estate Limited, Store One Retail India Limited, Indiabulls Securities Limited and Indiabulls Power Limited. He is the member of Audit Committee and Shareholders, Investors, Grievance Committee of Indiabulls Securities Limited and Indiabulls Power Limited.

He does not hold any shares in the Company. He is not related to any other Director on the Board of the Company

Mr. Aishwarya Katoch

Mr. Aishwarya Katoch, aged about 43 years is a Non-Executive Independent Director on the Board of the Company since December 20, 2004. He holds a bachelor's degree in business administration and merchandising from American College of Applied Arts, London. Mr. Katoch runs a successful business engaged in the business of leisure & heritage Hotels and Resorts. His business skills will be to the benefit of the Company in the years to come, meriting his reappointment as Director on the Board of the Company.

Mr. Katoch is also on the Board of Indiabulls Real Estate Limited, Store One Retail India Limited and Indiabulls Securities Limited. Mr. Katoch is also a member of the Audit Committee and Shareholders' Investors' Grievance Committee and Chairman of Shareholders' Investors' Grievance Committee of the Company. He is also the member of the Audit Committee Indiabulls Securities Limited, Store One Retail India Limited and Indiabulls Real Estate Limited and member and Chairman of the Shareholders' Investors' Grievance Committee of Store One Retail India Limited and Indiabulls Real Estate Limited.

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



(C) Financial Calendar 2012-13 (tentative)

Tentative Schedule	Tentative Date
Financial reporting for the quarter ending June 30, 2012	Upto August 14, 2012
Financial reporting for the half year ending September 30, 2012	Upto November 14, 2012
Financial reporting for the quarter ending December 31, 2012	Upto February 14, 2013
Financial reporting for the quarter and year ending March 31, 2013	Upto May 15, 2013*
Annual General Meeting for the year ending March 31, 2013	Upto September 04, 2013

*As provided under Clause 41 of the Listing Agreement, Board may also consider publication of Audited results for the FY 2012-2013 by May 30, 2013 instead of publishing unaudited results for the fourth quarter.

(D) Date of Book Closure

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

(E) Dividend Payment date

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

(F) (i) Distribution of shareholding as on March 31, 2012

Sl.No.	Category of Shares	No of holders	% to total holders	Value in Rs.	% to nominal value
1	upto 1 - 5000	81648	98.91	16,200,276.00	2.60
2	5001 - 10000	356	0.43	2,575,956.00	0.41
3	10001 - 20000	166	0.20	2,408,404.00	0.39
4	20001 - 30000	53	0.07	1,308,800.00	0.21
5	30001 - 40000	28	0.03	991,576.00	0.16
6	40001 - 50000	25	0.03	1,149,244.00	0.18
7	50001 - 100000	69	0.08	5,075,950.00	0.81
8	100001 & ABOVE	203	0.25	593,898,936.00	95.24
Total:		82548	100.00	623,609,142.00	100.00

(ii) Shareholding pattern as on March 31, 2012

Sr. no.	Category	No. of Shares	% holding
1.	Promoters and Promoters Group	115,472,283	37.03
2.	Mutual Funds	7,511,849	2.41
3.	Banks	70,392	0.02
4.	FII's	111,325,831	35.70
5.	Private Bodies Corporate	16,766,801	5.38
6.	Indian Public	19,579,239	6.28
7.	NRIs / OCBs	6,016,882	1.93
8.	GDRs (Shares underlying)	3,238,415	1.04
9.	Others	31,822,879	10.21
Total		311,804,571	100.00



(G) Dematerialisation of shares and liquidity

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

As on March 31, 2012, 99.90 % Equity shares of the Company representing 311,506,734 out of a total of 311,804,571 Equity shares were held in dematerialised form and the balance 297,837 shares representing 0.10% of the total equity capital of the Company were held in physical form.

(H) Outstanding GDRs

The number of outstanding GDRs as on March 31, 2012 was 32,38,415. Each GDR represents one equity share of Rs. 2/- each in the Company.

(I) Listing on Stock Exchanges

The Company's securities are listed on the following stock exchanges as of March 31, 2012:

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

(J) Stock Code

Bombay Stock Exchange Ltd. - 532544

National Stock Exchange of India Ltd- INDIABULLS/EQ

ISIN for Dematerialisation – INE894F01025

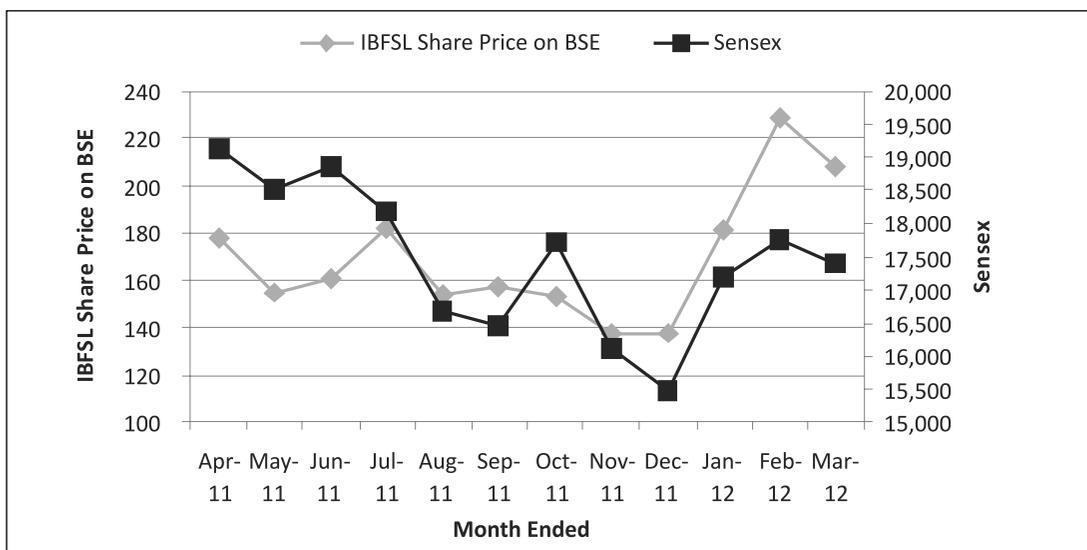
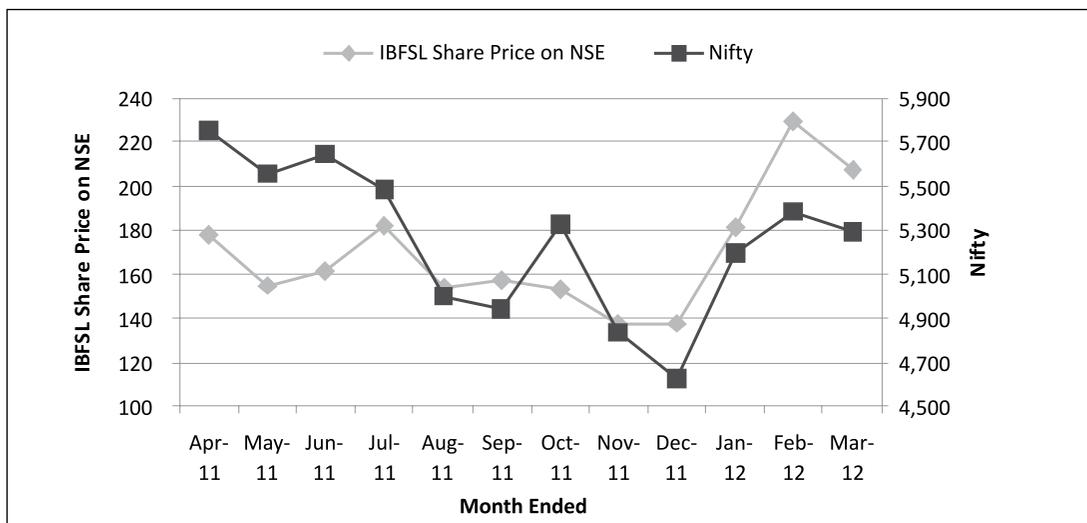
(K) Stock Market Price at National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)

(Figures in Rs.)

Month	Share Prices at NSE		Share Prices at BSE	
	High	Low	High	Low
April 2011	184.95	149.25	186.00	153.00
May 2011	180.45	139.00	180.80	139.00
June 2011	162.80	139.50	163.00	139.00
July 2011	195.00	161.95	195.20	161.70
August 2011	185.20	140.00	185.00	139.30
September 2011	168.80	141.25	168.30	141.10
October 2011	174.75	144.10	174.90	144.15
November 2011	161.95	117.10	162.05	116.80
December 2011	157.55	129.65	156.00	128.50
January 2012	190.00	136.35	188.75	136.15
February 2012	242.90	174.50	242.60	173.50
March 2012	251.50	198.15	250.90	199.00



**(L) Performance of the Company in comparison to broad – based indices
NSE Nifty & BSE Sensex.**



(M) Registrar and Transfer Agents

M/s Karvy Computershare Private Limited are acting as the Registrar and Transfer Agents of the Company for handling matter related to shares, both in physical and dematerialised mode. The contact details are as under:

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



(N) Share Transfer System

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

(O) Address for Correspondence

- (i) Registered Office:
Indiabulls Financial Services Limited
F-60, Malhotra Building, 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 Road, Mumbai 400 013

8. COMPLIANCE CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY

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

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

9. CEO & CFO CERTIFICATION

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

10. NON-MANDATORY REQUIREMENTS

- (A) Non –Executive Chairman

The Company has an executive Chairman and hence the requirements recommended as to a non –executive chairman

under the clause 49, are not required to be adopted by the Company.

- (B) Remuneration Committee

The Company has a properly constituted Remuneration Committee in place. For details as to the constitution of the Remuneration Committee and the functional responsibility vested in it, please refer to point no. 3 in the earlier part of this report.

- (C) Shareholders Rights

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

- (D) Unqualified financial statements

The Auditors' Report on the audited annual accounts of the Company does not contain any qualification from the Statutory Auditors and it shall be the endeavour 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.

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



ANNUAL DECLARATION BY CEO

PURSUANT TO CLAUSE 49(1) (D) (ii) OF LISTING AGREEMENT

As the Chief Executive Officer of IBFSL and as required by Clause 49(1)(D)(ii) of the Listing Agreement, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics, for the FY 2011-12.

Date: May 11, 2012
Place: New Delhi

Sd/-
Gagan Banga

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

To,

The Members of Indiabulls Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Indiabulls Financial Services Limited ("the Company"), for the year ended March 31, 2012, 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, 2012 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

Place: New Delhi
Date: May 11, 2012

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

Auditors' Report

To The Board of Directors of Indiabulls Financial Services Limited



1. We have audited the attached Consolidated Balance Sheet of **INDIABULLS FINANCIAL SERVICES LIMITED** ("the Company") and its subsidiaries (the company and its subsidiaries constitute the "Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investment in an associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006, as amended. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. We did not audit the financial statements of Fifteen subsidiaries, whose financial statements reflect total assets of Rs. 1,348,924,821 as at March 31, 2012, total revenues of Rs. 243,418,663 and net cash outflows amounting to Rs. 1,804,925,663 for the year ended on that date as considered in the Consolidated Financial Statements and of an associate which reflects the Group's share of Profit of Rs. 963,167 for the year then ended. These financial statements have been audited by other auditors whose reports
- have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associate is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006, as amended.
 5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and the aforesaid subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012
 - (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.

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

A. Siddharth
Partner
(Membership No. 031467)

Mumbai, April 27, 2012

Consolidated Balance Sheet
of Indiabulls Financial Services Limited Group
As at March 31, 2012



Particulars	Note No.	Amount (Rs.)	
		As at March 31, 2012	As at March 31, 2011
A. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	3	623,609,142	621,984,236
Reserves and Surplus	4	48,431,040,088	44,775,804,504
(2) Share application money pending allotment	38	-	2,732,718
(3) Minority Interest	3(vi)	1,314,996,944	1,210,921,877
(4) Non-current liabilities			
Long-term borrowings	5	142,229,366,530	128,970,482,659
Other long-term liabilities	6	18,134,992	221,998
Long-term provisions	7	5,650,709,119	2,972,353,711
(5) Current liabilities			
Short-term borrowings	8	48,095,056,018	35,432,965,753
Trade payables	9	16,155,382	10,436,004
Other current liabilities	10	71,463,665,567	35,412,509,844
Short-term provisions	11	4,412,755,788	3,635,855,562
Total		<u>322,255,489,570</u>	<u>253,046,268,866</u>
B. ASSETS			
(1) Non-current assets			
Fixed assets	12		
(i) Tangible assets		416,557,919	378,204,654
(ii) Intangible assets		28,168,581	43,220,797
(iii) Capital work-in-progress		400,000	167,720
Non-current investments	13	167,199,977	166,236,809
Deferred tax assets (net)	14	1,097,619,825	721,600,706
Long term loans and advances	15	214,729,308,806	157,248,127,652
Other non-current assets	16	1,915,986,845	712,926,292
(2) Current assets			
Current investments	17	17,800,592,870	30,727,497,456
Trade receivables	18	213,068,373	76,551,432
Cash and Bank Balances	19	41,955,555,000	21,446,661,325
Short-term loans and advances	20	39,945,633,400	38,612,862,057
Other current assets	21	3,985,397,974	2,912,211,966
Total		<u>322,255,489,570</u>	<u>253,046,268,866</u>

Notes forming part of the financial statements 1-41

In terms of our report attached

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

A. Siddharth
Partner

Rajiv Rattan
Director

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai: April 27, 2012

Mumbai: April 27, 2012

Consolidated Statement of Profit and Loss

of Indiabulls Financial Services Limited Group for the year ended March 31, 2012



Particulars	Note No.	Amount (Rs.)	
		For the year ended March 31, 2012	For the year ended March 31, 2011
(1) Revenue from operations	22	37,818,806,264	24,727,082,124
(2) Other Income	23	645,397,391	372,474,765
(3) Total Revenue (1+2)		<u>38,464,203,655</u>	<u>25,099,556,889</u>
(4) Expenses:			
Employee benefits expense	24	1,923,715,025	1,656,187,515
Finance costs	25	19,200,592,937	8,994,917,090
Depreciation and amortisation expense	12	90,985,801	109,915,385
Other expenses	26	<u>4,028,555,979</u>	<u>4,423,659,179</u>
Total Expenses		25,243,849,742	15,184,679,169
(5) Profit before tax (3-4)		13,220,353,913	9,914,877,720
(6) Tax expense:			
Current tax expense for current year		3,531,751,688	2,877,049,828
Current tax expense relating to prior years		(11,246)	(597,054)
Deferred tax credit (Net)	14	<u>(376,019,120)</u>	<u>(470,804,399)</u>
(7) Profit after tax (5-6)		<u><u>10,064,632,591</u></u>	<u><u>7,509,229,345</u></u>
(8) Earnings per Equity Share:			
- Basic	35	32.00	23.86
- Diluted		31.75	23.63
- Face value per Equity Share		2.00	2.00

Notes forming part of the financial statements 1-41

In terms of our report attached

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

A. Siddharth
Partner

Rajiv Rattan
Director

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai: April 27, 2012

Mumbai: April 27, 2012

Consolidated Cash Flow Statement

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012



	For the Year ended March 31, 2012	For the Year ended March 31, 2011	Amount (Rs.)
A. Cash flow from operating activities :			
Profit before tax	13,220,353,913		9,914,877,720
Adjustments for :			
Share of (Profit) / Loss in Associates	(963,167)	82,013,159	
Employee Compensation Expense	10,051,684	24,994,201	
Provision for Loan Assets	787,924,193	676,541,429	
Contingent Provisions against Standard Assets	122,511,552	397,413,683	
Bad Loans / Advances written off	883,618,702	999,235,729	
Profit on Sale of Long Term Investment	-	(284,896,271)	
Realised / (Unrealised) Profit on Appreciation on Mutual Funds (net) (Current investments)	23,927,432	(24,351,348)	
Provision for Gratuity, Compensated Absences and Superannuation Expenses	97,938,396	58,830,308	
Premium on Forward Contracts and Unrealised mark to market Loss on derivatives	41,510,733	48,833,058	
Loss on sale on fixed assets	7,855,435	25,458,899	
Interest on Vehicle Loans	209,527	460,606	
Depreciation / Amortisation	90,985,801	109,915,385	
	<u>2,065,570,288</u>	<u>2,114,448,838</u>	
Operating Profit before working capital changes	15,285,924,201	12,029,326,558	
Adjustments for:			
Trade and other receivables	(62,482,286,698)	(89,497,693,390)	
Trade Payables and other liabilities (Refer Note No. 2 below)	2,213,612,350	(2,522,572,067)	
	<u>(60,268,674,348)</u>	<u>(92,020,265,457)</u>	
Cash used in operations	(44,982,750,147)	(79,990,938,899)	
Direct taxes paid (Net of Refund)	(2,193,282,431)	(2,335,844,045)	
Net cash used in operating activities	(47,176,032,578)	(82,326,782,944)	
B. Cash flows from investing activities :			
Purchase of Fixed assets	(127,523,920)	(137,103,838)	
Sale of Fixed Assets	5,149,355	2,380,460	
Net receipts from Investment in long term Deposits Accounts	1,031,294,382	4,815,275,966	
Investment / Redemption of Bonds, Mutual Funds & Pass Through Certificates	(7,013,121,441)	204,951,518	
Proceeds from sale of Long term Investments	-	2,473,500,000	
Net cash (used in) / generated from investing activities	(6,104,201,624)	7,359,004,106	
C. Cash flow from financing activities :			
Net proceeds from Issue of Equity Shares (including Securities Premium) (Refer Note No. 4 below)	72,830,856	99,450,168	
Debenture Issue Expenses (including discount)	(326,966,254)	(770,576,988)	
Share Application money received	-	2,732,718	
Distribution of Equity Dividends (including Corporate Dividend Tax)	(3,974,808,775)	(3,615,064,823)	
Subscription amount received for Share Warrants	-	137,500,000	

Consolidated Cash Flow Statement

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



	For the Year ended March 31, 2012	Amount (Rs.) For the Year ended March 31, 2011
Interest on Vehicle Loans	(209,527)	(460,606)
Proceeds from Borrowings (Net)	32,576,126,702	95,816,467,515
Proceeds / Repayments from issue of Commercial Papers (Net)	4,465,000,000	(12,050,000,000)
Proceeds from issue of Non Convertible Debentures (Net)	22,641,696,727	30,925,000,000
Net cash generated from financing activities	55,453,669,729	110,545,047,984
D. Exchange difference on translation of balances denominated in foreign currency	(46,064)	110,405
E. Net (Decrease) / Increase in cash and cash equivalents (A+B+C+D)	2,173,389,463	35,577,379,551
F. Cash and cash equivalents at the beginning of the year	48,968,283,369	13,390,903,818
G. Cash and cash equivalents at the end of the year (E + F) (Refer Note 5 below)	51,141,672,832	48,968,283,369

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 on 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006 as amended.
- Includes an amount of Rs 862,182,904 (Previous Year Rs. 89,345,477) being amount payable on assigned loans.
- Margin Deposits of Rs. 1,101,545,931 (Previous year Rs. 125,128,950) have been placed as collateral for Assignment deals on which assignees have a paramount lien.
- Excludes amount received on account of Share Application Money pending allotment Rs. 2,732,718 (Previous Year Rs. NIL) outstanding as at the beginning of the financial year.
- Cash and cash equivalents at the end of the Year include:

Cash and Bank balances (Refer Note No. 19)	41,955,555,000	21,446,661,325
Current Investments in Units of Mutual Fund and Certificate of Deposits considered as temporary deployment of funds	10,787,471,429	30,727,497,456
	52,743,026,429	52,174,158,781
Less: In Deposit Accounts having maturity of more than 3 months	1,600,541,199	3,181,135,582
Less : Unrealised gains on appreciation of Non-Trade Current Investments	812,398	24,739,830
Cash and cash equivalents as restated	51,141,672,832	48,968,283,369
- Current Investments in Units of Mutual Funds as on March 31, 2012 amounting Rs. Nil (Previous Year Rs. 4,237,966), are placed as collateral with bank for assignment deals on which assignees have a lien.
- Unclaimed Dividend account in designated bank accounts are not available for use by the Company (Refer Note No. 19).
- Previous year figures are regrouped wherever considered necessary to confirm with current year's groupings / classifications.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner

Rajiv Rattan
Director

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai: April 27, 2012

Mumbai: April 27, 2012



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 Financial Services Limited ("IBFSL") and / or any of its subsidiaries, unless otherwise stated.

ii. Principles of consolidation:

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

iii. Goodwill / Capital Reserve on consolidation:

Goodwill / Capital Reserve represents the difference between the Company's share in the net worth of subsidiaries, and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the Company's share of net worth is determined on the basis of the

latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of 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 the results of the operations of the investee.

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



The particulars of investment in associate companies as at March 31, 2012 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 Re-construction Company Limited	India	01-April-11 to 31-March-12	24.02%	12,250,000	3,394,123	15,644,123	A Sardana & Co.
		<i>01-April-10 to 31-March-11</i>			<i>2,430,955</i>	<i>14,680,955</i>	
Indian Commodity Exchange Limited	India	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
		<i>01-April-10 to 12-December-10</i>	<i>40.00%</i>	<i>400,000,000</i>	<i>(105,895,074)</i>	<i>-</i>	<i>Ajay Sardana Associates</i>

(Previous Year details are given in Italics)

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-2011 to 31-March-2012	100%	A Sardana & Co.
		<i>01-April-2010 to 31-March-2011</i>		<i>Ajay Sardana Associates</i>
Ibolls Sales Limited	India	01-April-2011 to 31-March-2012	100%	A Sardana & Co.
		<i>01-April-2010 to 31-March-2011</i>		
Indiabulls Insurance Advisors Limited	India	01-April-2011 to 31-March-2012	100%	Sumit Mohit & Company
		<i>01-April-2010 to 31-March-2011</i>		
Indiabulls Finance Company Private Limited	India	01-April-2011 to 31-March-2012	57.50%	Deloitte Haskins & Sells
		<i>01-April-2010 to 31-March-2011</i>		
Indiabulls Capital Services Limited	India	01-April-2011 to 31-March-2012	100%	Sumit Mohit & Company
		<i>01-April-2010 to 31-March-2011</i>		
Indiabulls Housing Finance Limited	India	01-April-2011 to 31-March-2012	100%	Deloitte Haskins & Sells
		<i>01-April-2010 to 31-March-2011</i>		

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



Name of subsidiaries	Country of Incorporation	Year / Period ended included In consolidation	Proportion of Ownership Interest	Statutory Auditor
Nilgiri Financial Consultants Limited	India	01-April-2011 to 31-March-2012	100%	A Sardana & Co.
		<i>01-April-2010 to 31-March-2011</i>		<i>Ajay Sardana Associates</i>
Indiabulls Infrastructure Credit Limited	India	01-April-2011 to 31-March-2012	100%	A Sardana & Co.
		<i>01-April-2010 to 31-March-2011</i>		<i>Ajay Sardana Associates</i>
Indiabulls Advisory Services Limited	India	01-April-2011 to 31-March-2012	100%	Sumit Mohit & Company
		<i>01-April-2010 to 31-March-2011</i>		
Indiabulls Asset Holding Company Limited	India	01-April-2011 to 31-March-2012	100%	A Sardana & Co.
		<i>01-April-2010 to 31-March-2011</i>		<i>Ajay Sardana Associates</i>
Indiabulls Life Insurance Company Limited	India	01-April-2011 to 31-March-2012	100%	A Sardana & Co.
		<i>01-April-2010 to 31-March-2011</i>		<i>Ajay Sardana Associates</i>
Indiabulls Asset Management Company Limited	India	01-April-2011 to 31-March-2012	100%	A Sardana & Co.
		<i>01-April-2010 to 31-March-2011</i>		<i>Ajay Sardana Associates</i>
Indiabulls Trustee Company Limited	India	01-April-2011 to 31-March-2012	100%	Sharma Goel & Co.
		<i>01-April-2010 to 31-March-2011</i>		<i>A Sardana & Co.</i>
Indiabulls Holdings Limited	India	01-April-2011 to 31-March-2012	100%	Sharma Goel & Co.
		<i>07-April-2010 to 31-March-2011</i>		
Indiabulls Venture Capital Management Company Limited	India	01-April-2011 to 31-March-2012	100%	Sharma Goel & Co.
		<i>01-April-2010 to 31-March-2011</i>		
Indiabulls Venture Capital Trustee Company Limited	India	01-April-2011 to 31-March-2012	100%	Sharma Goel & Co.
		<i>01-April-2010 to 31-March-2011</i>		
Indiabulls Alternative Asset Management Private Limited	Singapore	01-April-2011 to 31-March-2012	100%	Rajendra Sachin & Associates
		<i>20-August-2010 to 31-March-2011</i>		<i>Ernst & Young LLP</i>

(Previous year details are given in italics)

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.

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (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 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. The housing finance Company in the group follows the provisions of the Housing Finance Companies (NHB) Directions, 2010 ("NHB Directions, 2010"). 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 RBI directions, 2007 / NHB directions, 2010.

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 RBI Directions, 2007 / NHB Directions, 2010 interest income on Non-performing assets ('NPAs') is recognised only when it is actually realised.

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

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

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

Commission on Mutual Funds is recognised on accrual basis.

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

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

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

Dividend income on equity shares is recognised when the right to receive the dividend is unconditional as at the Balance Sheet date. In terms of the RBI Directions, 2007 / NHB Directions, 2010 wherever applicable, Dividend Income on units of Mutual Fund held by NBFC / Housing companies is recognised on cash basis.

xi. Securitisation / Assignment of Loan portfolio:

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

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

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

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



xii. Fixed Assets:

(a) **Tangible Assets:**

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

(b) **Intangible Assets:**

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

xiii. Depreciation / Amortisation:

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 pro-rata basis from the date the asset is put to use. Lease hold improvements are amortised over the period of Lease. Depreciation on sale / deduction from fixed asset is provided for up to the date of sale / deduction, as the case may be. Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

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

xiv. Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of, an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the 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. 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 investment. In terms of the RBI Directions, 2007, unquoted current investments are valued at cost or break-up value, whichever is lower. Unquoted current investments in units of mutual funds are valued at the net asset value declared by the mutual fund in respect of each particular scheme. Quoted Current investments are valued at lower of cost and fair value. Other unquoted current investments are valued at carrying value.

xvi. Stock of Securities:

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

xvii. Employee benefits:

The Company's contribution to Provident Fund is charged to Statement of Profit and Loss. The Company has unfunded defined benefit plans namely leave encashment (compensated absences) and gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation as at the end of the year using the Projected Unit Credit Method. Superannuation (Pension & Medical coverage) payable to a Director on retirement is actuarially valued as 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 statement of profit and loss as income or expenses as applicable.

xviii. Deferred Employee Stock Compensation Cost:

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

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



xix. Taxes on Income:

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

Deferred tax resulting from timing differences between book profits and tax profits is accounted for at the current rate of tax / substantively enacted tax rates 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.

xx. Derivative Transactions:

The Company enters into Interest Rate Swap (IRS) and Foreign Exchange forward Contracts. All outstanding IRS 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 contract are recognised as income or expenses for the period. Premium / discount on forward exchange contracts, 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.

xxi. 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.

xxii. Foreign Currency Transactions:

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

- b) Monetary items denominated in foreign currencies at the year end are translated at year end rates.
- c) In case of Forward Foreign Exchange Contract, 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.
- d) Non monetary foreign currency items are carried at cost.
- e) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- f) In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the Balance Sheet. The items in the Statement of Profit and Loss are translated at the average exchange rate during the year. The differences arising out of the translation are transferred to foreign currency translation reserve, in the Balance Sheet until the disposal of the net investments at which time they are recognised as income or as expenses.

xxiii. Borrowing Cost:

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

xxiv. Share/Debenture Issue Expenses and Premium/Discount on issue of Debentures:

Share/Debenture issue expenses, net of tax effect, are adjusted against 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 effect, 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.



xxv. Equity Index / Stock Futures:

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

xxvi. Commercial Papers:

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

xxvii. 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.

xxviii. 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.

2) Corporate Information:

Indiabulls Financial Services Limited ("the Company", "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 but does not have permission from the RBI to accept public deposits. The Company was converted into a public limited Company pursuant to Section 44 of the Companies Act, 1956 on February 03, 2004. The Company is in the business of investing in various subsidiaries and also investing, acquiring, holding, purchasing or procuring Equity Shares, debentures, bonds, mortgages, obligations, securities of any kind issued or guaranteed by any company and providing loan and other credit facilities including providing Long Term Finance for Industrial or agricultural development, development of infrastructure facility, development of Housing in India or for constructions or purchase of houses/ residential projects in India.

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



v) 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-I 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)
1. Indiabulls Collection Agency Limited	2011-12	Rs.	1,500,000	135,893,310	97,957,171	2,063,861	41,500,000	11,054,513	10,746,622	2,992,239	7,754,383	-
	2010-11		1,500,000	128,138,927	125,288,734	1,165,188	5,515,381	8,434,494	8,076,358	1,334,088	6,742,270	-
2. Indiabulls Limited	2011-12	Rs.	500,000	1,800,528	31,938,414	29,637,887	-	128,491,389	1,726,961	533,631	1,193,330	-
	2010-11		500,000	607,198	18,880,316	17,773,119	-	122,949,112	1,170,916	327,407	843,509	-
3. Indiabulls Insurance Advisors Limited	2011-12	Rs.	500,000	(1,046,785,552)	30,964,473	1,077,750,025	5,00,000	15,020,892	128,762	30,506	98,256	-
	2010-11		500,000	(1,046,883,808)	34,096,689	1,080,980,497	5,00,000	633,713	54,653	(3,800,348)	3,855,001	-
4. Nilgiri Financial Consultants Limited	2011-12	Rs.	500,000	50,519,697	28,068,288	2,548,591	25,500,000	41,890,381	1,010,333	23,205	987,128	-
	2010-11		500,000	49,532,569	57,830,575	7,798,006	-	1,469,028	614,684	85,940	528,744	-
5. Indiabulls Finance Company Private Limited	2011-12	Rs.	76,086,960	3,018,023,498	1,956,738,831	26,002,950	1,163,374,577	353,869,176	344,747,693	99,865,182	244,882,511	-
	2010-11		76,086,960	2,773,140,987	2,147,294,025	59,633,758	761,567,680	355,702,419	343,732,759	103,298,973	240,433,786	-
6. Indiabulls Housing Finance Limited	2011-12	Rs.	1,556,896,560	7,993,945,979	74,081,465,735	64,960,623,196	430,000,000	8,040,489,011	3,452,660,909	952,787,551	2,499,873,358	-
	2010-11		1,556,896,560	5,778,145,462	34,986,840,763	28,966,444,629	1,314,645,888	3,333,839,827	1,091,465,919	303,191,729	788,274,190	-
7. Indiabulls Capital Services Limited	2011-12	Rs.	50,000,000	(161,640,778)	89,006,669	200,667,447	-	16,813,858	14,360,237	2,931,303	11,428,934	-
	2010-11		50,000,000	(173,089,712)	26,963,847	233,601,395	83,547,836	4,292,810	1,951,522	17,737,072	(15,785,550)	-
8. Indiabulls Infrastructure Credit Limited	2011-12	Rs.	100,000,000	747,764,906	245,530,900	29,955,588	632,189,594	89,598,702	70,779,250	10,882,393	59,946,857	-
	2010-11		100,000,000	686,121,322	2,191,840,083	1,756,492,620	350,773,859	678,658,719	582,376,879	161,731,469	420,645,410	-
9. Indiabulls Advisory Services Limited	2011-12	Rs.	25,500,000	25,230,096	24,781,702	51,606	26,000,000	7,297,697	3,484,975	459,130	3,025,845	-
	2010-11		25,500,000	22,204,251	4,778,704	1,130,762	44,056,309	5,598,208	4,963,620	704,460	4,259,160	-



v) 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-I dated 8th February, 2011):

Name of the Sub-sidiary Companies	Year	Currency	Share Capital	Reserves and 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)
10. Indiabulls Asset Holding Company Limited	2011-12	Rs.	500,000	(718,124)	9,406	227,530	-	-	(58,130)	-	(58,130)	-
	2010-11		500,000	(659,994)	45,156	205,150	-	27,575	(29,322)	-	(29,322)	-
11. Indiabulls Life Insurance Company Limited	2011-12	Rs.	500,000	(38,218,151)	8,223,100	45,941,251	-	6,643,811	1,445,567	439,651	1,005,916	-
	2010-11		500,000	(39,224,067)	2,325,780	41,049,847	-	10,000	(3,797,066)	141,976	(3,939,042)	-
12. Indiabulls Asset Management Company Limited	2011-12	Rs.	150,000,000	(14,537,606)	47,820,508	10,358,113	98,000,000	44,028,680	(4,670,338)	(904,635)	(3,765,703)	-
	2010-11		150,000,000	(10,771,903)	140,680,787	1,452,690	-	9,446,878	(5,980,789)	(1,033,762)	(4,947,027)	-
13. Indiabulls Trustee Company Limited	2011-12	Rs.	5,000,000	246,206	5,357,132	110,926	-	716,314	(101,264)	(21,794)	(79,470)	-
	2010-11		5,000,000	325,676	5,450,562	124,886	-	335,080	296,749	95,435	201,314	-
14. Indiabulls Holdings Limited	2011-12	Rs.	1,500,000	(207,994)	348,186	56,180	1,000,000	1,307	(63,144)	-	(63,144)	-
	2010-11		1,500,000	(144,850)	377,210	22,060	1,000,000	-	(144,850)	-	(144,850)	-
15. Indiabulls Venture Capital Management Company Limited	2011-12	Rs.	500,000	(225,801)	330,379	56,180	-	917	(58,431)	-	(58,431)	-
	2010-11		500,000	(167,370)	354,690	22,060	-	-	(25,740)	-	(25,740)	-
16. Indiabulls Venture Capital Trustee Company Limited	2011-12	Rs.	500,000	(226,718)	329,462	56,180	-	-	(58,848)	-	(58,848)	-
	2010-11		500,000	(167,870)	354,190	22,060	-	-	(25,740)	-	(25,740)	-
17. Indiabulls Alternative Asset Management Private Limited	2011-12	Rs.	7,690,800	(8,244,937)	427,737	981,874	-	-	(359,755)	-	(359,755)	-
	2010-11		7,690,800	(7,839,119)	382,128	530,447	-	-	(7,949,523)	-	(7,949,523)	-

(Previous year figures are stated in Italics)

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	Balance Sheet (Closing Rate)		Statement of Profit and Loss (Average Rate)	
SGD	2011-12	2010-11	2011-12	2010-11
	40.71	35.42	38.16	34.82

Notes forming part of the Consolidated financial statements

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for the year ended March 31, 2012 (Contd.)



Amount (Rs.)

	As at March 31, 2012	As at March 31, 2011
(3) Share Capital		
Authorised		
2,000,000,000 (Previous Year 2,000,000,000) Equity Shares of Face Value Rs 2 each	4,000,000,000	4,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Face Value Rs 300 each	7,500,000,000	7,500,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Face Value Rs 157.39 each	3,934,750,000	3,934,750,000
Issued, subscribed and fully paid up ^{(i) to (v)}		
311,804,571 (Previous Year 310,992,118) Equity Share of Face Value Rs. 2 each fully paid up	623,609,142	621,984,236
The Company has only one class of Equity Shares face value of 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.		
	623,609,142	621,984,236

- (i) Holders of Global Depository Receipts (GDRs) (Refer note 31) 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) 25,680,708 Equity Shares were allotted by the Company, for consideration other than cash to the shareholders of erstwhile Indiabulls Credit Services Limited pursuant to and in terms of the Scheme of Arrangement, approved by the Hon'ble High Court of Delhi vide its order dated 23rd November, 2007 and which came into effect on 24th December, 2007 (Refer Note No. 30).
- (iii) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year**

Particulars	Equity Shares		Equity Shares	
	Number of Equity Shares	Rs.	Number of Equity Shares	Rs.
Opening Balance	310,992,118	621,984,236	309,894,521	619,789,042
Shares Issued during the year by exercise of ESOPS	812,453	1,624,906	1,097,597	2,195,194
Closing Balance	311,804,571	623,609,142	310,992,118	621,984,236

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

No of Shareholders	No. of Shares held % of Holding	No. of Shares held % of Holding
Five Shareholders (Previous Year five Shareholders) each are holding more than 5% of the Share Capital	124,756,141	126,499,391
	40.01%	40.68%



v. Employees Stock Options Schemes:

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

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

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

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

constituted by the Board of Directors of the erstwhile Company administered the plan.

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

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

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



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

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

(b) EMPLOYEES STOCK OPTION PLAN - 2008

Pursuant to a resolution passed by the shareholders on December 8, 2008, the Company had established Employees Stock Option Plan - 2008 ("ESOP - 2008" or "Scheme") in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines"). Under the Scheme, the Company was authorised to grant 7,500,000 Equity settled options to eligible employees including its directors (other than promoter directors) and employees of its subsidiary companies including their directors. All options under the Scheme are exercisable for Equity Shares of the Company. Employees covered by the plan were granted an option to purchase shares of the Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the Company administered the plan. In terms of Scheme, on December 8, 2008, the Company had granted 7,500,000 options at an exercise price of Rs. 95.95, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on December 7, 2008 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines"). As the op-

tions have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options vest with effect from the first vesting date i.e. December 8, 2009, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

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

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

The expected volatility was determined based on historical volatility data.

c) IBFSL ESOP - 2010

The members of the Company at their Extraordinary General Meeting dated September 30, 2010 approved the IBFSL ESOP -2010 scheme consisting of 30,000,000 stock options representing 30,000,000 fully paid up Equity Shares of Rs. 2/- each of the Company to be issued in one or more tranches to eligible employees of the Company or to eligible employees of the subsidiaries of the Company. The same has not yet been granted till March 31, 2012.

d) IBFSL ESOP - 2011

The members of the Company at their Extraordinary General Meeting dated June 27, 2011 approved the IBFSL ESOP -2011 scheme consisting of 9,000,000 stock options representing 9,000,000 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, 2012.



e) Indiabulls Employees' Welfare Trust

During the F.Y. 2010-11, pursuant to the approval accorded at an Extra Ordinary General Meeting of the members of the Company held on September 30, 2010, the "Indiabulls Employees' Welfare Trust" (Trust) has been formed on October 04, 2010 with an initial corpus of Rs. 50,000, contributed equally by the Company and four other listed Settlor entities, to administer and implement the Company's current ungranted Employee Stock Option Schemes ("ESOP") and any future ESOP / Employee Stock Purchase Schemes of the Settlor entities. IBFSL being one of the Settlors, has contributed its share of Rs. 10,000 as its initial contribution towards the Corpus of the said Trust. The Trust is administered by independent Trustees. In terms of the Trust Deed, Equity Shares of the Settlor entities are purchased by the Trust to the extent permissible in terms of the ESOP scheme as approved by the Members of the Company for the purposes of allotment of the same to eligible Employees of settlor companies and their subsidiaries, upon exercise of options granted by the Compensation Committee of settlor companies, at a price to be determined by the Trust based on its carrying cost. During the year, there has been no new grants made by the Company which are required to be administered by the Trust.

f) The other disclosures in respect of the Scheme 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 - Re-grant\$
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 years
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.)	492,446	245,724	4,704,016	143,100
Re-grant Addition	N.A.	N.A.	N.A.	N.A.
Regrant Date	N.A.	N.A.	N.A.	31-Dec-09
Options vested during the year (Nos.)	70,902	30,333	515,643	12,510
Exercised during the year (Nos.)	81,858	51,372	588,546	945
Expired during the year (Nos.)	–	–	–	–
Cancelled during the year	–	–	–	–
Lapsed during the year	40,032	30,084	425,677	24,000

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



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 - Re-grant\$
Re-granted during the year\$	–	–	430,400	N.A.
Outstanding at the end of the year (Nos.)	370,556	164,268	3,689,793	118,155
Exercisable at the end of the year (Nos.)	31,580	25,477	435,832	22,875
Remaining contractual Life (Weighted Months)	69	85	95	99
Particulars	Employees Stock Option Plan - 2008-Re- grant\$\$\$	IBFSL – ICSL Employees Stock Option Plan 2006- Re-grant\$\$	Employees Stock Option Plan - 2008- Re-grant\$\$\$	IBFSL – ICSL Employees Stock Option Plan II - 2006- Re-grant\$\$
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.)	230,400	355,500	200,000	197,100
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.)	23,040	39,500	20,000	21,900
Exercised during the year (Nos.)	19,000	39,500	9,332	21,900
Expired during the year (Nos.)	–	–	–	–
Cancelled during the year	–	–	–	–
Lapsed during the year	–	–	–	–
Re-granted during the year\$	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	211,400	316,000	190,668	175,200
Exercisable at the end of the year (Nos.)	4,040	–	10,668	–
Remaining contractual Life (Weighted Months)	110	107	114	107

N.A. means not applicable



*The number and exercise price of options have been adjusted taking into account the share exchange ratio i.e. 3 Equity Shares of face value Rs. 2 each of the Company for every 10 Equity Shares of face value Rs. 10 each of ICSL.

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

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

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

\$\$The Board Compensation Committee of the Company, at its meeting held on August 27, 2009, Re-granted 395,000 Stock Options under its "IBFSL – ICSL Employees Stock Option Plan 2006" and 219,000 "IBFSL – ICSL Employees Stock Option Plan II - 2006" to the Eligible Employee at an exercise price of Rs.95.95 and Rs. 100.00 respectively. As the options have been Re-granted at less than the intrinsic value, the employee stock compensation expense on account of the same amounting to Rs. 10,051,684 (Previous Year Rs. 24,994,201) has been debited to the statement of profit and loss for the year ended March 31, 2012.

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

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

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

Particulars	ESOP – 2008 Re-grant	ESOP – 2008 Re-grant	IBFSL – ICSL Employees Stock Option Plan 2006- Re-grant	IBFSL – ICSL Employees Stock Option Plan II 2006- Re-grant	ESOP – 2008 Re-grant
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 per- centage on each vesting date	Nil	Nil	Nil	Nil	Nil

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



Particulars	ESOP – 2008 Re-grant	ESOP – 2008 Re-grant	IBFSL – ICSL Employees Stock Option Plan 2006- Re-grant	IBFSL – ICSL Employees Stock Option Plan II 2006- Re-grant	ESOP – 2008 Re-grant
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	83.48	90.24	106.3	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/New Plans were issued based on the fair value of the options on the date of the grant, there is no impact of the same on the net profit and earnings per share.

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

Particulars	Amount (Rs.)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit After Tax	10,064,632,591	7,509,229,345
Less: Share of Minority (including share of Reserve Fund)	104,075,067	102,184,359
Profit available to Equity Shareholders	9,960,557,524	7,407,044,986
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs. 395,466,247 (Previous Year Rs. 439,805,840)] (pro forma)	54,925,962	78,249,092
Net Profit available to Equity Shareholders (as per Pro Forma)	9,905,631,562	7,328,795,894
Basic earnings per share (as reported)	32.00	23.86
Basic earnings per share (pro forma)	31.82	23.61
Diluted earnings per share (as reported)	31.75	23.63
Diluted earnings per share (pro forma)	31.57	23.38

(vi) Minority Interest includes:

- 1) As at March 31, 2012, 3,233,696 (Previous Year 3,233,696) Equity Shares of Face Value Rs. 10 each fully paid up issued by subsidiary company Indiabulls Finance Company Private Limited.
- 2) Proportionate share in the movement in Reserves & Surplus of the said subsidiary.

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(4) Reserves and Surplus		
Capital Reserve		
Opening Balance	137,500,000	–
Add: Addition on account of Issue of Share Warrants - QIP ⁽¹⁾	–	137,500,000
Add: Addition on account of premature redemption of Non Convertible Debentures	1,696,727	–
Closing Balance	139,196,727	137,500,000
Capital Reserve on consolidation		
Balance as per last Balance Sheet	449,038,269	449,038,269
Capital Redemption Reserve		
Opening Balance	63,627,392	3,627,392
Add: Addition during the year	–	60,000,000
Closing Balance	63,627,392	63,627,392
Securities Premium Account		
Opening Balance	33,630,930,601	35,279,499,708
Add: Amount transferred from Stock Compensation Adjustment Account	6,140,335	6,140,335
Add: Additions during the year on account of Shares issued under ESOP Schemes	73,938,668	97,254,974
	33,711,009,604	35,382,895,017
Less: Debenture issue expenses (including discount) ⁽²⁾	244,660,901	770,576,988
Less: Premium on Redemption of Non Convertible Debentures ⁽²⁾	1,248,156,193	981,387,428
Closing Balance	32,218,192,510	33,630,930,601
Stock Compensation Adjustment		
Employee Stock options outstanding	61,403,350	61,403,350
Less: Deferred Employee Compensation expense	26,357,465	36,409,149
	35,045,885	24,994,201
Less: Amount transferred to Securities Premium account on account of exercise of ESOPS (cumulative)	12,280,670	6,140,335
Closing Balance - Employee Stock options outstanding	22,765,215	18,853,866
General Reserve		
Opening Balance	1,672,432,769	1,063,732,769
Add: Amount Transferred during the year from Surplus in the Statement of Profit and Loss	723,800,000	608,700,000
Closing Balance	2,396,232,769	1,672,432,769



	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
Other Reserves:-		
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	190,000,000	–
Add: Amount Transferred during the year from surplus in the Statement of Profit and Loss ⁽³⁾	700,000,000	190,000,000
Closing Balance	890,000,000	190,000,000
Reserve Fund (U/s 45-IC of RBI Act, 1934)		
Opening Balance	3,840,076,585	2,510,915,690
Add: Amount Transferred during the year from surplus in the Statement of Profit and Loss ⁽⁴⁾	1,508,549,149	1,349,597,767
Less: Amount transferred to Minority Interest	20,815,013	20,436,872
Closing Balance	5,327,810,721	3,840,076,585
Reserve Fund (U/s 29C of the National Housing Bank Act, 1987)		
Opening Balance	743,834,249	306,179,411
Add: Additions during the year ⁽⁵⁾	2,479,974,672	437,654,838
Less: Amount Transferred during the year ⁽⁶⁾	190,447,091	–
Closing Balance	3,033,361,830	743,834,249
Foreign Currency Translation Reserve	64,341	110,405
Surplus in the Statement of Profit and Loss		
Opening Balance	4,029,400,368	2,867,908,773
Profit for the year	10,064,632,591	7,509,229,345
Amount available for appropriation (A)	14,094,032,959	10,377,138,118
Appropriations:		
Minority Interest	83,260,054	81,747,487
Interim Dividend paid on Equity Shares ⁽⁷⁾	1,867,243,668	1,552,642,450
Proposed Final Dividend on Equity Shares ⁽⁸⁾	2,182,631,997	1,555,132,650
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment	715,890	1,806,605
Corporate Dividend Tax on Proposed Final Dividend on Equity Shares	354,077,476	252,281,394
Corporate Dividend Tax on Interim Dividend on Equity Shares	302,913,604	257,874,504
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment	116,135	300,055
Transferred to General Reserve	723,800,000	608,700,000
Transferred to Capital Redemption Reserve	–	60,000,000
Transferred to Special Reserve (U/s 36(1)(viii) of the Income Tax Act, 1961)	700,000,000	190,000,000



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
Transferred to Special Reserve (U/s 29C of the National Housing Bank Act, 1987)	2,479,974,672	437,654,838
Transferred to Reserve Fund (U/s 45-IC of RBI Act, 1934)	1,508,549,149	1,349,597,767
Total Appropriations (B)	10,203,282,645	6,347,737,750
Balance of Profit Carried forward (A)-(B)	3,890,750,314	4,029,400,368
	48,431,040,088	44,775,804,504

- (1) During the financial year 2010-11, in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in respect of the issue of the Secured Non Convertible Debentures of the Company to QIBs under Qualified Institutional Placement, the Company issued 27,500,000 Share Warrants being issued at a Warrant Issue Price of Rs.5 per Share Warrant, with a right exercisable by the Warrant holder to exchange each Warrant with one Equity share of the Company of face value Rs.2 each, any time before the expiry of 60 months from the date of allotment of the Warrants, at a Warrant Exercise Price of Rs.225 per Equity share. Subscription amount received on Warrant Issue Price of Rs.5 per Share Warrant is neither adjustable with the Warrant Exercise Price, nor refundable by the Company; hence the same has been credited to Capital Reserve Account.
- (2) Debenture issue expenses (including discount) of Rs. 244,660,901 (Previous Year Rs. 770,576,988 (including Rs. 10,000,000 paid to Statutory Auditors for previous year)) and Premium on redemption of Non-Convertible Debentures amounting to Rs. 1,248,156,193 net of tax (Previous Year Rs. 981,387,428) have been adjusted against the Securities Premium Account in terms of the Section 78 of the Companies Act, 1956.
- (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. 700,000,000 (Previous Year Rs. 190,000,000) to the special reserve created to claim deduction in respect of eligible business under the said section.
- (4) In terms of Section 45-IC of the RBI Act, 1934, the Company and its subsidiaries registered as NBFC with RBI, is required to transfer at least 20% of its Profit after tax to a Reserve Fund before any dividend is declared. As at the year end, an amount of Rs. 1,508,549,149 (Previous Year Rs. 1,349,597,767) has accordingly transferred to the Reserve Fund.
- (5) In terms of Section 29C of the NHB Act, 1987, IHFL - the 100% subsidiary of the Company is required to transfer at least 20% of its Profit after tax to a reserve before any dividend is declared. Such a reserve is also considered as an eligible transfer in terms of section 36 (1) (viii) of the Income Tax Act, 1961. The Company has transferred an amount of Rs. 499,974,672 (Previous Year Rs. 157,654,838) to the Special Reserve during the year. Further an additional amount of Rs. 1,980,000,000 (Previous Year Rs. 280,000,000) has been set apart by way of transfer to Special Reserve in excess of the statutory minimum requirement as specified u/s 29 C pursuant to circular no. NHB(ND)/DRS/Pol-No. 03/2004-05 dated August 26, 2004 issued by NHB. The additional amount so transferred may be utilised in the future for any business purpose.
- (6) IHFL - the 100% subsidiary of the Company has utilised an amount of Rs. 190,447,091 (Previous Year Rs. Nil) for the year ended March 31, 2012 from the Additional Reserve created under Section 29C of the National Housing Bank Act 1987 to meet the additional provision required consequent to changes in provisioning norms mainly on standard assets prescribed by NHB Notification NHB.HFC.DIR.3/CMD/2011 dated August 05, 2011 and NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012.
- (7) Interim Dividend per Share Rs. 6/- (Previous year Rs. 5/-)
- (8) Proposed Final Dividend per Share Rs. 7/- (Previous year Rs. 5/-)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(5) Long-term borrowings		
Secured		
Redeemable, Non Convertible Debentures (Refer Note 27 (i))*	52,640,000,000	31,250,000,000
Term Loan:		
Vehicle Loans**	–	834,152
From Banks (Refer Note 27 (ii))#	86,476,366,530	96,719,648,507
Unsecured		
Term Loan:		
From Banks (Refer Note 27 (ii))	1,000,000,000	1,000,000,000
Subordinate Debt (Refer Note 27 (vi))	2,113,000,000	–
	142,229,366,530	128,970,482,659
* Secured against Freehold Land and Pool of Loan Receivables		
** Secured against Vehicles		
# Secured by hypothecation of Loan Receivables / Current Assets / Cash and Cash Equivalents of the Company		
(6) Other Long term liabilities		
Interest Accrued but not due on Secured Redeemable Non Convertible Debentures	17,902,444	–
Other Liabilities	232,548	221,998
	18,134,992	221,998
(7) Long term provisions		
Provision for Loan Assets (Refer Note 37(e))	2,017,473,704	1,325,993,241
Contingent Provisions against Standard Assets (Refer Note 37 (f))	702,562,186	400,916,025
Provision for Gratuity	67,966,631	46,434,713
Provision for Compensated Absences	29,160,351	18,645,311
Provision for Superannuation	194,252,856	128,045,581
Premium on Redemption on Secured Non Convertible Debentures (Accrued but not due)	2,624,279,859	981,387,428
Other provisions	15,013,532	70,931,412
	5,650,709,119	2,972,353,711

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(8) Short-term borrowings		
Secured		
(a) Loans Repayable on Demand		
From Banks - Cash Credit Facility**	16,680,056,018	14,931,965,753
(b) Other Loans and Advances		
Redeemable, Non Convertible Debentures (Refer Note 27 (iii))*	500,000,000	-
-from banks ** (Refer Note 27 (ii))	6,000,000,000	-
Unsecured		
(a) Loans from related parties		
Loans from Related Party (Associate)	-	51,000,000
(b) Other Loans and Advances		
Commercial Papers (Refer Note 27 (v))***	24,915,000,000	20,450,000,000
	48,095,056,018	35,432,965,753

* Secured against Freehold Land and Pool of Loan Receivables

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

***Maximum balance outstanding during the year Rs. 36,225,000,000 (Previous year Rs. 40,350,000,000)

(9) Trade payables		
(a) Dues to Micro and Small Enterprises⁽¹⁾	-	-
(b) Dues to others	16,155,382	10,436,004
	16,155,382	10,436,004

(1) 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 Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(10) Other current liabilities		
Current maturities of long term debt:-		
Redeemable, Non Convertible Debentures (Refer Note 27 (iv))*	8,525,000,000	7,775,000,000
Term Loans		
From Banks (Refer Note 27 (ii))**	53,017,566,667	21,005,855,556
From Others (Refer Note 27 (ii))**	1,000,000,000	-

Notes forming part of the Consolidated financial statements
of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
Vehicle Loans***	834,152	2,392,697
Interest Accrued and due on Loans	–	72,180
Interest Accrued but not due on Loans	153,530,295	29,485,744
Interest Accrued but not due on Secured Redeemable Non Convertible Debentures	1,560,986,967	652,025,071
Interest accrued on subordinated debt	1,797,945	–
Other Current Liabilities for Statutory Dues and Expense Provisions	516,363,150	416,281,519
Foreign Currency Forward Payable	789,942,605	773,794,751
Temporary overdrawn bank balance as per books	5,002,063,981	4,633,248,688
Amount payable on assigned loans (net)	862,182,904	89,345,477
Unclaimed Dividends#	13,302,016	9,707,450
Other liabilities	20,094,885	25,300,711
	<u>71,463,665,567</u>	<u>35,412,509,844</u>

* Secured against Freehold Land and Pool of Loan Receivables.

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

*** Secured against Vehicles

In respect of amount 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, 2012.

11) Short-term provisions

Provision for Loan Assets (Refer Note 37(e))	469,235,833	372,792,103
Contingent Provisions against Standard Assets (Refer Note 37(f))	109,031,834	97,719,352
Provision for Gratuity	3,076,463	4,357,295
Provision for Compensated Absences	2,806,837	1,841,842
Proposed Final Dividend on Equity Shares	2,182,631,997	1,555,132,650
Corporate Dividend Tax on Proposed Final Dividend	354,077,476	252,281,394
Provision for Fringe Benefits Tax (net of Advance Tax Rs. 78,998,036, Previous Year Rs. 78,998,036)	185,628	190,934
Provision for Taxation (net of Advance Tax Rs. 2,418,975,929, Previous Year Rs. 2,983,039,543)	1,291,709,720	1,351,539,992
	<u>4,412,755,788</u>	<u>3,635,855,562</u>

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



Particulars	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	01.04.2011	31.03.2012	01.04.2011	31.03.2012	01.04.2011	31.03.2012	01.04.2011	31.03.2012	01.04.2011	31.03.2012
	Additions during the year	Adjustments/Sales during the year	As at	As at	Provided during the year	Adjustments during the year	As at	As at	As at	As at
(i) Tangible Assets										
Freehold Land*	1,000,000	2,087,000	—	3,087,000	—	—	—	—	3,087,000	1,000,000
Buildings	10,255,100	—	—	10,255,100	167,158	—	219,824	—	10,035,276	10,202,434
Furniture & Fixtures	82,665,191	18,949,860	1,162,129	100,452,922	24,625,978	523,141	44,125,126	—	56,327,796	62,642,902
Vehicles**	100,982,371	33,231,734	5,149,053	129,065,052	10,671,779	1,327,673	31,290,441	—	97,774,611	79,036,036
Office Equipment	79,899,240	19,051,593	4,882,883	94,067,950	4,467,574	1,214,538	20,297,986	—	73,769,964	62,854,290
Computers	171,501,764	11,961,369	3,969,238	179,493,895	26,273,861	3,240,208	129,981,179	—	49,512,716	64,554,238
Leasehold Improvements	157,085,523	35,696,151	7,606,094	185,175,580	3,413,302	3,459,047	59,125,024	—	126,050,556	97,914,754
TOTAL (i)	603,389,189	120,977,707	22,769,397	701,597,499	69,619,652	9,764,607	285,039,580	416,557,919	378,204,654	378,204,654
PREVIOUS YEAR (a)	526,766,752	114,167,600	37,545,163	603,389,189	68,768,662	9,705,804	225,184,535	378,204,654	360,645,075	360,645,075
(ii) Intangible Assets										
Softwares	184,206,941	6,313,933	—	190,520,874	21,366,149	—	162,352,293	—	28,168,581	43,220,797
TOTAL (ii)	184,206,941	6,313,933	—	190,520,874	21,366,149	—	162,352,293	28,168,581	43,220,797	43,220,797
PREVIOUS YEAR (b)	179,142,463	5,064,478	—	184,206,941	41,146,723	—	140,986,144	43,220,797	79,303,042	79,303,042
TOTAL CURRENT YEAR ((i)+(ii))	787,596,130	127,291,640	22,769,397	892,118,373	90,985,801	9,764,607	447,391,873	444,726,500	421,425,451	421,425,451
PREVIOUS YEAR	705,909,215	119,232,078	37,545,163	787,596,130	109,915,385	9,705,804	366,170,679	421,425,451	439,948,117	439,948,117
[(a) + (b)]										
(iii) Capital Work in progress (at cost)									400,000	167,720
PREVIOUS YEAR									22,830,963	4,959,203

*Mortgaged as Security against Secured Non Convertible Debentures (Refer Note 5, 8 & 10)

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



	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
13) Non-current investments		
Long Term - Non Trade - Unquoted		
(i) In Associate Company:		
1,225,000 (Previous Year 1,225,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Asset Reconstruction Company Limited	12,250,000	12,250,000
Add: Proportionate Share of post acquisition Reserves and Surplus	3,394,123	2,430,955
Total (i)	15,644,123	14,680,955
(ii) Other Long Term Investments:		
28,000,000 (Previous Year 28,000,000) Fully paid up Equity Shares of face value Rs 5 each in Indian Commodity Exchange Limited ⁽¹⁾	101,555,854	101,555,854
9.25% Unsecured Redeemable Non-Convertible Subordinated Bonds of Dena Bank of Face Value of Rs. 1,000,000 each	50,000,000	50,000,000
Total (ii)	151,555,854	151,555,854
Total (i) + (ii)	167,199,977	166,236,809
Aggregate market value of quoted Investments	-	-
Aggregate book value of quoted Investments	-	-
Aggregate book value of unquoted Investments	167,199,977	166,236,809
Aggregate provision for diminution in value of Investments	-	-

- (1) On December 13, 2010 the Company had sold 26% shares held by it in Indian Commodity Exchange Limited (ICEX) to Reliance Exchangenext Limited(R-Next) for a total consideration of Rs. 473,500,000 against proportionate cost of Rs. 260,000,000. As a result thereof, the stake of the Company in ICEX has been reduced from 40% to 14% and the same has been reclassified as a long term investment from the earlier status of an Associate. MMTC filed a petition before the Company Law Board (CLB) against ICEX, R-Next and IBFSL alleging that the transfer is null & void in terms of the Shareholders Agreement in view of the Forward Markets Commission(FMC) guidelines. The Company contends that such view of MMTC is based on the old FMC guidelines and without considering the amended FMC Guidelines dated 17th June 2010 wherein the transfer norms were relaxed. The Company has filed its objections on maintainability of the petition which is pending adjudication before the CLB.



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
14) Deferred tax Assets (Net)		
In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, as amended, the Company has credited an amount of Rs. 376,019,120 (Previous Year Credit of Rs. 470,804,399) as deferred tax credit to the Statement of Profit and Loss.		
Deferred Tax Liabilities		
Difference between book balance and tax balance of Fixed Assets	(7,032,280)	(16,076,740)
Retained interest on securitization / assignment of loans	–	(39,509,197)
Preliminary expenses	(360,220)	(317,124)
Deferred Tax Assets		
Provision for Loan Assets	862,589,298	584,012,285
Contingent Provisions against Standard Assets	145,754,733	128,940,869
Disallowance under Section 40 A(7) of the Income-Tax Act, 1961	86,203,255	57,947,647
Disallowance under Section 43 B of the Income-Tax Act, 1961	10,465,039	6,602,966
Deferred Tax Assets (Net)	1,097,619,825	721,600,706
15) Long term loans and advances		
(i) Loans and Other Credit Facilities		
(a) Secured Loans (Refer Note 37)		
- Considered Good	226,806,183,637	155,892,610,968
- Considered Doubtful	246,214,362	257,419,249
Less: Assigned	17,589,194,718	2,230,859,185
	209,463,203,281	153,919,171,032
(b) Unsecured Loans (Refer Note 37)		
- Considered Good	3,134,687,649	876,185,610
- Considered Doubtful	916,815,378	916,815,378
Less: Assigned	–	18,323,917
	4,051,503,027	1,774,677,071
	213,514,706,308	155,693,848,103
(ii) Other Unsecured Loans and Advances		
Capital Advances	764,066,016	22,663,242
Security Deposit with others	673,194	36,268,738
Security Deposit for Rented Premises	200,165,307	324,397,591



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
Advance Tax /Tax deducted at source (Net of provision for Tax of Rs. 3,966,876,399, Previous Year Rs. 3,666,207,871)	249,628,524	1,170,880,521
Advance Fringe Benefits Tax/Tax deducted at source (Net of provision for Tax of Rs. 2,471,281, Previous Year Rs. 2,471,281)	69,457	69,457
	214,729,308,806	157,248,127,652
16) Other non-current assets		
Interest Accrued on Deposits Accounts / Margin Money	33,909,783	101,909,488
Interest Accrued but not due on Loans	1,160,647,948	300,066,313
Deferred Purchase Consideration on assignment of receivables	-	105,223,195
Deposit accounts having maturity greater than One Year	278,000,001	-
Margin Money deposits with Banks having maturity greater than One Year	380,692,336	109,392,336
Others	62,736,777	96,334,960
	1,915,986,845	712,926,292
17) Current investments		
Quoted		
Investment in Mutual Funds	1,165,000,000	-
Investment in Bonds	3,248,171,441	-
Investment in Certificate of Deposits	8,605,611,550	-
	13,018,782,991	-
Unquoted		
Investment in Mutual Funds	2,181,859,879	30,727,497,456
Investment in Bonds	2,599,950,000	-
	4,781,809,879	30,727,497,456
	17,800,592,870	30,727,497,456
Aggregate market value of quoted Investments	13,030,832,955	-
Aggregate book value of quoted Investments	13,018,782,991	-
Aggregate book value of unquoted Investments	4,781,809,879	30,727,497,456
Aggregate provision for diminution in value of Investments	-	-



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
18) Trade receivables		
Debts Outstanding for a period exceeding six months		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	6,030,915	66,974,997
Other Debts		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	207,037,458	9,576,435
	213,068,373	76,551,432
19) Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	94,271,050	30,602,182
Cheques on hand	36,594,779	3,336,999
Balances with scheduled banks		
- in current accounts #	31,734,147,972	15,231,586,562
- in deposit accounts having original maturity less than three months	8,490,000,000	3,000,000,000
Other bank balances:		
- in deposit accounts having maturity greater than three months upto one year	196,474,322	171,068,344
- in deposit accounts having maturity greater than one year	492,664,524	2,851,530,624
- in deposit accounts held as margin money having maturity upto one year	911,402,353	158,536,614
	41,955,555,000	21,446,661,325

includes Rs.13,302,016 (Previous Year 9,707,450) in designated unclaimed dividend accounts

20) Short-term loans and advances

Loans and Other Credit Facilities

(a) Secured Loans (Refer Note 37)

- Considered Good	39,906,160,416	31,072,002,368
- Considered Doubtful	26,258,890	23,393,096
Less: Assigned	4,162,890,139	191,651,799
	35,769,529,167	30,903,743,665



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(b) Unsecured Loans (Refer Note 37)		
- Considered Good	4,153,719,190	9,220,122,483
- Considered Doubtful	22,385,043	-
Less: Assigned	-	1,511,004,091
	<u>4,176,104,233</u>	<u>7,709,118,392</u>
	<u>39,945,633,400</u>	<u>38,612,862,057</u>
21) Other current assets		
Advance Interest on Short term borrowings	521,482,455	268,080,948
Foreign Currency Forward Receivable	852,457,329	759,298,814
Security Deposit for Rented Premises	10,938,707	7,761,992
Interest Accrued but not due on Deposits Accounts, Pass Through Certificates & Bonds	226,483,439	327,601,775
Interest Accrued but not due on Loans	2,195,347,309	1,361,494,019
Deferred Purchase Consideration on assignment of receivables	-	32,907,684
Others	178,688,735	155,066,734
	<u>3,985,397,974</u>	<u>2,912,211,966</u>

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



	Year ended March 31, 2012	Amount (Rs.) Year ended March 31, 2011
22) Revenue from Operations		
(a) Interest/Dividend Income		
Interest on Financing Activities ⁽¹⁾	32,235,205,790	21,246,374,328
Dividend on Units of Mutual Funds (Current investments)	1,893,586,811	680,316,495
(b) Income from Other Financial Services		
Income From Advisory Services / Fee Income	1,441,554,962	669,349,691
Management fees	5,236,016	–
Commission on Insurance and Mutual Fund	18,169,821	30,754,949
Other Operating Charges ⁽²⁾	2,138,765,278	1,764,508,104
Profit on sale of Long term Non Trade Investment (Refer Note 13(2))	–	284,896,271
Profit on Redemption / Appreciation on Mutual Funds / Bonds (Current investments)	86,287,586	50,882,286
	37,818,806,264	24,727,082,124
(1) Interest on Financing Activities Includes:		
Interest on Loan Financing	31,728,754,401	20,796,329,908
Interest on Deposit Accounts	341,942,629	408,123,284
Interest on Pass Through Certificates / Bonds / Commercial Papers (Current investments)	164,508,760	41,921,136
Total	32,235,205,790	21,246,374,328
(2) Other Operating Charges includes:		
Fees / Charges recovered	810,886,834	426,169,508
Loan Processing Fees	1,327,878,444	1,338,338,596
	2,138,765,278	1,764,508,104
(23) Other Income		
Interest on Income Tax Refund	114,958,892	–
Provision for Interest on Taxes no longer required	13,174,287	–
Bad debts recovered	462,638,568	333,510,763
Sundry Credit balances written back	15,836,670	24,129,079
Share in Reserve of Associate	963,167	–
Miscellaneous Income	37,825,807	14,834,923
	645,397,391	372,474,765
(24) Employee benefits expense		
Personnel Costs	1,774,508,025	1,546,363,675
Contribution to Provident Funds and Other Funds ⁽¹⁾	13,440,807	12,602,340
Employee Stock Compensation Expense	10,051,684	24,994,201
Provision for Gratuity, Compensated Absences and Superannuation Expense ⁽¹⁾	105,495,389	59,092,565
Staff Welfare Expenses	20,219,120	13,134,734
	1,923,715,025	1,656,187,515



(1) Note on AS -15 disclosure:

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

Contributions are made to Government Provident Fund and Family Pension Fund, ESIC and other statutory funds which cover all regular 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. 13,440,807 (Previous year Rs. 12,602,340) in the Statement of Profit and Loss towards employer contribution for the above mentioned funds.

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

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

Particulars	Gratuity		Compensated Absences		Superannuation	
	(Unfunded)		(Unfunded)		(Unfunded)	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
	Rs.		Rs.		Rs.	
Reconciliation of liability recognised in the Balance Sheet:						
Present Value of commitments (as per Actuarial valuation)	71,043,095	50,792,008	31,967,188	20,487,153	194,252,856	128,045,581
Fair value of plan assets						
Net liability in the Balance sheet (as per Actuarial valuation)	71,043,095	50,792,008	31,967,188	20,487,153	194,252,856	128,045,581
Movement in net liability recognised in the Balance Sheet:						
Net liability as at the beginning of the year	50,792,008	35,118,786	20,487,153	17,159,854	128,045,581	88,215,795
Amount paid during the year	7,120,748	199,616	178,692	62,642	–	–
Net expenses recognised in the statement of profit and loss	27,371,835	15,872,838	11,658,727	3,389,941	66,207,275	39,829,786
Contribution during the year	–	–	–	–	–	–
Net liability as at the end of the year	71,043,095	50,792,008	31,967,188	20,487,153	194,252,856	128,045,581
Expenses recognised in the Statement of Profit and Loss:						
Current service cost	25,048,454	15,303,028	9,112,071	7,228,397	19,334,581	14,226,923
Past service cost	–	–	–	–	–	–
Interest Cost	4,159,518	2,891,547	1,687,559	1,329,111	12,888,505	8,362,848
Expected return on plan assets	–	–	–	–	–	–
Actuarial (gains) / Losses	(1,836,137)	(2,321,737)	859,097	(5,167,567)	33,984,189	17,240,015
Expenses charged to the statement of profit and loss*	27,371,835	15,872,838	11,658,727	3,389,941	66,207,275	39,829,786
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.

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



Particulars	Gratuity		Compensated Absences		Superannuation	
	(Unfunded)		(Unfunded)		(Unfunded)	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
	Rs.		Rs.		Rs.	
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	50,792,008	35,118,786	20,487,153	17,159,854	128,045,581	88,215,795
Current service cost	25,048,454	15,303,028	9,112,071	7,228,397	19,334,581	14,226,923
Past service cost	-	-	-	-	-	-
Amount paid during the year	(7,120,748)	(199,616)	(178,692)	(62,642)	-	-
Interest cost	4,159,518	2,891,547	1,687,559	1,329,111	12,888,505	8,362,848
Paid benefits	-	-	-	-	-	-
Actuarial (gains) / losses	(1,836,137)	(2,321,737)	859,097	(5,167,567)	33,984,189	17,240,015
Commitments as at the end of the year	71,043,095	50,792,008	31,967,188	20,487,153	194,252,856	128,045,581
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.

*Excludes write back of provision for Gratuity Rs. 142,898 (Previous Year Rs. Nil) and Compensated Absences Rs. 114,654 (Previous Year Rs. Nil) included under Sundry Credit balances written back.

Gratuity (Unfunded)	Financial Years				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Experience adjustment	Amount Rs.				
On plan liabilities	1,840,841	(544,804)	9,820,184	11,549,214	-#
On plan assets	-	-	-	-	-
Present value of benefit obligation	69,299,079	50,792,008	35,118,785	31,279,469	23,965,216
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	69,299,079	50,792,008	35,118,785	31,279,469	23,965,216
Compensated Absences (Unfunded)	Financial Years				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Experience adjustment	Amount Rs.				
On plan liabilities	(854,049)	3,733,288	6,721,279	8,248,930	-#
On plan assets	-	-	-	-	-
Present value of benefit obligation	31,268,736	20,487,153	17,159,854	16,033,402	14,076,174
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	31,268,736	20,487,153	17,159,854	16,033,402	14,076,174

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



Superannuation (Unfunded)	Financial Years				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Experience adjustment	Amount Rs.				
On plan liabilities	(34,027,822)	(27,082,061)	(15,787,788)	11,876,419	–#
On plan assets	–	–	–	–	–
Present value of benefit obligation	194,252,856	128,045,581	88,215,795	63,049,049	57,400,000
Fair value of plan assets	–	–	–	–	–
Excess of (obligation over plan assets) / plan assets over obligation	194,252,856	128,045,581	88,215,795	63,049,049	57,400,000

#Not Available

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)	
	2011-2012	2010-2011
Discount rate - Gratuity	8.50%	8.00%
Expected return on plan assets	N.A.	N.A.
Expected rate of salary increase	5.50%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96)
Retirement Age	60	60

Particulars	Compensated Absences (Unfunded)	
	2011-2012	2010-2011
Discount rate - Compensated Absences	8.50%	8.00%
Expected return on plan assets	N.A.	N.A.
Expected rate of salary increase	5.50%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96)
Retirement Age	60	60

Particulars	Superannuation (Unfunded)	
	2011-2012	2010-2011
Discount rate - Superannuation	8.50%	8.00%
Expected return on plan assets	N.A.	N.A.
Expected rate of salary increase	5.50%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96)
Retirement Age	60	60

(N.A. means 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. 26,114,352 (Previous Year Rs. 23,423,255), Rs. 9,828,644 (Previous Year Rs. 7,342,612) and Rs. 37,087,593 (Previous Year Rs. 25,241,254) respectively.

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

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



	Amount (Rs.)	
	Year ended March 31, 2012	Year ended March 31, 2011
25) Finance costs		
Interest on Loans ⁽¹⁾	13,721,178,751	5,682,050,750
Interest on Non Convertible Debentures	2,832,127,420	1,321,006,825
Interest on Commercial Papers	2,446,709,191	1,729,080,077
Interest on Vehicle Loans	209,527	460,606
Processing and other Fees	160,895,165	121,267,118
Arranger fees	6,343,693	-
Interest on Taxes	15,876,308	79,569,294
Foreign Exchange translation loss	1,214	222,732
Interest on Subordinate Debt	1,797,945	-
Bank / Finance Charges ⁽¹⁾	15,453,723	61,259,688
	19,200,592,937	8,994,917,090

(1) During the year, the Company has booked Premium on Forward Contracts amounting to Rs. 41,510,733 (Previous Year Rs. 14,387,634) included in Interest on Loans and unrealised marked to market loss towards derivatives (Interest Rate Swaps) amounting to Rs. Nil (Previous Year Rs. 34,445,424) which has been included under Bank / Finance Charges. Derivative instruments that are outstanding as at March 31, 2012 is as given below:-

- I. Forward Exchange contracts entered for hedging purposes as at March 31, 2012 is for USD 16,663,715 (Previous Year USD 16,472,655 (Buy)) against cross currency of INR.
- II. Interest Rate Swaps for Notional Principal of Rs. 2,750,000,000 (Previous Year Rs. 5,000,000,000) for a total of 8 contracts (Previous Year 12) against fluctuations in interest rate changes.
- III. Year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise for professional charges is for Rs. 9,879,795 (Previous Year Rs. 8,622,612) (USD 193,116 (Previous year USD 193,116)).

	Amount (Rs.)	
	Year ended March 31, 2012	Year ended March 31, 2011
26) Other Expenses		
Commission	186,415,385	168,144,962
Client Verification and Collection Charges	98,235,842	90,692,679
Demat Charges	1,279,003	894,594
Stamp Duty	33,275,434	23,229,249
Advertisement	105,621,275	59,245,292
Recruitment Expenses	1,046,850	489,347
Repairs & Maintenance - Others	103,118,338	115,924,010
Electricity Expenses	41,157,848	38,031,436
Printing & Stationery	23,601,902	19,604,974
Rent and Other charges ⁽¹⁾	449,976,907	339,112,470
Rates and Taxes	12,833,898	11,393,131
Communication Expenses	59,800,560	59,211,181
Travelling & Conveyance	91,138,569	84,570,365

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



	Amount (Rs.)	
	Year ended March 31, 2012	Year ended March 31, 2011
Legal and Professional Charges	367,841,258	456,147,041
Business Promotion	37,488,453	23,270,632
Payment to Auditor's Comprises (Net of Service Tax input credit Rs 1,602,423; Previous Year Rs.1,661,905)		
As Auditors - Statutory Audit	22,340,430	14,093,550
For Certification	1,725,660	1,200,000
For Other Attest Services	4,572,413	-
Reimbursement of Expenses	1,885,960	1,300,000
Bad Loans / Advances written off	1,328,618,482	1,423,273,445
Less: Adjusted against provision for earlier years	(444,999,780)	(424,037,716)
Provision for Loan Assets	1,232,923,973	1,037,343,410
Contingent Provisions against Standard Assets	123,041,593	460,649,419
Assignment Expenses	109,586,410	220,202,407
Loss on sale of fixed assets	7,855,435	25,458,899
Donations	10,001,600	88,500,000
Miscellaneous Expenses	12,143,131	3,433,076
Insurance Premium	29,400	27,575
CRESAI Charges	5,999,750	-
Share of Loss in Associates	-	82,013,159
Preliminary Expenses	-	240,592
	4,028,555,979	4,423,659,179

The Company has taken office premises on Lease and Leave & License basis at various locations. Lease rent / License fees amounting to Rs 380,151,566 (Previous Year: License Fees Rs. 305,423,496) in respect of the same have been charged to statement of profit and loss. The agreements have been executed for a periods ranging from 11 months to 10 years with a renewable clause and also provide for termination at will by either party giving a prior notice period between 30 to 90 days. The minimum lease rentals outstanding as at March 31, 2012, are as under:

	Minimum Lease Rentals As at March 31, 2012	Minimum Lease Rentals As at March 31, 2011
	Amount (Rs.)	Amount (Rs.)
Within one year	370,665,446	357,480,395
One to Five years	873,999,982	1,098,030,472
Above Five Years	107,578,747	78,110,296



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
(27) Explanatory Statements		
(i) Long Term Secured Redeemable Non Convertible Debentures:-		
10.15% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Feb-2022*	5,000,000,000	—
10.70% Non Convertible Debentures of Face value Rs. 1,000,000 each redeemable on 22-Nov-2021	1,000,000,000	—
10.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-Sep-2021	5,000,000,000	—
10.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Aug-2015	5,500,000,000	5,500,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 02-Mar-2015*	270,000,000	—
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 13-Feb-2015*	800,000,000	—
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 18-Dec-2014*	80,000,000	—
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 18-Dec-2014	250,000,000	—
9.00% Non Convertible Debentures of Face value Rs. 1,000,000 each redeemable on 01-Dec-2014	1,000,000,000	—
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 25-Nov-2014	600,000,000	—
9.50% Non Convertible Debentures of Face value Rs. 1,000,000 each redeemable on 21-Nov-2014	2,500,000,000	—
4.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 18-Nov-2014	3,000,000,000	—
10.85% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Oct-2014	500,000,000	—
10.75% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Sep-2014	1,000,000,000	1,000,000,000
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Aug-2014	150,000,000	—
10.70% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 08-Jul-2014	350,000,000	—
11.20% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 15-Apr-2014	500,000,000	—
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 14-Mar-2014*	2,000,000,000	—
10.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 14-Feb-2014	2,500,000,000	2,500,000,000
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 13-Feb-2014*	600,000,000	—
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 10-Feb-2014	250,000,000	—

Notes forming part of the Consolidated financial statements
of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
10.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-Feb-2014	500,000,000	500,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 09-Dec-2013	500,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each redeemable on 16-Oct-2013*	350,000,000	–
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 09-Sep-2013	1,500,000,000	–
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 06-Sep-2013	150,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 10-Aug-2013	2,500,000,000	2,500,000,000
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 08-Aug-2013	750,000,000	–
10.70% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 19-Jul-2013	300,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 05-Jul-2013	12,600,000,000	12,600,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 12-Jun-2013	340,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 13-May-2013	220,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 16-Apr-2013*	80,000,000	–
9.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Mar-2013	–	300,000,000
10.10% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Dec-2012	–	1,500,000,000
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 08-Sep-2012	–	3,000,000,000
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 28-May-2012 (pre matured on 03-Nov-2011)	–	600,000,000
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 15-May-2012	–	450,000,000
7.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-May-2012 (pre matured on 03-Nov-2011)	–	150,000,000
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 23-Apr-2012	–	650,000,000
	52,640,000,000	31,250,000,000

*As at the year end, the Company was in the process of creating the charge / security on assets. Subsequent to the year end, the charge has been created.



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
(ii) Term Loans / Working Capital Demand Loans:-		
These loans are repayable in quarterly installments with moratorium period of 6 month from the date of disbursement. The balance tenure for these loans is 50 months (average) from the Balance Sheet date.	2,902,966,667	3,000,000,000
This loan is repayable in half yearly installments with moratorium period of 2 years from the date of disbursement. The balance tenure for this loan is 16 months from the Balance Sheet date.	125,000,000	125,000,000
These loans are repayable in quarterly installments with moratorium period of 1 year from the date of disbursement. The balance tenure for these loans is 30 months (average) from the Balance Sheet date.	6,750,000,000	9,000,000,000
These loans are repayable in yearly installments from the date of disbursement. The balance tenure for these loans is 27 months (average) from the Balance Sheet date.	3,875,000,000	6,100,000,000
These loans are repayable in yearly installments with the moratorium period of 2 years from the date of disbursement. The balance tenure for these loans is 48 months (average) from the Balance Sheet date.	10,850,000,000	9,350,000,000
This loan is repayable in half yearly installments from the date of disbursement. The balance tenure for this loan is 7 months from the Balance Sheet date.	50,000,000	200,000,000
These loans are repayable in bullet at the end of the tenure from the date of disbursement. The balance tenure for these loans is 22 months (average) from the Balance Sheet date. ^{(1) & (2)}	47,552,272,086	40,435,504,063
These loans are repayable in yearly installment after the moratorium period of 1 year from the date of disbursement. The balance tenure for these loans is 41 months (average) from the Balance Sheet date.	18,000,000,000	18,000,000,000
This loan is repayable in monthly installment from the date of disbursement. The balance tenure for this loan is 44 months from the Balance Sheet date.	2,265,000,000	2,895,000,000
These loans are repayable in quarterly installment from the date of disbursement. The balance tenure for these loans is 14 months (average) from the Balance Sheet date.	1,406,250,000	–
This loan is repayable in quarterly installments after the moratorium period of 2 years from the date of disbursement. The balance tenure for this loan is 42 months from the Balance Sheet date.	5,000,000,000	5,000,000,000
This loan is repayable in quarterly installments after the moratorium period of 1 year from the date of disbursement. The balance tenure for this loan is 26 months from the Balance Sheet date.	1,000,000,000	–

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
These loans are repayable in half yearly installments after the moratorium period of 1 year from the date of disbursement. The balance tenure for these loans is 10 months (average) from the Balance Sheet date.	900,000,000	1,600,000,000
This loan is repayable in half yearly installments after the moratorium period of 6 month from the date of disbursement. The balance tenure for this loan is 9 months from the Balance Sheet date.	260,000,000	520,000,000
This loan is repayable in monthly installments after the moratorium period of 9 month from the date of disbursement. The balance tenure for these loans is 12 months (average) from the Balance Sheet date.	2,250,000,000	–
These loans are repayable in yearly installments with a moratorium of 2 years from the date of disbursement. The balance tenure for these loans is 51 months (average) from the Balance Sheet date.	25,000,000,000	13,500,000,000
These loans are repayable in bullet at the end of the tenure from the date of disbursement. The balance tenure for these loans is 5 months (average) from the Balance Sheet date.	11,000,000,000	5,000,000,000
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 these loans is 104 months from the Balance Sheet date.	1,944,444,444	2,000,000,000
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 these loans is 49 months from the Balance Sheet date.	2,000,000,000	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 these loans 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 disbursement. The balance tenure for these loans is 52 months from the Balance Sheet date.	2,363,000,000	–
	147,493,933,197	118,725,504,063
• These Term loan are secured by hypothecation of Pool of loan receivables/Current Assets/ Cash and Cash Equivalent of the Company.		
(1) Includes Rs. 1,000,000,000 of Unsecured loan		
(2) Includes Rs. 1,000,000,000 of loan taken from other than Banks		
(iii) Short Term Redeemable Non Convertible Debentures:-		
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 04-Jun-2012	200,000,000	–
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-May-2012	300,000,000	–
	500,000,000	–



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
(iv) Current Maturity of Long Term Redeemable Non Convertible Debentures:-		
9.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Mar-2013	300,000,000	–
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 14-Feb-2013*	600,000,000	–
10.10% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Dec-2012	1,500,000,000	–
10.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 05-Oct-2012	100,000,000	–
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Sep-2012	500,000,000	–
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 08-Sep-2012	3,000,000,000	–
10.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 06-Aug-2012	250,000,000	–
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 30-Jul-2012	500,000,000	–
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 28-May-2012	300,000,000	–
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 15-May-2012	450,000,000	–
7.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-May-2012 (Pre matured on 26, April 2011)	–	75,000,000
7.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-May-2012	75,000,000	–
10.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Apr-2012	300,000,000	–
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 23-Apr-2012	650,000,000	–
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 19-Mar-2012	–	750,000,000
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 29-Feb-2012	–	500,000,000
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 27-Feb-2012	–	1,000,000,000
8.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 26-Aug-2011	–	750,000,000
7.25% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 04-May-2011	–	1,400,000,000
7.25% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 04-May-2011	–	200,000,000
7.35% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 22-Apr-2011	–	750,000,000



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
7.25% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 04-May-2011	–	1,600,000,000
7.35% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 22-Apr-2011	–	750,000,000
	8,525,000,000	7,775,000,000

* As at the year end, the Company was in the process of creating the charge / Security on assets. Subsequent to the year end, the charge has been created.

(v) Commercial Papers:-

Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 14-Mar-2013	250,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 08-Feb-2013	600,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 03-Dec-2012	90,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 06-Nov-2012	150,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 27-Aug-2012	30,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 27-Aug-2012	70,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 28-Jun-2012	1,750,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 28-June-2012	250,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 25-Jun-2012	500,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 25-June-2012	1,000,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 22-Jun-2012	750,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 21-Jun-2012	250,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 21-June-2012	1,500,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 21-June-2012	250,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 19-Jun-2012	50,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 19-Jun-2012	750,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 18-Jun-2012	500,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 18-June-2012	250,000,000	–
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 15-Jun-2012	150,000,000	–

Notes forming part of the Consolidated financial statements of Indiabulls Financial Services Limited Group for the year ended March 31, 2012 (Contd.)



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 14-Jun-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 14-Jun-2012	1,350,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 14-Jun-2012	1,000,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 14-Jun-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 13-Jun-2012	1,000,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 13-June-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 13-June-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 06-June-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 04-June-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 28-May-2012	300,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 24-May-2012	1,000,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 22-May-2012	250,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 16-May-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 07-May-2012	75,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 07-May-2012	1,000,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 04-May-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 02-May-2012	1,000,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 02-May-2012	150,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 25-Apr-2012	1,000,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 25-Apr-2012	2,000,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 20-April-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 18-Apr-2012	500,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 13-Apr-2012	250,000,000	—
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 05-Apr-2012	400,000,000	—



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 26-Aug-2011	–	200,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 04-Aug-2011	–	150,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 29-Jun-2011	–	2,500,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 17-Jun-2011	–	1,000,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 17-Jun-2011	–	1,000,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 13-Jun-2011	–	1,500,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 06-Jun-2011	–	2,500,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 06-Jun-2011	–	500,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 31-May-2011	–	500,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 11-May-2011	–	2,000,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 11-May-2011	–	250,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 10-May-2011	–	3,000,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 10-May-2011	–	250,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 04-May-2011	–	1,000,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 04-May-2011	–	1,600,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 29-Apr-2011	–	2,000,000,000
Commercial Paper of Face Value of Rs. 500,000 each Redeemed on 11-Apr-2011	–	500,000,000
	24,915,000,000	20,450,000,000
(vi) Subordinate Debt:-		
11.00% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 30-Mar-2022	50,000,000	–
11.00% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 30-Mar-2022	100,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Feb-2022	200,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	110,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	100,000,000	–



Particulars	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	2,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	150,000,000	–
11.60% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Jun-2017	1,000,000	–
11.60% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-May-2017	150,000,000	–
10.50% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 26-Mar-2018	1,250,000,000	–
	2,113,000,000	–

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

Indiabulls Financial Services Limited

(1) Contingent liability not provided for in respect of:

- Corporate counter guarantees outstanding in respect of credit facilities availed by subsidiaries for the year ended March 31, 2012 amounting to Rs. 500,000,000 (Previous Year Rs. 500,000,000).
- Corporate counter guarantees outstanding in respect of assignment agreements entered by Company and/or its subsidiaries with different assignees as at March 31, 2012 is Rs. 2,742,425,789 (Previous Year Rs. 69,536,145) against which collateral deposit of Rs. 153,860,048 for year ended March 31, 2012 (Previous Year Rs. 142,800,000) is being provided to the assignees by the Company and/or its subsidiaries in the form of Fixed Deposit Receipts.
- Demand raised u/s 143(3) of the Income Tax Act, 1961 for Rs. 33,821,339 with respect to the Financial Year 2007-08 and Rs. 12,301,239 with respect to the Financial Year 2008-09 against which an appeal has been filed with CIT (Appeals). The Company expects a favourable order against the said appeal filed.
- Arbitration award passed by the international arbitrator against the Company for Rs. 1,920,007,000 (Previous Year Rs. 1,920,007,000) for purchase of 42.5% stake in Indiabulls Finance Company Private Limited (IFCPL), which is disputed by the Company. The Company currently holds 57.5% equity stake in IFCPL (Refer Note 32).

(2) Other Commitments

- Capital commitments as at March 31, 2012 (net of advances) Rs. 3,009,976,950 (Previous Year Rs. 8,277,368) includes Rs. 3,000,000,000 towards purchase of commercial property.

Indiabulls Housing Finance Limited

- Contingent Liability in respect of corporate guarantees provided by the Company for assignment of receivables aggregated to Rs. 302,366,480 (Previous Year Rs. Nil). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the assigned receivables.
- 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. 202,372 (Previous Year Rs. 2,940,733).

Indiabulls Advisory Services Limited

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



Indiabulls Capital Services Limited

- (a) Contingent liability in respect of income tax demand arising out of assessment u/s 143 (3) of the Income Tax Act, 1961 amounts to Rs 31,012,297 (Previous year Rs 31,012,297). The matters in dispute is under appeal before CIT (Appeals) -XV, New Delhi. The Company expects a favourable order against the said appeal filed.
- (b) The company has provided the collateral amounting to Rs Nil (Previous year Rs. 4,237,966) in the form of investment in mutual fund for the assignment/securitization deal entered by Indiabulls Housing finance limited, a fellow subsidiary, with Reliance capital Limited.

Indiabulls Insurance Advisors Limited

- (a) Contingent liability in respect of income tax demand arising out of assessment u/s 143 (3) of the Income Tax Act, 1961 amounts to Rs 4,480,638 (Previous year 4,480,638). The matters in dispute is under appeal before CIT (Appeals) -XV, New Delhi. The Company expects a favourable order against the said appeal filed.

Indiabulls Finance Company Private Limited

- (a) Contingent liability in respect of income tax demand arising out of assessment u/s 143(3) of the Income Tax Act, 1961 amounts to Rs. 406,116 (Previous year Rs. NIL). The matters in dispute is under appeal before CIT (Appeals) -XV, New Delhi. The Company expects a favourable order against the said appeal filed.
- (29) During the year the Non-Banking Financial Companies in the Group have complied with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as issued by the Reserve Bank of India vide notification dated February 22, 2007 as amended from time to time. The housing finance company in the group has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010 ("NHB Directions, 2010").
- (30) During the financial year 2007-08, the Company had restructured its business operations through a scheme of arrangement Under Sections 391 – 394 of the Companies Act, 1956(duly sanctioned by the Hon'ble High Court of Judicature at Delhi on November 23, 2007). The Scheme of Arrangement provided for the amalgamation of Indiabulls Credit Services Limited ("ICSL") with the Company

and the demerger of the securities broking and advisory business (a part of fee income) of the Company as a going concern, to Indiabulls Securities Limited ("ISL"). Upon coming into effect of the Scheme on December 24, 2007 and with effect from the Appointed Date on April 01, 2007, ICSL stands amalgamated with the Company and the securities broking and advisory business (a part of Fee Income) of the Company stands demerged from the Company and transferred to and vested in ISL on a going concern basis.

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

During the financial year 2004-05, the Company issued 24,489,000 Global Depository Receipts (GDRs) which were listed at the Luxembourg Stock Exchange, at an offer price of US\$ 2.45 per GDR. Each GDR represents 1 Equity Share of Rs. 2 each of the Company. During the financial year 2005-06, the Company issued 27,600,000 Global Depository Receipts (GDRs) which were listed at the Luxembourg Stock Exchange, at an offer price of US\$ 5.42 per GDR. Each GDR represents 1 Equity Share of Rs. 2 each of the Company.

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

During the financial year 2007-08, the Company has issued 22,970,903 Global Depository Receipts (GDRs) which were listed at the Luxembourg Stock Exchange, at an offer price of US\$ 13.06 per GDR. Each GDR represents 1 Equity Share of Rs. 2 each of the Company.

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

As at the year end 3,238,415 (Previous Year: 7,125,441) GDR's were outstanding and were eligible for conversion into Equity Shares. The Company does not have information with respect to individuals holding these GDR's

During the financial year 2009-10, the Company issued 56,140,350 fully paid-up Equity Shares at a price of Rs. 171/- per Equity Share (including a premium of Rs. 169/- per Equity Share), aggregating to Rs. 9,599,999,850 to Qualified Institutions Buyers (QIBs) in terms of



Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended.

- (32) The Company holds 57.5 % of the capital of Indiabulls Finance Company Private Limited (IFCPL), a subsidiary of the Company. The balance 42.5% or 3,233,969 Equity Shares are held by Amaprop Limited (Amaprop), vide a Share Subscription and Shareholders Agreement (SHA) entered into between the company, IFCPL and Amaprop. Certain disputes arose between the Company and Amaprop on Amaprop exercising its put right 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 the Company to pay Rs. 1,920,007,000 alongwith interest and costs thereon (as given in the award) to Amaprop, for acquiring the 42.5% stake held by Amaprop in IFCPL. 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 the Company.

This Award has simultaneously been challenged by the Company 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 the Company 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 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 reserved the petition for Orders. The Company is awaiting the said Order of the High Court.

(33) Segment Reporting:

Segment information for the Year ended March 31, 2012:, 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 in (Rs.)		
	Investing and financing related activities	Fee Income	Total
Segment Revenue	36,353,845,464 24,026,977,484	1,464,960,800 700,104,640	37,818,806,264 24,727,082,124
Segment Result	12,095,217,786 9,710,338,548	1,157,373,124 575,988,366	13,252,590,910 10,286,326,914
Less: Unallocated expenditure net of other unallocated income			32,236,997
Less: Income taxes and Deferred tax (credit)			371,449,194 3,155,721,322 2,405,648,375
Profit after tax			10,064,632,591 7,509,229,345
Segment Assets	290,556,747,079 235,758,772,385	220,257,253 64,287,223	290,777,004,332 235,823,059,608
Unallocated Corporate Assets			31,478,485,238 17,223,209,258
Total Assets			322,255,489,570 253,046,268,866

Notes forming part of the Consolidated financial statements
of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



Particulars	Investing and financing related activities	Fee Income	Total
Segment Liabilities	266,299,862,695 <i>202,935,370,286</i>	43,333,961 <i>3,590,257</i>	266,343,196,656 <i>202,938,960,543</i>
Unallocated Corporate Liabilities			5,542,646,740 <i>3,498,597,706</i>
Total Liabilities			271,885,843,396 <i>206,437,558,249</i>
Capital Expenditure	94,292,186 <i>110,374,598</i>	–	94,292,186 <i>110,374,598</i>
Unallocated Capital Expenditure			33,231,734 <i>26,729,240</i>
Total Capital Expenditure			127,523,920 <i>137,103,838</i>
Depreciation / Amortisation	78,909,745 <i>101,222,766</i>	1,178,722 <i>25,288</i>	80,088,467 <i>101,248,054</i>
Unallocated Depreciation			10,897,334 <i>8,667,331</i>
Total Depreciation / Amortisation			90,985,801 <i>109,915,385</i>
Non-Cash expenditure other than depreciation	928,342,864 <i>1,124,408,212</i>	–	928,342,864 <i>1,124,408,212</i>
Unallocated Non-Cash expenditure other than depreciation			97,938,396 <i>58,830,308</i>
Total Non-Cash Expenditure other than depreciation			1,026,281,260 <i>1,183,238,520</i>

(Previous year details are given in italics)



- b) The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.
- c) The group's primary business segments are reflected based on principal business activities carried on by the group. The group's primary business activities are to carry on business of investing and finance related activities (investing in various subsidiaries, financing of loans and credit activities) and Fee Income which mainly comprises of Financial Service related fee based advisory services income, selling of Insurance products as a Licensed Corporate Agent; and other related ancillary services.
- 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.
34. 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

b) Other related parties:

Key Management Personnel

Mr. Rajiv Rattan, Director
Mr. Sameer Gehlaut, Whole Time Director
Mr. Saurabh Kumar Mittal, Director
Mr. Gagan Banga, Whole Time Director / CEO
Mr. Ashwini Omprakash Kumar, Person exercising significant influence over the Company (w.e.f. 01-Apr-2011)
Mr. Tejinderpal Singh Miglani, Director of Subsidiary
Mr. Manish Rathi, Additional Director of Subsidiary
Mr. Ashish Bhardwaj, Director of Subsidiary
Mr. Sachin Chaudhary, Whole Time Director of Subsidiary

(c) The following transactions were carried out during the year with related parties in the ordinary course of business:

Nature of Transaction	Shareholder	Associate	Others	Key Management Personnel	Amount (Rs.)
					Total
Finance					
Intercorporate Deposit received (maximum balance outstanding)	–	51,000,000	–	–	51,000,000
	–	51,000,000	–	–	51,000,000
Interest Expense	–	1,257,534	–	–	1,257,534
	–	2,179,726	–	–	2,179,726
Issue of Equity Shares Under Esops Scheme	–	–	–	17,048,495	17,048,495

Notes forming part of the Consolidated financial statements
of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



Nature of Transaction	Shareholder	Associate	Others	Key Management Personnel	Amount (Rs.)
					Total
	-	-	-	5,980,025	5,980,025
Expenses reimbursement received by Holding Company	-	6,500	-	-	6,500
Commission Paid	-	-	-	-	-
	-	1,244	-	-	1,244
Other receipts and payments	-	-	-	-	-
Remuneration (including perquisite and retirement benefits) by Holding & Subsidiary Company	-	-	-	207,798,015	207,798,015
Salary Paid	-	-	-	146,488,641	146,488,641
	-	-	-	14,068,022	14,068,022
	-	-	-	-	-

(d) Statement of Material Transactions:-

Particulars	Amount (Rs.)	
	For the year ended 31-Mar-12	For the year ended 31-Mar-11
Intercorporate Deposit received (maximum balance outstanding)		
Indiabulls Asset Reconstruction Company Limited	51,000,000	51,000,000
Interest Expense		
Indiabulls Asset Reconstruction Company Limited	1,257,534	2,179,726
Issue of Equity Shares Under ESOPS Scheme		
Mr. Gagan Banga	17,048,495	5,980,025
Remuneration		
Mr. Sameer Gehlaut	165,757,732	113,565,926
Mr. Gagan Banga	30,375,650	23,333,336
Mr. Sachin Chaudhary	11,664,633	9,589,379
Salary Paid		
Mr. Ashwini Omprakash Kumar	14,068,022	-
Reimbursement of Expenses		
Indiabulls Asset Reconstruction Company Limited	6,500	-
Commission Paid		
Indian Commodity Exchange Limited	-	1,244



(e) Outstanding balances as on March 31, 2012:

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

Note : Related Party relationships as given above is as identified by the Company and relied upon by the Auditors.
(Previous year details are given in *Italics*)

35) 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	For the Year ended	For the Year ended
	March 31, 2012	March 31, 2011
	(Amt. in Rs.)	(Amt. in Rs.)
Profit After Tax and prior period adjustments	10,064,632,591	7,509,229,345
Less: Share of Minority (including share of Reserve Fund)	104,075,067	102,184,359
Profit available for Equity Shareholders (For Basic / Dilutive EPS)	9,960,557,524	7,407,044,986
Weighted average number of Shares used in computing Basic earnings per share	311,276,664	310,472,560
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options	2,444,868	3,042,890
Weighted average number of Shares used in computing Diluted earnings per share	313,721,532	313,515,450
Face Value of Equity Shares	2.00	2.00
Basic Earnings Per Equity Share	32.00	23.86
Diluted Earnings Per Equity Share	31.75	23.63

(36) Note relating to Assignment:

Indiabulls Financial Services Limited

The Company has entered into various agreements for the assignment of loans with assignees, wherein it has assigned a part of its secured and unsecured loan portfolio amounting to Rs. 27,354,820,377 (Previous Year Rs. 5,570,090,422) , being the principal value of the deals that are outstanding as on the balance sheet date . The Company does not anticipate any losses on account of the said corporate guarantees, in the event of the rights being exercised by the assignees.

The Company assigned/secured 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 above and



the purchase consideration not received upfront is recognised as deferred purchase consideration under loans and advances. Due to foreclosures and repurchase transactions with different assignees during the year, the company has repurchased and reinstated the loan balances in the books of account aggregating to Rs. NIL (Previous Year Rs. 159,666,716) The Company has also reversed the proportionate upfront income so accounted on assignment/securitisation. The Company has recognised income on assignment of Rs. NIL which is net of income reversal on account of foreclosure and repurchase of assigned loans during the year amounting to Rs. NIL (Previous Year Rs. 24,548,130) in the Statement of Profit and Loss.

Indiabulls Housing Finance Limited (IHFL)

IHFL has entered into various agreements for the assignment of loans with assignees, wherein it has assigned a part of its secured loan portfolio amounting to Rs. 37,237,447,576 (Previous Year Rs. 21,261,585,779) being the principal value of the deals that are outstanding as on the balance sheet date. The Company's holding company, Indiabulls Financial Services Limited ("IBFSL") and its subsidiary have issued various corporate guarantees aggregating to Rs. Nil (Previous Year Rs. 76,599,422) in favour of the assignees. The Company does not anticipate any losses on account of the said corporate guarantees, in the event of the rights under guarantee being exercised by the assignees. Cash Collateral in form of fixed deposits amounting to Rs. Nil (Previous Year Rs. 15,736,614) is provided by IBFSL and investments in mutual funds amounting to Rs. Nil (Previous Year Rs. 4,237,966) is provided by Indiabulls Capital Services Limited to some assignees against principal value outstanding as on the date of the deals of Rs. Nil (Previous Year Rs. 3,688,007,190)

IHFL assigned various loan portfolios to banks and/or other institutions which are derecognised in the books of accounts of the Company in terms of accounting policy mentioned at Note 1(xi) above and the purchase consideration not received upfront is recognised as deferred purchase consideration under Loans and Advances. The Company, due to foreclosures and repurchase transactions with different assignees during the year, has reinstated the repurchased loan bal-

ances in the books of account aggregating to Rs. 448,645,496 (Previous Year Rs.424,142,565). IHFL has also reversed the proportionate upfront income so accounted on assignment/securitisation.

IHFL has recognised income reversal on account of foreclosure and repurchase of assigned loans during the year amounting to Rs. 109,586,410 (Previous Year Rs. 195,654,277) in the Statement of Profit & Loss Account.

Indiabulls Infrastructure Credit Limited (IICL)

IICL has entered into a agreement for the assignment of its loan assets with assignees, wherein it has assigned Rs. 797,334,209 (Previous year Rs. 2,502,448,599), of its total secured loan portfolio amounting to Rs. 797,334,209 (Previous Year Rs. 2,502,448,599) upto March 31, 2012, being the principal value outstanding, and has derecognised such loans in its books of accounts. IICL has recognised income on assignment of Rs. Nil (previous year Rs. Nil) in the Statement of Profit and Loss, in respect of the above assignment of loans. IICL has not issued any corporate guarantees in favour of the assignees.

- (37) (a) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 245,232,732,448 (Previous Year Rs. 184,822,914,697) are secured against securities both tradable and listed, Commercial Vehicles, Farm Equipments and Mortgage of Properties.
- (b) Secured Loans comprising loan against shares given to customers are secured against securities both tradable and listed and equitable mortgage of property / properties or registered mortgage of property / properties.
- (c) Secured loans in the nature of Commercial Vehicle, Tractor finance are secured against hypothecation of the respective vehicle. Other secured loans are secured by equitable mortgage of property or registered mortgage of property / properties, securities and personal guarantees accepted as collateral security.
- (d) Unsecured Loans comprise of Business Loans, Personal Loans, Personal Loans Plus, Small Business Loans and Unsecured

Notes forming part of the Consolidated financial statements

of Indiabulls Financial Services Limited Group
for the year ended March 31, 2012 (Contd.)



Commercial Credit Loans given to customers aggregating to Rs. 8,227,607,260 (Previous Year Rs. 9,483,795,463).

- (e) Provision for Loan Asset includes provision in respect of Non-Performing Unsecured and Secured Loans as per the RBI Directions, 2007 / NHB Directions, 2010 aggregating to Rs. 481,759,564 (Previous year Rs. 324,178,549) as at the end of the year. The Company and its subsidiaries has made additional provisions based on the underlying risk factors and on the best estimates of the management taking into consideration the outstanding balances / ageing of the loans.
- (f) Contingent Provisions against Standard Assets is towards provisioning as per the RBI Directions, 2007 / NHB Directions, 2010 aggregating to Rs.811,594,020 (Previous year Rs. 498,635,377)
- (g) The Company along with its subsidiaries has provided loans to the "Indiabulls Employees' Welfare Trust" (Trust) (Refer Note no. 3) and Ceraon Ventures Private Limited (Subsidiary of Trust) for purchase of Equity Shares, of which Rs. 9,761,752,700 (Previous Year Rs. 6,119,700,000) (excluding Rs. 1,196,925,223 Previous Year Rs. 322,468,505)) being interest accrued but not due) was outstanding as at March 31, 2012. The said loans has been utilised by the Trust towards the purchase of shares of Settlor Entities in terms of the Trust Deed from the open market. The repayment of the loans granted by the Company to the Trust and Ceraon Ventures Private Limited is dependent on the exercise of the options by the eligible employees, at the exercise price as determined by the Trust based on its carrying cost and the market price of the underlying shares of the unexercised options, as at the end of the exercise period or at the end of the loan period. The fall in value of the underlying Equity Shares on account of the above, if any, can be determined only at the end of the exercise period.

38) Detail of Share Application Money Pending Allotment

As on March 31, 2011

No of Equity Shares to be issued	Face Value (Rs.)	Premium (Rs.)	Total Price Per Equity Share (Rs.)	Total Amount (Rs.)	Remarks
1,056	2.00	98.00	100.00	105,600	Share Application Money Received under IBFSL – ICSL Employees Stock Option Plan II – 2006 from certain eligible employees
22,094	2.00	93.95	95.95	2,119,926*	Share Application Money Received under Employees Stock Option Plan - 2008 from certain eligible employees
10,812	2.00	39.67	41.67	450,537	Share Application Money Received under IBFSL – ICSL Employees Stock Option Plan 2006 from certain eligible employees
450	2.00	123.90	125.90	56,655	Share Application Money Received under Employees Stock Option Plan - 2008 -Regrant (December - 2009) from certain eligible employees
34,412		Grand Total		2,732,718	

* Application monies received were rounded off

The above monies have been received for ESOPs exercise by certain eligible employees. The above shares have been issued during the current financial year and is well within the overall authorised capital of the Company. The shares were allotted as per the terms of the respective ESOP schemes.



- (39) The Board at their meeting held on April 27, 2012 has approved to restructure the business of the Company by merging the Company with its wholly-owned subsidiary Indiabulls Housing Finance Limited ("IHFL") through a scheme of arrangement between the Company, IHFL and their respective shareholders and creditors (the "Scheme") as per the provisions of Section 391 to 394 of the Companies Act, 1956. The appointed date of the amalgamation is April 1, 2012. The Scheme is subject to necessary approvals of shareholders, creditors, other regulatory approvals and the sanction of the High Court of Delhi. Consequent to the Scheme becoming effective upon sanction by the High Court of Delhi, and basis the share exchange ratio, as mentioned in the Scheme, the shareholders of IBFSL post proposed merger will get 1 (one) Equity share of Rs. 2 each of IHFL for every 1 (one) Equity share of Rs. 2 each held by them in the Company, as on the record date to be fixed by the Company in this regard.
- (40) The Board at their meeting held on April 27, 2012 has approved the proposal to issue and allot to promoter entities and to key managerial personnel, upto 20,700,000 warrants convertible into 20,700,000 equity shares each of the Company at a conversion price of Rs. 218/-, in accordance with the applicable laws and guidelines ("Warrants").
- (41) The Revised Schedule VI has become effective from April 1, 2011 for the preparation and presentation of financial statements. This has significantly impacted the disclosures and presentations made in the financial statements. 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

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai, April 27, 2012

Auditors' Report

To the Members of Indiabulls Financial Services Limited



1. We have audited the attached Balance Sheet of **INDIABULLS FINANCIAL SERVICES LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - i. 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;
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii. 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;
 - iv. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - v. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (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.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

A. Siddharth
Partner
(Membership No. 031467)

Mumbai, April 27, 2012



- i. Having regard to the nature of the Company's business/activities/result, clauses ii, viii and xiii of CARO are not applicable.
- ii. In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register 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 five Companies during the year. At the year-end, the outstanding balances of such loans granted aggregated to Rs. Nil from five Companies and the maximum amount involved during the year was Rs. 4,319,150,000 from five Companies.
- (b) The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, prima facie not prejudicial to the interests of the Company.
- (c) The 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 four Companies during the year. At the year-end, the outstanding balance of such loan taken aggregated Rs. Nil from four Companies and the maximum amount involved during the year was Rs. 626,200,000 from four Companies.
- (b) The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, prima facie not prejudicial to the interests of the Company.
- (c) The payments of principal amounts and interest in respect of such loans are regular / as per stipulations.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. There were no transactions in respect of purchase of inventory and sale of goods during the year. During the course of our audit, we have not observed any major weakness in such internal control system.
- v. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register

Annexure to the Auditors' Report

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

(Contd.)



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 except that in respect of certain purchase and sale of services, for which comparable quotations are not available and in respect of which we are unable to comment.
- vi. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- vii. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- 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 dues, including Provident Fund, Employees' State Insurance, Income-Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
- (c) There are no disputed dues payable in respect of Wealth Tax, Service Tax and Cess which have not been deposited as on March 31, 2012. Details of dues of Income-tax which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
The Income-Tax Act, 1961	Disallowance u/s 14A	Commissioner of Income tax (Appeals)- XV, New Delhi.	Year ended March 31, 2008	33,821,339
The Income-Tax Act, 1961	Disallowance u/s 14A	Commissioner of Income tax (Appeals)- XV, New Delhi.	Year ended March 31, 2009	12,301,239

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

Annexure to the Auditors' Report

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

(Contd.)



- the year, the Company has not dealt in shares.
- xiii. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks, are not prima facie prejudicial to the interests of the Company. During the year, the Company has not provided guarantees for loans taken by others from financial institutions.
- xiv. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- xv. According to the information and explanations given to us, and on the basis of the maturity profile of assets and liabilities with a residual maturity of one year, as given in the Asset Liability Management Report, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xvi. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xvii. According to the information and explanations given to us, in respect of Secured Redeemable,

Non-Convertible Debentures (NCDs) issued by the Company during the period covered by our report, the Company has issued 25,940 debentures 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 was in the process of creating the charge / security on assets for 9,430 NCDs of Face value Rs. 1,000,000 each amounting to Rs. 9,430,000,000. Subsequent to the year end, the said charge has been created.

- xviii. The Company has not raised any money by way of public issues during the year.
- xix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

A. Siddharth
Partner
(Membership No. 031467)

Mumbai, April 27, 2012

Balance Sheet

of Indiabulls Financial Services Limited
As at March 31, 2012



Particulars	Note No	Amount (Rs.)	
		As at March 31, 2012	As at March 31, 2011
I. Equity And Liabilities			
(1) Shareholders' Funds			
Share Capital	3	623,609,142	621,984,236
Reserves and Surplus	4	42,111,904,110	40,896,887,494
(2) Share application money pending allotment	41	-	2,732,718
(3) Non-Current Liabilities			
Long-term borrowings	5	100,266,788,753	106,151,038,215
Other Long-term liabilities	6	17,902,444	-
Long-term provisions	7	5,128,895,506	2,750,517,182
(4) Current Liabilities			
Short-term borrowings	8	34,969,228,862	33,426,548,242
Trade payables	9	15,091,618	9,159,057
Other current liabilities	10	65,304,062,583	30,969,429,012
Short-term provisions	11	4,157,118,527	3,212,407,798
Total		252,594,601,545	218,040,703,954
II. Assets			
(1) Non-current assets			
Fixed assets	12		
(i) Tangible assets		355,005,114	320,363,281
(ii) Intangible assets		23,191,343	40,382,726
Non-current investments	13	9,485,315,920	6,485,315,920
Deferred tax assets (net)	14	988,001,673	686,490,795
Long term loans and advances	15	145,140,179,225	123,295,477,061
Other non-current assets	16	1,551,339,796	576,979,670
(2) Current assets			
Current investments	17	15,384,028,698	28,167,390,503
Trade receivables	18	204,055,000	9,564,955
Cash and Bank Balances	19	40,997,835,224	19,155,634,010
Short-term loans and advances	20	35,365,193,579	36,790,316,476
Other current assets	21	3,100,455,973	2,512,788,557
Total		252,594,601,545	218,040,703,954

Notes forming part of the financial statements 1-44

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner

Rajiv Rattan
Director

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai, April 27, 2012

Mumbai, April 27, 2012

Statement of Profit and Loss

of Indiabulls Financial Services Limited
for the year ended March 31, 2012



Particulars	Note No	Amount (Rs.)	
		For the year ended March 31, 2012	For the year ended March 31, 2011
(1) Revenue from operations	22	29,292,550,947	20,496,959,042
(2) Other Income	23	607,624,761	299,753,883
(3) Total Revenue [(1) + (2)]		29,900,175,708	20,796,712,925
(4) Expenses:			
Employee benefits expense	24	1,654,247,441	1,312,387,642
Finance Costs	25	15,455,140,931	7,732,242,467
Depreciation and amortisation expense	12	79,102,215	93,452,717
Other expenses	26	3,388,015,782	3,749,886,524
Total Expenses		20,576,506,369	12,887,969,350
(5) Profit before tax [(3) - (4)]		9,323,669,339	7,908,743,575
(6) Tax expense:			
Current tax		2,387,263,839	2,182,600,000
Deferred tax Credit (net)	14	(301,510,878)	(360,766,064)
		2,085,752,961	1,821,833,936
(7) Profit after Tax [(5) - (6)]		7,237,916,378	6,086,909,639
(8) Earnings per Equity Share:	36		
- Basic		23.25	19.61
- Diluted		23.07	19.42
Face Value per Equity Share		2.00	2.00

Notes forming part of the financial statements 1-44

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner

Rajiv Rattan
Director

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai, April 27, 2012

Mumbai, April 27, 2012

Cash Flow Statement

of Indiabulls Financial Services Limited
for the year ended March 31, 2012



	For the year ended March 31, 2012	For the year ended March 31, 2011	Amount (Rs.)
A Cash flows from operating activities :			
Profit before tax	9,323,669,339		7,908,743,575
Adjustments for :			
Employee Stock Compensation	10,051,684		24,994,201
Provision for Loan Assets	1,194,590,663		590,695,750
Contingent Provisions against Standard Assets	52,090,427		391,878,816
Bad Loans / Advances written off	742,789,279		938,017,607
Profit on Sale of Long Term Investment	-		(213,500,000)
Realised / (Unrealised) Profit on Appreciation on Mutual Funds (net) (Current investments)	21,469,242		(21,754,075)
Provision for Gratuity, Compensated Absences and Superannuation Expense	104,936,674		54,939,040
Premium on Forward Contracts and Unrealised mark to market loss on derivatives	41,510,733		48,833,058
Loss on Sale of Fixed Assets	6,863,434		25,447,954
Interest on Vehicle Loans	209,527		460,606
Depreciation / Amortisation	79,102,215		93,452,717
	<u>2,253,613,878</u>		<u>1,933,465,674</u>
Operating Profit before working capital changes	11,577,283,217		9,842,209,249
Adjustments for:			
Trade and other receivables (Refer Note No. 2 below)	(24,023,093,746)		(63,517,623,934)
Trade Payables and other liabilities (Refer Note No. 4 below)	<u>1,235,400,294</u>		<u>(3,036,672,217)</u>
	<u>(22,787,693,452)</u>		<u>(66,554,296,151)</u>

Cash Flow Statement

of Indiabulls Financial Services Limited
for the year ended March 31, 2012 (Contd.)



	For the year ended March 31, 2012	Amount (Rs.) For the year ended March 31, 2011
Cash used in operations	(11,210,410,235)	(56,712,086,902)
Direct taxes paid (Net of refund)	<u>(915,042,177)</u>	<u>(2,167,873,484)</u>
Net cash used in operating activities	(12,125,452,412)	(58,879,960,386)
B Cash flows from investing activities :		
Purchase of Fixed Assets	(108,072,496)	(81,598,170)
Sale of Fixed Assets	4,656,397	1,861,646
Net receipts from Investment in long term deposit accounts	1,497,717,463	4,401,444,050
Investment / Redemption of Bonds, Mutual Fund & Pass Through Certificates	(6,278,121,441)	204,951,518
Capital Advances	(748,292,311)	(12,730,797)
Sale of Investments in subsidiaries/ associates/other long term investments	-	6,474,500,000
Purchase of Investments / Equity Shares in subsidiaries	<u>(3,000,000,000)</u>	<u>(3,009,190,920)</u>
Net cash (used in) / generated from investing activities	(8,632,112,388)	7,979,237,327
C Cash flows from financing activities		
Net proceeds from issue of equity shares (including Securities Premium) (Refer Note no. 5 below)	72,830,856	99,450,168
Debenture/ Share Issue Expenses (including discount)	(223,315,694)	(770,576,988)
Share Application Money received	-	2,732,718
Distribution of Equity Dividends (including Corporate Dividend Tax thereon)	(3,974,808,775)	(3,615,064,823)

Cash Flow Statement

of Indiabulls Financial Services Limited
for the year ended March 31, 2012 (Contd.)



	For the year ended March 31, 2012	Amount (Rs.) For the year ended March 31, 2011
Subscription amount received towards of Share Warrants	-	137,500,000
Interest on Vehicle Loans	(209,527)	(460,606)
Proceeds from Borrowings (Net)	9,674,272,613	78,796,571,420
Repayments from issue of Commercial Papers (Net)	(810,000,000)	(13,150,000,000)
Proceeds from issue of Secured Redeemable, Non Convertible Debentures (Net)	<u>20,590,000,000</u>	<u>30,774,999,999</u>
Net cash generated from financing activities	25,328,769,473	92,275,151,888
D Net (Decrease) / Increase in cash and cash equivalents (A+B+C)	4,571,204,673	41,374,428,829
E Cash and cash equivalents at the beginning of the year	44,268,723,882	2,894,295,053
F Cash and cash equivalents at the end of the year (D + E) (Refer Note No. 6 below)	<u>48,839,928,555</u>	<u>44,268,723,882</u>

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 by the Companies (Accounting Standards) Rules, 2006, as amended.
- 2 Includes an amount of Rs. Nil (Previous Year Rs. 40,597,805) being amount receivable on assigned loans.
- 3 Margin Deposits of Rs. 1,101,545,931 (Previous year Rs. 125,128,950) have been placed as collateral for Assignment deals on which assignees have a paramount lien.
- 4 Includes an amount of Rs. 817,131,371 (Previous Year Rs. Nil) being amount payable on assigned loans.
- 5 Excludes amount received on account of Share Application Money pending allotment Rs. 2,732,718 (Previous Year Rs. Nil) outstanding as at the beginning of the financial year.

Cash Flow Statement

of Indiabulls Financial Services Limited
for the year ended March 31, 2012 (Contd.)



	Amount (Rs.)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
6 Cash and cash equivalents as at the end of the Year include:		
Cash and Bank Balances (Refer Note 19)	40,997,835,224	19,155,634,010
Current Investment in Units of Mutual Fund and Certificate of Deposits considered temporary deployment of funds	9,105,907,257	28,167,390,503
	50,103,742,481	47,323,024,513
Less : In Deposit Accounts having original maturity of more than 3 months	1,263,518,119	3,032,535,582
Less : Unrealised Profit on appreciation on Mutual Funds (Current Investments)	295,807	21,765,049
Cash and cash equivalents as restated	48,839,928,555	44,268,723,882

- 7 Unclaimed Dividend account balance in designated bank accounts are not available for use by the Company. (Refer Note 19).
- 8 Previous year figures are regrouped wherever considered necessary to confirm with current year's groupings / classifications.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

A. Siddharth
Partner

Rajiv Rattan
Director

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai, April 27, 2012

Mumbai, April 27, 2012



(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 Reserve Bank of India ("RBI") Directions in respect of "Non Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007"), dated February 22, 2007 and 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 RBI Directions, 2007.

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. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised.

iv) Revenue Recognition:

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

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

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

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

Commission on Mutual Funds is recognised on accrual basis.

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

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

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

v) Securitisation / Assignment of Loan portfolio:

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

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

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



the principal outstanding at the inception of Deal.

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

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 pro-rata basis from the date the asset is put to use. Lease hold improvements are amortised over the period of Lease. Depreciation on sale / deduction from fixed asset is provided for up to the date of sale / deduction, as the case may be. Assets costing less than Rs. 5,000 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 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) 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 investment. In terms of the RBI Directions, 2007, unquoted current investments are valued at cost or break-up value, whichever is lower. Unquoted current investments in units of mutual funds are valued at the net asset value declared by the mutual fund in respect of each particular scheme. Quoted Current investments are valued at lower of cost and fair value. Other unquoted current investments are valued at carrying value.

x) Stock of Securities:

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

xi) Borrowing Costs:

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

xii) 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 paper is amortised over the tenure of the instrument.



xiii) Employee benefits:

The Company's contribution to Provident Fund is charged to Statement of Profit and Loss. The Company has unfunded defined benefit plans namely leave encashment (compensated absences) and gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the Projected Unit Credit Method. Superannuation (Pension & Medical coverage) payable to 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 Statement of Profit and Loss as income or expenses as applicable.

xiv) Deferred Employee Stock Compensation Cost:

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

xv) Taxes on Income:

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

Deferred tax resulting from timing differences between book profit and tax profits is accounted for at the current rate of tax / substantively enacted tax rates 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.

xvi) Derivative Transactions:

The Company enters into Interest Rate Swap (IRS) and Foreign Exchange forward Contracts. All outstanding Interest Rate Swap 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 contract are recognised as income or expenses for the period. Premium / discount on forward exchange contracts, 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 were they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

xvii) Share/Debenture Issue Expenses and Premium / Discount on issue:

Share/Debenture issue expenses are adjusted against Securities Premium Account, net of tax effect, 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 impact, 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.

xviii) Equity Index / Stock Futures:

- a. Initial Margin – Equity Index/ Stock Futures, representing the initial margin



paid, and Margin Deposits representing additional margin paid over and above the initial margin, for entering into a contract for Equity index/ stock futures which are released on final settlement/squaring-up of the underlying contract, are disclosed under Loans and Advances.

- b. Equity index/ stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the Mark-to-Market Margin – Equity Index/ Stock Futures Account, represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the Balance sheet date.
- c. As on the Balance sheet date, profit/ loss on open positions in Equity index/ stock futures is accounted for as follows:
- Credit balance in the Mark-to-Market Margin – Equity Index/Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the 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.

xix) 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.

xx) Foreign Currency Transactions:

- Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- 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.
- Non monetary foreign currency items are carried at cost.
- Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

xxi) 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 performances.

xxii) 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.

was registered under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934 to carry on the business of a Non Banking Financial Company but does not have permission from the RBI to accept public deposits. The Company was converted into a public limited Company pursuant to Section 44 of the Companies Act, 1956 on February 03, 2004. The Company is in the business of investing in various subsidiaries and also investing, acquiring, holding, purchasing or procuring Equity Shares, debentures, bonds, mortgages, obligations, securities of any kind issued or guaranteed by any company and providing loan and other credit facilities including providing Long Term Finance for Industrial or agricultural development, development of infrastructure facility, development of Housing in India or for constructions or purchase of houses/ residential projects in India.

(2) Corporate Information:

Indiabulls Financial Services Limited ("the Company", "IBFSL") was incorporated on January 10, 2000 as a Private Limited Company. On March 30, 2001, the Company

	As at March 31, 2012 Amount (Rs.)	As at March 31, 2011 Amount (Rs.)
(3) Share Capital		
Authorised		
2,000,000,000 (Previous Year 2,000,000,000) Equity Shares of Face Value of Rs 2 each	4,000,000,000	4,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Face Value of Rs 300 each	7,500,000,000	7,500,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Face Value of Rs 157.39 each	3,934,750,000	3,934,750,000
Issued, subscribed and fully paid up(i) to (v)		
311,804,571 (Previous Year 310,992,118) Equity Share Face Value of Rs. 2 each fully paid up	623,609,142	621,984,236
The Company has only one class of Equity Shares of Face Value of 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.		
	623,609,142	621,984,236

- (i) Holders of Global Depository Receipts (GDRs) (Refer note 31) 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) 25,680,708 Equity Shares were allotted by the Company, for consideration other than cash to the shareholders of erstwhile Indiabulls Credit Services Limited pursuant to and in terms of the Scheme of Arrangement, approved by the Hon'ble High Court of Delhi vide its order dated 23rd November, 2007 and which came into effect on 24th December, 2007 (Refer note 30).

Notes forming part of the Financial Statements

for the year ended March 31, 2012 (Contd.)



(iii) **Reconciliation of the number of Shares and Amount outstanding at the beginning and at the end of financial year:-**

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity Shares		Equity Shares	
	Number of Equity Shares	Rs.	Number of Equity Shares	Rs.
Opening Balance	310,992,118	621,984,236	309,894,521	619,789,042
Shares Issued during the year by exercise of ESOP'S	812,453	1,624,906	1,097,597	2,195,194
Closing Balance	311,804,571	623,609,142	310,992,118	621,984,236

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

No of Shareholders	No. of Shares held % of Holding	No. of Shares held % of Holding
Five Shareholders(Previous Year five Shareholders) are each holding more than 5% of the Share Capital	124,756,141 40.01%	126,499,391 40.68%

(v) **Employees Stock Options Schemes:**

(a) Stock option schemes of the Company including schemes in lieu of stock option schemes of erstwhile subsidiary Indiabulls Credit Services Limited:

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

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

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

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

Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 of the Companies Act, 1956, duly approved by the Hon'ble High Court of Delhi vide order dated November 23, 2007. Indiabulls Credit Services Limited stood amalgamated with Indiabulls Financial Services Limited ("IBFSL, the Company") with effect from the Appointed Date i.e. April 01, 2007 and effec-



tive from December 24, 2007 (the "Effective Date") the ICSL PLANS stood terminated and in lieu, in terms of Clause 15 (c) (i) of the Scheme, NEW PLANS have been created in IBFSL for the outstanding, unvested options, for the benefit of the erstwhile Indiabulls Credit Services Limited option holders, on terms and conditions not less favourable than those provided in the erstwhile ICSL PLANS and taking into account the share exchange ratio i.e. 3 Equity Shares of face value Rs. 2 each of IBFSL for every 10 Equity Shares of face value Rs. 10 each of ICSL .

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

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

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

(b) EMPLOYEES STOCK OPTION PLAN - 2008

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

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

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

The expected volatility was determined based on historical volatility data.

Notes forming part of the Financial Statements

for the year ended March 31, 2012 (Contd.)



(c) **IBFSL ESOP - 2010**

The members of the Company at their Extraordinary General Meeting dated September 30, 2010 approved the IBFSL ESOP -2010 scheme consisting of 30,000,000 stock options representing 30,000,000 fully paid up Equity Shares of Rs. 2/- each of the Company to be issued in one or more tranches to eligible employees of the Company or to eligible employees of the subsidiaries of the Company. The same has not yet been granted till March 31, 2012.

(d) **IBFSL ESOP - 2011**

The members of the Company at their Extraordinary General Meeting dated June 27, 2011 approved the IBFSL ESOP -2011 scheme consisting of 9,000,000 stock options representing 9,000,000 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, 2012.

(e) **Indiabulls Employees' Welfare Trust**

During the F.Y. 2010-11, pursuant to the approval accorded at an Extra Ordinary General Meeting of the members of the Company held on September 30, 2010, the "Indiabulls Employees' Welfare Trust" (Trust) has been formed on October 04, 2010 with an initial corpus of Rs. 50,000, contributed equally by the Company and four other listed Settlor entities, to administer and implement the Company's current un granted Employee Stock Option Schemes ("ESOP") and any future ESOP / Employee Stock Purchase Schemes of the Settlor entities. IBFSL being one of the Settlers, has contributed its share of Rs. 10,000 as its initial contribution towards the Corpus of the said Trust. The Trust is administered by independent Trustees. In terms of the Trust Deed, Equity Shares of the Settlor entities are purchased by the Trust to the extent permissible in terms of the ESOP scheme as approved by the Members of the Company for the purposes of allotment of the same to eligible Employees of settlor companies and their subsidiaries, upon exercise of options granted by the Compensation Committee of settlor companies, at a price to be determined by the Trust based on its carrying cost. During the year, there has been no new grants made by the Company which is required to be administered by the Trust.

(f) **The other disclosures in respect of the scheme 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

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Outstanding at the beginning of the year(Nos.)	492,446	245,724	4,704,016	143,100
Regrant Addition	N.A	N.A	N.A	N.A
Regrant Date	N.A	N.A	N.A	31-Dec-09
Options vested during the year (Nos.)	70,902	30,333	515,643	12,510
Exercised during the year (Nos.)	81,858	51,372	588,546	945
Expired during the year (Nos.)	–	–	–	–
Cancelled during the year	–	–	–	–
Lapsed during the year	40,032	30,084	425,677	24,000
Re-granted during the year\$	–	–	430,400	N.A
Outstanding at the end of the year (Nos.)	370,556	164,268	3,689,793	118,155
Exercisable at the end of the year (Nos.)	31,580	25,477	435,832	22,875
Remaining contractual Life (Weighted Months)	69	85	95	99

Particulars	Employees Stock Option Plan - 2008-Regrant\$\$\$	IBFSL – ICSL Employees Stock Option Plan 2006- Re-grant\$\$	Employees Stock Option Plan - 2008-Re-grant\$\$\$\$	IBFSL – ICSL Employees Stock Option Plan II - 2006-Re-grant\$\$
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.)	230,400	355,500	200,000	197,100
Regrant Addition	N.A.	N.A.	N.A.	N.A.
Regrant Date	16-Jul-10	27-Aug-09	11-Jan-11	27-Aug-09
Options vested during the year (Nos.)	23,040	39,500	20,000	21,900



Exercised during the year (Nos.)	19,000	39,500	9,332	21,900
Expired during the year (Nos.)	–	–	–	–
Cancelled during the year	–	–	–	–
Lapsed during the year	–	–	–	–
Re-granted during the year\$	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	211,400	316,000	190,668	175,200
Exercisable at the end of the year (Nos.)	4,040	–	10,668	–
Remaining contractual Life (Weighted Months)	110	107	114	107

N.A. means not applicable.

*The number and exercise price of options have been adjusted taking into account the share exchange ratio i.e. 3 Equity Shares of face value Rs. 2 each of the Company for every 10 Equity Shares of face value Rs. 10 each of ICSL.

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

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

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

\$\$The Board Compensation Committee of the Company, at its meeting held on August 27, 2009, regranted 395,000 Stock Options under its "IBFSL – ICSL Employees Stock Option Plan 2006" and 219,000 "IBFSL – ICSL Employees Stock Option Plan II - 2006" to the Eligible Employee at an exercise price of Rs.95.95 and Rs. 100.00 respectively. As the options have been regranted at less than the intrinsic value, the employee stock compensation expense on account of the same amounting to Rs. 10,051,684(Previous Year Rs. 24,994,201) has been debited to the Statement of Profit and Loss for the year ended March 31, 2012.

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

\$\$\$\$The Board Compensation Committee of the Company, at its meeting held on January 11, 2011, regranted 200,000 Stock Options under its "Employees Stock Option Plan 2008" to the Eligible Employees at an exercise price of Rs.153.65, being the then latest available closing market price on the National Stock Exchange

Notes forming part of the Financial Statements for the year ended March 31, 2012 (Contd.)



of India Ltd. as on January 10, 2011 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines"). As the options have been regranted at intrinsic value, there is no employee stock compensation expense on account of the same.

The Fair value of the options as determined by an Independent firm of Chartered Accountants, which have been re-granted under the respective plans using the Black-Scholes 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	83.48	90.24	106.3	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/New Plans were issued based on the fair value of the options on the date of the grant, there is no impact of the same on the net profit and earnings per share. The ESOP 2008 (including re-grant) were issued at the Intrinsic value of the options on the date of the grant. Had the compensation cost for the stock options granted under ESOP – 2008 (including re-grant) been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:-

Particulars	Year ended March 31, 2012	Amount (Rs.) Year ended March 31, 2011
Net Profit available to Equity Share Holders (as reported)	7,237,916,378	6,086,909,639
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs. 395,466,247 (Previous Year Rs. 439,805,840)] (pro forma)	54,925,962	78,249,092
Net Profit available to Equity Share Holders (as per Pro Forma)	7,182,990,416	6,008,660,547
Basic earnings per share (as reported)	23.25	19.61
Basic earnings per share (pro forma)	23.08	19.35
Diluted earnings per share (as reported)	23.07	19.42
Diluted earnings per share (pro forma)	22.90	19.17
(4) Reserves and Surplus	As at March 31, 2012 Amount (Rs.)	As at March 31, 2011 Amount (Rs.)
Capital Reserve		
Opening Balance	137,500,000	–

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Particulars	Amount (Rs.)	
	Year ended March 31, 2012	Year ended March 31, 2011
Add: Addition on account of Issue of Share Warrants - QIP ⁽¹⁾	–	137,500,000
Closing Balance	137,500,000	137,500,000
Capital Redemption Reserve		
Balance as per last Balance Sheet	3,627,392	3,627,392
Securities Premium Account		
Opening Balance	33,630,930,600	35,279,499,707
Add: Amount Transferred from Stock Compensation Adjustment Account	6,140,335	6,140,335
Add: Additions during the year on account of Shares issued under ESOP Schemes	73,938,668	97,254,974
	33,711,009,603	35,382,895,016
Less: Debenture issue expenses (Including Discount) ⁽²⁾	169,794,101	770,576,988
Less: Premium on Redemption of Non Convertible Debentures ⁽²⁾	1,229,397,243	981,387,428
Closing Balance	32,311,818,259	33,630,930,600
Stock Compensation Adjustment		
Employee Stock options outstanding	61,403,350	61,403,350
Less: Deferred Employee Compensation expense	26,357,465	36,409,149
	35,045,885	24,994,201
Less: Amount Transferred to Securities Premium account on account of exercise of ESOPs (Cumulative)	12,280,670	6,140,335
Closing Balance - Employee Stock options outstanding	22,765,215	18,853,866
General Reserve		
Opening Balance	1,672,448,200	1,063,748,200
Add: Amount Transferred during the year from Surplus in the Statement of Profit and Loss	723,800,000	608,700,000
Closing Balance	2,396,248,200	1,672,448,200
Other Reserves:-		
Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961		
Opening Balance	190,000,000	–
Add: Amount Transferred during the year from Surplus in the Statement of Profit and Loss ⁽³⁾	700,000,000	190,000,000
Closing Balance	890,000,000	190,000,000
Reserve Fund (U/s 45-IC of the RBI Act, 1934)		
Opening Balance	3,607,211,918	2,389,829,990
Add: Amount Transferred during the year from Surplus in the Statement of Profit and Loss ⁽⁴⁾	1,447,583,276	1,217,381,928
Closing Balance	5,054,795,194	3,607,211,918
Surplus in the Statement of Profit and Loss		
Opening Balance	1,636,315,518	1,185,525,465
Net Profit for the year after tax	7,237,916,378	6,086,909,639



Particulars	Amount (Rs.)	
	Year ended March 31, 2012	Year ended March 31, 2011
Amount available for appropriations (A)	8,874,231,896	7,272,435,104
Appropriation:		
Interim Dividend paid on Equity Shares ⁽⁵⁾	1,867,243,668	1,552,642,450
Proposed Final Dividend on Equity Shares ⁽⁶⁾	2,182,631,997	1,555,132,650
Dividend for Previous Year on Equity Shares issued after the year end pursuant to ESOPs Allotment	715,890	1,806,605
Corporate Dividend Tax on Proposed Final Dividend on Equity Shares	354,077,476	252,281,394
Corporate Dividend Tax on Interim Dividend on Equity Shares	302,913,604	257,874,504
Corporate Dividend Tax on Dividend for Previous Year on Equity Shares issued after the year end pursuant to ESOPs Allotment	116,135	300,055
Transferred to General Reserve	723,800,000	608,700,000
Transferred to Special Reserve (U/s 36(1)(viii) of the Income Tax Act, 1961)	700,000,000	190,000,000
Transferred to Reserve Fund (U/s 45-IC of the RBI Act, 1934)	1,447,583,276	1,217,381,928
Total Appropriations (B)	7,579,082,046	5,636,119,586
Balance of Profit Carried forward (A)-(B)	1,295,149,850	1,636,315,518
	42,111,904,110	40,896,887,494

- (1) During the financial year 2010-11, in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in respect of the issue of the Secured Non Convertible Debentures of the Company to QIBs under Qualified Institutions Placement, the Company issued 27,500,000 Share Warrants being issued at a Warrant Issue Price of Rs.5 per Share Warrant, with a right exercisable by the Warrant holder to exchange each Warrant with one Equity share of the Company of face value Rs.2 each, any time before the expiry of 60 months from the date of allotment of the Warrants, at a Warrant Exercise Price of Rs.225 per Equity share. Subscription amount received on Warrant Issue Price of Rs.5 per Share Warrant is neither adjustable with the Warrant Exercise Price, nor refundable by the Company; hence the same has been credited to Capital Reserve Account.
- (2) Debenture issue expenses including discount of Rs. 169,794,101 (Previous Year Rs. 770,576,988 (including Rs. 10,000,000 paid to Statutory Auditors for Previous Year)) and Premium on redemption of Non-Convertible Debentures amounting to Rs. 1,229,397,243 net of tax (Previous Year Rs. 981,387,428) have been adjusted against the Securities Premium Account in terms of the Section 78 of the Companies Act, 1956.
- (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. 700,000,000 (Previous Year Rs. 190,000,000) to the special reserve created to claim deduction in respect of eligible business under the said section.
- (4) In terms of Section 45-IC of the RBI Act, 1934, the Company is required to transfer at least 20% of its Net Profits to a reserve before any dividend is declared. As at the year end, the Company has transferred an amount of Rs. 1,447,583,276 (Previous Year Rs. 1,217,381,928) to the Reserve Fund.
- (5) Interim dividend per share Rs. 6/- (Previous Year Rs. 5/-)
- (6) Proposed final dividend per share Rs. 7/- (Previous Year Rs. 5/-)

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(5) Long-term borrowings		
Secured		
Redeemable, Non Convertible Debentures (Refer Note 27 (i))*	47,790,000,000	30,875,000,000
Term Loans:		
Vehicle Loans**	–	834,152
From Banks (Refer Note 27 (ii))#	50,613,788,753	74,275,204,063
Unsecured		
Term Loans:		
From Banks (Refer Note 27 (ii))	1,000,000,000	1,000,000,000
Subordinate Debt (Refer Note 27 (vi))	863,000,000	–
	100,266,788,753	106,151,038,215
(6) Other Long term liabilities		
Interest Accrued but not due on Secured Redeemable, Non Convertible Debentures	17,902,444	–
	17,902,444	–
(7) Long term provisions		
Provision for Loan Assets (Refer Note 40 (e))	1,877,553,787	1,220,493,057
Contingent Provisions against Standard Assets (Refer Note 40 (f))	356,441,145	300,994,465
Provision for Gratuity	60,872,971	34,802,254
Provision for Compensated Absences	26,452,490	13,862,985
Provision for Superannuation	194,252,856	128,045,581
Premium on Redemption on Secured Redeemable, Non Convertible Debentures (Accrued but not due)	2,598,308,725	981,387,428
Other provisions	15,013,532	70,931,412
	5,128,895,506	2,750,517,182
(8) Short-term borrowings		
Secured		
(a) Loans Repayable on Demand		
From Banks - Cash Credit Facility*	16,429,228,862	13,950,348,242
(b) Other Loans and Advances		
Redeemable, Non Convertible Debentures (Refer Note 27 (iii))**	500,000,000	–

* Secured against Freehold Land and pool of Loan Receivables

**Secured against Vehicle.

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

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
Unsecured		
(a) Loans from related parties		
Loan from Subsidiary Company (Refer Note 35)	–	626,200,000
(b) Other Loans and Advances		
Commercial Papers (Refer Note 27(v))***	18,040,000,000	18,850,000,000
	34,969,228,862	33,426,548,242

*Secured by hypothecation of loan receivables / Current Assets/Cash and Cash Equivalents of the Company.

**Secured against Freehold Land and Pool of Loan Receivable.

***Maximum Balance outstanding during the year Rs. 27,250,000,000
(Previous year Rs. 38,250,000,000).

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(9) Trade payables		
(a) Dues to Micro and Small Enterprises*	–	–
(b) Dues to others	15,091,618	9,159,057
	15,091,618	9,159,057

*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 Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(10) Other current liabilities		
Current maturities of long term debt:-		
Redeemable, Non Convertible Debentures (Refer Note 27 (iv))*	8,525,000,000	5,350,000,000
Term Loans		
From Banks (Refer Note 27 (ii))**	50,572,700,000	20,950,300,000
From Others (Refer Note 27 (ii))**	1,000,000,000	–
Vehicle Loans***	834,152	2,392,697



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
Interest Accrued but not due on Loans	152,615,329	29,485,744
Interest Accrued but not due on Secured Redeemable, Non Convertible Debentures	1,406,611,623	646,000,274
Other Current Liabilities for Statutory dues and expense provisions	433,178,469	344,619,455
Foreign Currency Forward Payable	789,942,605	773,794,751
Temporary overdrawn bank balance as per books	1,592,747,018	2,863,128,641
Amount payable on assigned loans (net) ⁽¹⁾	817,131,371	–
Unclaimed Dividends ⁽²⁾	13,302,016	9,707,450
	65,304,062,583	30,969,429,012

(1) Amount payable on assigned loans includes amount payable to related parties for Rs. 51,382,802 (Previous Year Rs.Nil)

(2) In respect of amounts as mentioned under Section 205(C) of the Companies Act 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2012.

* Secured against Freehold Land and Pool of Loan Receivables

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

*** Secured against Vehicle.

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(11) Short-term provisions		
Provision for Loan Assets (Refer Note 40(e))	461,054,268	368,524,116
Contingent Provisions against Standard Assets (Refer Note 40(f))	87,528,098	90,884,351
Provision for Gratuity	2,716,455	3,656,929
Provision for Compensated Absences	2,566,093	1,556,442
Proposed Final Dividend on Equity Shares	2,182,631,997	1,555,132,650
Corporate Dividend Tax on Proposed Final Dividend	354,077,476	252,281,394
Provision for Fringe Benefits Tax (net of Advance Tax Rs.78,998,036, Previous Year Rs 78,998,036)	185,628	184,492
Provision for Tax (net of Advance Tax / TDS Rs 896,367,102, Previous Year Rs 2,599,435,224)	1,066,358,512	940,187,424
	4,157,118,527	3,212,407,798

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



(12) Fixed Assets	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2011 Rs.	Additions during the year Rs.	Adjustments/Sales during the year Rs.	As at March 31, 2012 Rs.	As at April 1, 2011 Rs.	Provided during the year Rs.	Adjustments during the year Rs.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
I. Tangible Assets									
Freehold Land*	1,000,000	912,000	-	1,912,000	-	-	-	1,912,000	1,000,000
Furniture & Fixtures	62,803,755	17,461,535	1,052,429	79,212,861	11,910,343	21,321,210	413,443	46,394,751	50,893,412
Vehicles**	85,275,604	31,806,457	4,256,033	112,826,028	20,277,660	9,110,598	1,134,019	84,571,789	64,997,944
Office Equipment	72,988,718	17,419,557	4,754,446	85,653,829	15,778,099	4,057,570	1,183,726	67,001,886	57,210,619
Computers	148,804,935	10,289,955	3,390,974	155,703,916	93,759,664	22,590,999	2,746,580	42,099,833	55,045,271
Leasehold Improvements	145,765,022	27,643,855	6,282,534	167,126,343	54,548,987	2,291,318	2,738,817	113,024,855	91,216,035
Total (I)	516,638,034	105,533,359	19,736,416	602,434,977	196,274,753	59,371,695	8,216,585	247,429,863	355,005,114
Previous Year (a)	474,893,764	78,668,797	36,924,527	516,638,034	149,537,853	56,351,828	9,614,928	196,274,753	320,363,281
II. Intangible Assets									
Software	156,699,064	2,539,137	-	159,238,201	116,316,338	19,730,520	-	136,046,858	23,191,343
Total (II)	156,699,064	2,539,137	-	159,238,201	116,316,338	19,730,520	-	136,046,858	40,382,726
Previous Year (b)	153,769,691	2,929,373	-	156,699,064	79,215,449	37,100,889	-	116,316,338	40,382,726
Current Year Total (I+II)	673,337,098	108,072,496	19,736,416	761,673,178	312,591,091	79,102,215	8,216,585	383,476,721	378,196,457
Previous Year (a+b)	628,663,455	81,598,170	36,924,527	673,337,098	228,753,302	93,452,717	9,614,928	312,591,091	360,746,007

*Mortgaged as Security against Secured Non Convertible Debentures (Refer Note 5, 8 & 10)

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



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(13) Non-current investments		
Long Term - Non Trade - Unquoted		
(i) In Wholly owned Subsidiary Companies (unless otherwise stated):		
- 50,000 (Previous Year 50,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Insurance Advisors Ltd. ⁽¹⁾	500,000	500,000
- 30,000 (Previous Year Nil) Fully paid up Non Convertible Debentures (Perpetual Bonds) of face value Rs 100,000 each in Indiabulls Housing Finance Ltd. ⁽²⁾	3,000,000,000	-
- 4,375,000 (Previous Year 4,375,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Finance Company Private Ltd. ⁽³⁾	437,500,000	437,500,000
- 5,000,000 (Previous Year 5,000,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Capital Services Ltd. ⁽¹⁾	50,000,000	50,000,000
- 155,689,656 (Previous Year 155,689,656) Fully paid up Equity Shares of face value Rs. 10 each in Indiabulls Housing Finance Ltd. ⁽⁴⁾ (refer Note 42)	5,253,375,120	5,253,375,120
- 10,000,000 (Previous Year 10,000,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Infrastructure Credit Limited	250,000,000	250,000,000
- 2,550,000 (Previous Year 2,550,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Advisory Services Limited	25,500,000	25,500,000
- 50,000 (Previous Year 50,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Asset Holding Company Limited ⁽¹⁾	500,000	500,000
- 50,000 (Previous Year 50,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Life Insurance Company Limited ^{(1) & (5)}	500,000	500,000
- 150,000 (Previous Year 150,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Collection Agency Limited	100,500,000	100,500,000
- 50,000 (Previous Year 50,000) Fully paid up Equity Shares of face value Rs 10 each in Ibulls Sales Limited	500,000	500,000

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
- 15,000,000 (Previous Year 15,000,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Asset Management Company Limited ⁽⁶⁾	150,000,000	150,000,000
- 500,000 (Previous Year 500,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Trustee Company Limited ⁽⁶⁾	5,000,000	5,000,000
- 1,50,000 (Previous Year 1,50,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Holdings Limited	1,500,000	1,500,000
- 224,084 (Previous Year 224,084) Fully paid up Equity Shares of face value SGD 1 each in Indiabulls Alternative Asset Management Private Limited ⁽¹⁾	7,690,800	7,690,800
Total (i)	9,283,065,920	6,283,065,920
(ii) In Associate Company:		
- 1,225,000 (Previous Year 1,225,000) Fully paid up Equity Shares of face value Rs 10 each in Indiabulls Asset Reconstruction Company Ltd.	12,250,000	12,250,000
Total (ii)	12,250,000	12,250,000
(iii) Other Long Term Investments:		
- 28,000,000 (Previous Year 28,000,000) Fully paid up Equity Shares of face value Rs 5 each in Indian Commodity Exchange Limited ⁽⁷⁾	140,000,000	140,000,000
- 50 (Previous Year 50) 9.25% Unsecured Redeemable, Non-Convertible Subordinated Bonds of Dena Bank of Face Value of Rs. 1,000,000 each	50,000,000	50,000,000
Total (iii)	190,000,000	190,000,000
Total (i) + (ii) + (iii)	9,485,315,920	6,485,315,920
Aggregate market value of quoted Investments	-	-
Aggregate book value of quoted Investments	-	-
Aggregate book value of unquoted Investments	9,485,315,920	6,485,315,920
Aggregate provision for diminution in value of investment	-	-



- (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 books of account. (Refer Note 20(1))

As at March 31, 2012, the Company holds 100% of the Equity capital of Indiabulls Asset Holding Company Limited, Indiabulls Life Insurance Company Limited and Indiabulls Alternative Asset Management Private Limited at a cost of Rs. 500,000, Rs. 500,000 and Rs. 7,690,800 respectively. Based on the audited financials of these companies, as at the year ended March 31, 2012, there has been an erosion in the value of investment made in those companies as the operations in those companies have not yet commenced / are in the process of being set up. Considering the investment in these companies as strategic and long term in nature, the Company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in their carrying values has been made in books of account.

- (2) During the current year, the Company invested an amount of Rs. 3,000,000,000 in 0% Unsecured Non - Convertible Redeemable Debentures (NCDs) issued by its wholly owned subsidiary namely Indiabulls Housing Finance Limited. The NCDs are in the nature of Perpetual Subordinate Debt Instruments with a minimum maturity period of 15 years and a call option after 10 years, the call option being subject to the prior approval of the National Housing Bank.
- (3) The Company holds 57.5 % of the capital of Indiabulls Finance Company Private Limited (IFCPL), a subsidiary of the Company. The balance 42.5% or 3,233,969 Equity Shares are held by Amaprop Limited (Amaprop), vide a Share Subscription and Shareholders Agreement (SHA) entered into between the company, IFCPL and Amaprop. Certain disputes arose between the Company and Amaprop on Amaprop exercising its put right 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 the Company to pay Rs. 1,920,007,000 alongwith interest and costs thereon (as given in the award) to Amaprop, for acquiring the 42.5% stake held by Amaprop in IFCPL. 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 the Company.

This Award has simultaneously been challenged by the Company 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 the Company 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 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 reserved the petition for Orders. The Company is awaiting the said Order of the High Court

- (4) During the F.Y. 2010-11, the Company invested an amount of Rs. 3,000,000,120 in Equity Shares issued by its wholly owned subsidiary namely Indiabulls Housing Finance Limited.
- (5) The Company had, during the financial year 2007-08 entered into an MOU with Sogecap, the life insurance arm of Societe Generale of France, for its upcoming life insurance Joint Venture. Sogecap would subscribe to 26% of the paid up capital in the Joint Venture. During the financial year 2010-11, the Company and Sogecap, have mutually agreed not to pursue the life insurance joint venture in India. The Company had also earlier received Reserve Bank of India's (RBI) approval to hold up to 74% in its life insurance venture. The life insurance Company has already received the RBI approval from Insurance Regulatory and Development Authority (IRDA). The Company intends to pursue its insurance venture.



- (6) During the financial year 2007-08, the Securities and Exchange Board of India (SEBI) has approved setting up of an Asset Management Company and a Trustee Company for setting up a Mutual Fund. As a result thereof, during the previous financial year Indiabulls Asset Management Company Limited and Indiabulls Trustee Company Limited have been formed as 100% subsidiaries of the Company. During the financial year 2010-11 on March 24, 2011 the regulatory approvals for commencing operations of Indiabulls Trustee Company Limited and Indiabulls Asset Management Company Limited (wholly owned subsidiaries of the Company) has been received from SEBI.
- (7) On December 13, 2010 the Company had sold 26% shares held by it in Indian Commodity Exchange Limited (ICEX) to Reliance Exchangenext Limited(R-Next) for a total consideration of Rs. 473,500,000 against proportionate cost of Rs. 260,000,000. As a result thereof, the stake of the Company in ICEX has been reduced from 40% to 14% and the same has been reclassified as a long term investment from the earlier status of an Associate. MMTC filed a petition before the Company Law Board (CLB) against ICEX, R-Next and IBFSL alleging that the transfer is null & void in terms of the Shareholders Agreement in view of the Forward Markets Commission(FMC) guidelines. The Company contends that such view of MMTC is based on the old FMC guidelines and without considering the amended FMC Guidelines dated 17th June 2010 wherein the transfer norms were relaxed. The Company has filed its objections on maintainability of the petition which is pending adjudication before the CLB

(14) Deferred tax Assets (Net)

In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, as amended, the Company has credited an amount of Rs. 301,510,878 (Previous Year Rs. 360,766,064) as deferred tax credit to the Statement of Profit and Loss. The breakup of deferred tax into major components is as under:

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
Deferred tax Liabilities		
Difference between book Balance and tax Balance of Fixed Assets	(7,877,540)	(15,299,840)
Deferred tax Assets		
Provision for loan assets	758,761,384	515,620,245
Contingent Provisions against Standard Assets	144,045,821	127,145,082
Disallowance under section 40 A (7) of the Income-Tax Act, 1961	83,656,928	54,022,474
Disallowance under Section 43B of Income Tax Act, 1961	9,415,080	5,002,834
Deferred Tax Assets (Net)	988,001,673	686,490,795
(15) Long term loans and advances		
(i) Loans and Other Credit Facilities		
(a) Secured Loans (Refer Note 40)		
- Considered Good	154,089,659,128	121,681,559,103
Less: Assigned	14,122,644,478	1,205,580,013
	139,967,014,650	120,475,979,090
(b) Unsecured Loans (Refer Note 40)		
- Considered Good	3,134,039,115	486,185,609
- Considered Doubtful	916,815,378	916,815,378
Less: Assigned	-	18,323,916
	4,050,854,493	1,384,677,071
	144,017,869,143	121,860,656,161



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(ii) Other Unsecured Loans and Advances		
Capital Advances	763,902,911	15,610,600
Security Deposit with others	331,856	36,165,208
Security Deposit for Rented Premises	195,069,806	315,035,792
Advance Tax / Tax Deducted at Source (Net of provision for Tax of Rs. 3,526,427,283 Previous Year Rs. 2,944,566,576)	163,005,509	1,068,009,300
	145,140,179,225	123,295,477,061
(16) Other non-current assets		
Interest Accrued on Deposits	15,516,084	90,154,558
Interest Accrued but not due on Loans	1,093,650,724	284,423,573
Margin Money deposit with Banks having maturity greater than one year	380,692,336	109,392,336
Others	61,480,652	93,009,203
	1,551,339,796	576,979,670
(17) Current investments		
Investment in Mutual Funds:		
- Reliance Mutual Fund (Liquidity Fund - Growth Option) No. of Units: Nil (Previous Year : 203,207,976.590) NAV: Rs. N.A. (Previous year 14.7677)	-	3,000,914,436
- Peerless Mutual Fund (Liquid Fund- Super Institutional Growth) No. of Units: Nil (Previous Year : 425,218,765.755) NAV: Rs. N.A. (Previous year 10.6922)	-	4,546,524,087
- SBI Mutual Fund (SBI Magnum insta Cash Fund- Growth) No. of Units: Nil (Previous Year : 45,475,216.007) NAV: Rs. N.A. (Previous year 21.7758) (SBI Premier Liquid Fund-Super Institutional- Growth) No. of Units: 296,637.471 (Previous Year : Nil) NAV: Rs.1,686.5560 (Previous year N.A)	500,295,707	-
- Taurus Mutual Fund (Taurus Short Term Income Fund - Growth Plan) No. of Units: Nil (Previous Year : 299,455.388) NAV: Rs. N.A. (Previous year 1,671.1950)	-	500,448,348

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
- UTI Mutual Fund (UTI Liquid Cash Plan Institutional - Growth Option) No. of Units: Nil (Previous Year : 2,485,290.343) NAV: Rs. N.A. (Previous year 1,610.0580)	-	4,001,461,603
(UTI Dynamic Bond Fund - Growth Plan) No. of Units: Nil (Previous Year : 459,537,912.483) NAV: Rs. N.A. (Previous year 10.5303)	-	4,839,072,080
- Birla Sun Life Mutual Fund (Birla Sun Life Income Plus- Growth) No. of Units: Nil (Previous Year : 127,749,477.527) NAV: Rs. N.A. (Previous year 44.0331)	-	5,625,205,519
(Birla Sun Life Floating Rate Fund-Short Term-IP-Growth) No. of Units: Nil (Previous Year : 281,393,022.662) NAV: Rs. N.A. (Previous year 13.0002)	-	3,658,165,573
- IDFC Mutual Fund (IDFC Saving Advantage Fund -Plan- Growth) No. of Units: Nil (Previous Year : 726,992.055) NAV: Rs. N.A. (Previous year 1,382.8757)	-	1,005,339,648
- Indiabulls Mutual Fund (Indiabulls FMP 377 days) (Quoted) No. of Units: 8,000,000.000 (Previous Year : Nil) NAV: Rs. 10.0113 (Previous year N.A.) Cost Rs. 10.0000	80,000,000	-
(Indiabulls FMP 387 Days) (Quoted) No. of Units: 35,000,000.000 (Previous Year : Nil) NAV: Rs. 10.0773 (Previous year N.A.) Cost Rs. 10.0000	350,000,000	-
Other Current Investments*	14,453,732,991	-
	15,384,028,698	28,167,390,503
Aggregate market value of quoted Investments	12,291,009,404	-
Aggregate book value of quoted Investments	12,283,782,991	-
Aggregate book value of unquoted Investments	3,100,245,707	28,167,390,503
Aggregate provision for diminution in value of investments	-	-

*Detail of Other Current Investments as at March 31 2012 (Previous Year is Rs. Nil)

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



(a) Investment in Bonds			
Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)
Indian Railway Finance Corporation Limited 8 / 8.15 LOA 23Fb22 (Quoted)	543,769	1,000	544,803,557
Indian Railway Finance Corporation Limited 8.1 /8.3 LOA 23Fb27 (Quoted)	1,473,769	1,000	1,456,026,996
National Highways Authority Of India 8.2 Bd 25Jn22 (Quoted)	247,238	1,000	250,381,165
National Highways Authority Of India 8.3 Bd 25Jn27 (Quoted)	397,237	1,000	404,996,146
Power Finance Corporation Ltd. Sr-83 9.55 LOA 13Jn15	500	1,000,000	499,950,000
Power Finance Corporation Ltd. Sr-i 8.2 Bd 01Fb22 LOA Upto 08Mr12 (Quoted)	284,787	1,000	285,579,112
Power Finance Corporation Ltd. Sr-ii 8.3 Bd 01Fb27 LOA Upto 08Mr12 (Quoted)	300,784	1,000	306,384,465
Power Grid Corporation Of India Limited Strpp- A 9.25 LOA 26Dc 15	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- B 9.25 LOA 26Dc16	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- C 9.25 LOA 26Dc17	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- D 9.25 LOA 26Dc18	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- E 9.25 LOA 26Dc19	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- F 9.25 LOA 26Dc20	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- G 9.25 LOA 26Dc21	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- H 9.25 LOA 26Dc22	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- I 9.25 LOA 26Dc23	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- J 9.25 LOA 26Dc24	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- K 9.25 LOA 26Dc25	40	1,250,000	50,000,000
Power Grid Corporation Of India Limited Strpp- L 9.25 LOA 26Dc26	40	1,250,000	50,000,000
Yes Bank Limited 10.5 BD	1,500	1,000,000	1,500,000,000
Total (a)			5,848,121,441

(b) Investment in Certificate of Deposits (Quoted)

Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)
Allahabad Bank CD 27Ju12	5,000	100,000	486,644,500
Axis Bank Limited CD 02My12	5,000	100,000	495,187,000
Bank Of Maharashtra CD 25Ju12	2,500	100,000	243,316,500
Corporation Bank CD 13Ju12	5,000	100,000	488,705,000
Dena Bank CD 06Ju12	5,000	100,000	490,183,000



Particulars	Quantity	Face Value (Rs.)	Amount (Rs.)
IDBI Bank Limited CD 08Ju12	5,000	100,000	489,762,000
Oriental Bank Of Commerce CD 30Ap12	500	100,000	49,558,050
Punjab And Sind Bank CD 01Ju12	5,000	100,000	490,891,500
Punjab National Bank CD 26Ju12	5,000	100,000	486,559,000
State Bank Of India CD 01Ju12	5,000	100,000	490,850,000
State Bank Of Patiala CD 19Ju12	5,000	100,000	488,244,000
Syndicate Bank CD 26Ju12	10,000	100,000	973,853,000
Uco Bank CD 04My12	5,000	100,000	494,898,500
Uco Bank CD 26Ju12	15,000	100,000	1,460,780,500
United Bank Of India CD 12Ju12	5,000	100,000	488,840,500
United Bank Of India CD 25Ju12	5,000	100,000	487,338,500
Total (b)			8,605,611,550
Grand Total [(a) + (b)]			14,453,732,991

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(18) Trade receivables		
Debts Outstanding for a period exceeding six months		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
Other Debts		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	204,055,000	9,564,955
	204,055,000	9,564,955
(19) Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	78,216,815	26,008,358
Cheques on hand	13,385,015	3,336,999
Balances with scheduled banks		
- in current accounts #	31,152,715,275	15,093,753,071
- in deposit accounts having original maturity less than three months	8,490,000,000	1,000,000,000
Other bank balances:		
- in deposit accounts having original maturity greater than three months upto one Year	50,000,000	165,268,344
- in deposit accounts having original maturity greater than one Year	492,664,524	2,851,530,624
- in deposit accounts held as margin money having maturity upto one Year	720,853,595	15,736,614
	40,997,835,224	19,155,634,010

includes Rs.13,302,016 (Previous Year Rs. 9,707,450) in designated unclaimed dividend accounts



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(20) Short-term loans and advances		
(i) Loans and Other Credit Facilities		
(a) Secured Loans (Refer Note 40)		
- Considered Good	35,438,075,589	29,981,252,523
Less: Assigned	4,243,742,960	964,926,705
	31,194,332,629	29,016,325,818
(b) Unsecured Loans (Refer Note 40)		
- Considered Good	4,148,475,907	9,204,246,945
- Considered Doubtful	22,385,043	-
Less: Assigned	-	1,511,004,092
	4,170,860,950	7,693,242,853
	35,365,193,579	36,709,568,671
		Amount (Rs.)
	As at	As at
	March 31, 2012	March 31, 2011
(ii) Unsecured Loans to Related Parties*		
(a) Indiabulls Capital Services Limited ⁽¹⁾	-	33,000,000
(Maximum balance outstanding at any time during the year Rs. 33,000,000, Previous Year Rs. 180,000,000)		
(b) Indiabulls Asset Holding Company Limited	-	150,000
(Maximum balance outstanding at any time during the year Rs. 200,000, Previous Year Rs. 150,000)		
(c) Ibulls Sales Limited	-	7,000,000
(Maximum balance outstanding at any time during the year Rs. 70,000,000, Previous Year Rs. 70,400,000)		
(iii) Amount receivable on assigned loans (Net) ⁽²⁾	-	40,597,805
	35,365,193,579	36,790,316,476



- (1) During the financial year 2008-09 the Company had advanced a sum of Rs. 1,455,673,000 by way of loans to three of its wholly owned subsidiaries – viz. Indiabulls Insurance Advisors Limited, Indiabulls Capital Services Limited and Indiabulls Advisory Services Limited. Those subsidiaries had incurred / provided for losses aggregating to Rs. 2,275,330,373 primarily as a result of dealing in securities in the previous financial year 2008-09. Based upon the availability of resources with those subsidiaries as at the previous financial year end to repay those loans, the Company had written off loans given to two of those subsidiaries -viz. Indiabulls Insurance Advisors Limited and Indiabulls Capital Services Limited aggregating to Rs. 1,136,173,000 as bad loans /advances. During the current financial year Indiabulls Capital Services Limited has fully repaid the Loan outstanding of Rs.33,000,000.
- (2) Amount receivable on assigned loans has been netted off against amount payable to related parties for Rs.Nil (Previous Year Rs.128,505,612)
- *All the above loans are interest free

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(21) Other current assets		
Advance Interest on Short term borrowing	381,171,611	268,080,948
Foreign Currency Forward Receivable	852,457,329	759,298,814
Security Deposit for Rented premises	7,472,197	6,846,049
Interest Accrued but not due on Deposits & Bonds	205,415,303	326,436,034
Interest Accrued but not due on Loans	1,509,270,592	1,015,691,913
Others	144 ,668,941	136,434,799
	<u>3,100,455,973</u>	<u>2,512,788,557</u>



	Year ended March 31, 2012	Amount (Rs.) Year ended March 31, 2011
(22) Revenue from Operations		
(a) Interest/Dividend Income		
Interest from Financing Activities	25,041,593,185	17,589,726,388
Interest on Pass Through Certificates / Bonds / Commercial Paper (Current investments)	164,508,760	41,921,136
Dividend on Units of Mutual Funds (Current investments)	1,703,392,740	561,271,065
Interest on deposits with Banks	291,924,752	384,432,700
(b) Income from Other Financial Services		
Income from Advisory Services	573,000,000	333,750,000
Commission on Insurance	17,884,876	29,753,762
Other Operating Charges ⁽¹⁾	1,395,525,092	1,301,944,050
Profit on Sale of Long Term Investment (Refer Note 13 (7))	-	213,500,000
Profit on Redemption / Appreciation on Mutual Funds & Bonds (Current investments)	79,265,542	40,650,875
Income from Service Fees	25,456,000	9,066
	29,292,550,947	20,496,959,042
(1) Other Operating Charges includes:		
Processing and Renewal Fees	813,889,165	1,023,507,368
Other fees and charges	581,635,927	278,065,850
Web Portal fees	-	370,832
	1,395,525,092	1,301,944,050
(23) Other Income		
Interest on Income Tax Refund	113,776,887	-
Provision for Interest on Taxes no longer required	13,174,287	-
Bad Debts recovered	429,279,101	273,085,026
Sundry Credit balances written back	13,840,485	15,824,184
Miscellaneous Income	37,554,001	10,844,673
	607,624,761	299,753,883
(24) Employee benefit expense		
Personnel Cost ⁽¹⁾	1,517,851,232	1,216,516,941
Contribution to Provident Fund and Other Funds ⁽²⁾	7,935,492	5,206,548
Employee Stock Compensation Expense	10,051,684	24,994,201
Provision for Gratuity, Compensated Absences and Superannuation Expense ⁽²⁾	100,816,085	55,162,778
Staff Welfare Expenses	17,592,948	10,507,174
	1,654,247,441	1,312,387,642



- (1) Personnel Costs include an amount of Rs. 2,023,843 (Previous Year Rs. 168,234,934) being cost of employees on deputation from other Group / erstwhile Group companies on specific job basis. The above has been apportioned from Indiabulls Housing Finance Limited a wholly owned subsidiary Company, amounting to Rs 2,023,843 (Previous Year Rs 168,234,934).
- (2) Employee Benefits – Provident Fund, ESIC, Gratuity, Leave Encashment (Compensated absences) and Superannuation (Pension & Medical coverage) benefit plans disclosures as per Accounting Standard (AS) 15 (Revised) – Employee Benefits as notified by the Companies (Accounting Standards) Rules, 2006 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. 7,935,492 (Previous Year Rs. 5,206,548) in the Statement of Profit and Loss towards Employer's contribution for the above mentioned funds.

Provision for unfunded Gratuity, Leave encashment (Compensated Absences) for all employees and unfunded Superannuation (Pension & Medical coverage) payable to a Promoter Director on retirement is based upon actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. 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)	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Reconciliation of liability recognised in the Balance Sheet:						
Present Value of commitments (as per Actuarial valuation)	63,589,426	38,459,183	29,018,583	15,419,427	194,252,856	128,045,581
Fair value of plan assets	-	-	-	-	-	-
Net liability in the Balance sheet (as per Actuarial valuation)	63,589,426	38,459,183	29,018,583	15,419,427	194,252,856	128,045,581
Movement in net liability recognised in the Balance Sheet:						
Net liability as at the beginning of the year	38,459,183	25,897,263	15,419,427	12,872,093	128,045,581	88,215,795
Amount paid during the year	6,645,987	(161,096)	178,692	(62,642)	-	-

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Particulars	Amount (Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Net expenses recognised in the Statement of Profit and Loss	24,177,416	12,723,016	10,431,394	2,609,976	66,207,275	39,829,786
Contribution during the year	7,598,814	–	3,346,454	–	–	–
Net liability as at the end of the year	63,589,426	38,459,183	29,018,583	15,419,427	194,252,856	128,045,581
Expenses recognised in the Statement of Profit and Loss:						
Current service cost	15,117,696	11,089,895	5,070,562	5,276,634	19,334,581	14,226,923
Past service cost	–	–	–	–	–	–
Interest Cost	3,541,078	2,150,626	1,450,038	1,001,577	12,888,505	8,362,848
Expected return on plan assets	–	–	–	–	–	–
Actuarial (gains) / losses	5,518,642	(517,505)	3,910,794	(3,668,235)	33,984,189	17,240,015
Expenses charged to the Statement of Profit and Loss	24,117,416	12,723,016	10,431,394	2,609,976	66,207,275	39,829,786
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	38,459,183	25,897,263	15,419,427	12,872,093	128,045,581	88,215,795
Current service cost	15,117,696	11,089,895	5,070,562	5,276,634	19,334,581	14,226,923
Past service cost	–	–	–	–	–	–
Interest cost	3,541,078	2,150,626	1,450,038	1,001,577	12,888,505	8,362,848
Paid / (Received) benefits	952,857	(161,096)	3,167,762	(62,642)	–	–
Actuarial (gains) / losses	5,518,642	(517,505)	3,910,794	(3,668,235)	33,984,189	17,240,015
Commitments as at the end of the year	63,589,426	38,459,183	29,018,583	15,419,427	194,252,856	128,045,581

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Particulars	Amount (Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
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. means Not applicable						

Gratuity (Unfunded)	Amount (Rs.)				
	Financial Years				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Experience adjustment					
On plan liabilities	(5,515,279)	(1,546,618)	7,745,174	10,338,978	–#
On plan assets	–	–	–	–	–
Present value of benefit obligation	63,589,426	38,459,183	25,897,263	23,736,716	19,512,932
Fair value of plan assets	–	–	–	–	–
Excess of (obligation over plan assets) / plan assets over obligation	63,589,426	38,459,183	25,897,263	23,736,716	19,512,932

Compensated Absences (Unfunded)	Amount (Rs.)				
	Financial Years				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Experience adjustment					
On plan liabilities	(3,906,597)	2,547,334	5,770,664	8,009,381	–#
On plan assets	–	–	–	–	–
Present value of benefit obligation	29,018,583	15,419,427	12,872,093	12,824,850	12,473,314
Fair value of plan assets	–	–	–	–	–
Excess of (obligation over plan assets) / plan assets over obligation	29,018,583	15,419,427	12,872,093	12,824,850	12,473,314

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Superannuation (Unfunded)	Financial Years					Amount (Rs.)
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	
Experience adjustment						
On plan liabilities	(34,027,822)	(27,082,061)	(15,787,788)	11,876,419		-#
On plan assets	-	-	-	-	-	-
Present value of benefit obligation	194,252,856	128,045,581	88,215,795	63,049,049	57,400,000	
Fair value of plan assets	-	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	194,252,856	128,045,581	88,215,795	63,049,049	57,400,000	

#Not Available

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)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Discount rate	8.50%	8.00%	8.50%	8.00%	8.50%	8.00%
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected rate of salary increase	5.50%	5.00%	5.50%	5.00%	5.50%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Retirement Age	60	60	60	60	60	60

N.A. means 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. 24,169,165 (Previous year Rs. 17,766,307) Rs. 9,158,367 (Previous year Rs. 5,339,523) and Rs. 37,087,593 (Previous year Rs. 25,241,254) respectively.

	Amount (Rs.)	
	Year ended March 31, 2012	Year ended March 31, 2011
(25) Finance Costs		
Interest on Loans ⁽¹⁾	10,650,667,353	4,806,874,044
Interest on Non-Convertible Debentures	2,649,101,043	1,115,165,659
Interest on Commercial Papers	2,044,563,438	1,612,115,074
Interest on Vehicle Loans	209,527	460,606
Processing and other Fees	98,685,796	89,578,881
Arranger fees	5,240,693	-
Interest on Taxes	-	52,785,234
Bank / Finance Charges ⁽¹⁾	6,673,081	55,262,969
	15,455,140,931	7,732,242,467



- (1) During the year, the Company has booked Premium on Forward Contracts amounting to Rs. 41,510,733 (Previous Year Rs. 14,387,634) included in Interest on Loans and unrealised marked to market loss towards derivatives (Interest Rate Swaps) amounting to Rs. Nil (Previous Year Rs. 34,445,424) which has been included under Bank / Finance Charges. Derivative instruments that are outstanding as at March 31, 2012 is as given below:-
- I. Forward Exchange contracts entered for hedging purposes as at March 31, 2012 is for USD 16,663,715 (Previous Year USD 16,472,655 (Buy)) against cross currency of INR.
 - II. Interest Rate Swaps for Notional Principal of Rs. 2,750,000,000 (Previous Year Rs. 5,000,000,000) for a total of 8 contracts (Previous Year 12) against fluctuations in interest rate changes.
 - III. Year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise for professional charges is for Rs. 9,879,795 (Previous Year Rs. 8,622,612) (USD 193,116 (Previous Year USD 193,116)).

	Year ended		Amount (Rs.)	
	March 31, 2012		Year ended	
			March 31, 2011	
(26) Other Expenses*				
Commission		114,440,407		107,780,019
Client Verification Charges		19,456,342		19,578,011
Demat Charges		1,070,623		878,594
Stamp Duty		23,626,218		17,803,563
Collection Charges		3,105,289		3,095,970
Advertisement		105,448,071		32,290,502
Recruitment Expenses		1,008,321		475,335
Repairs & Maintenance - others		93,491,542		102,966,572
Electricity Expenses		36,520,175		35,528,779
Printing & Stationery		15,045,639		15,210,372
Rent and other charges**		421,190,713		319,887,974
Statutory Fees		9,945,693		6,413,591
Communication Expenses		48,758,380		51,519,827
Travelling & Conveyance		79,901,342		73,991,481
Legal & Professional Charges		345,547,939		441,846,873
Business Promotion		37,140,696		23,270,632
Payment to Auditor's Comprises (Net of Service Tax input credit Rs 1,082,273 ; Previous Year Rs.1,205,100):				
As Auditors - Statutory Audit		14,139,560		10,000,000
For Certification		882,400		800,000
For Other attest services		4,495,163		-
Reimbursement of Expenses		992,700		900,000
Bad Loans / Advances written off	1,187,789,059		1,362,055,323	
Less: Adjusted against provision for earlier years	444,999,780	742,789,279	424,037,716	938,017,607

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	Year ended March 31, 2012	Amount (Rs.) Year ended March 31, 2011
Provision for Loan Assets	1,194,590,663	1,014,733,467
Contingent Provisions against Standard Assets (net)	52,090,427	391,878,816
Assignment expenses	–	24,548,130
Loss on Sale of Fixed Assets	6,863,434	25,447,954
Donations	10,001,600	88,500,000
Miscellaneous Expenses	5,473,166	2,522,455
	3,388,015,782	3,749,886,524

* Other Administrative Costs apportioned from Indiabulls Housing Finance Limited a wholly owned subsidiary Company aggregated to Rs. Nil (Previous Year Rs. 21,145,972).

** The Company has taken office premises on Lease and Leave & License basis at various locations in India. Lease rent / License fees amounting to Rs 387,757,723 (Previous Year: License Fees Rs 289,584,451) in respect of the same have been charged to the Statement of Profit and Loss. The agreements have been executed for a period ranging from 11 months to 10 years with a renewable clause and also provide for termination at will by either party giving a prior notice period between 30 to 90 days. The minimum lease rentals outstanding as at March 31, 2012, are as under:

Particulars	Amount (Rs.) Minimum Lease Rentals	
	As at March 31, 2012	As at March 31, 2011
Within one year	354,385,663	334,294,589
One to Five years	845,188,133	1,051,868,216
Above Five Years	90,842,696	53,495,717

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(27) Explanatory Notes		
(i) Long Term Secured Redeemable Non Convertible Debentures:-		
10.15% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Feb-2022*	5,000,000,000	–
10.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-Sep-2021	5,000,000,000	–
10.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Aug-2015	5,500,000,000	5,500,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 02-Mar-2015*	270,000,000	–
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 13-Feb-2015*	800,000,000	–

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 18-Dec-2014*	80,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 18-Dec-2014	250,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 25-Nov-2014	600,000,000	–
4.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 18-Nov-2014	3,000,000,000	–
10.85% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Oct-2014	500,000,000	–
10.75% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Sep-2014	1,000,000,000	1,000,000,000
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Aug-2014	150,000,000	–
10.70% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 08-Jul-2014	350,000,000	–
11.20% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 15-Apr-2014	500,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 14-Mar-2014*	2,000,000,000	–
10.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 14-Feb-2014	2,500,000,000	2,500,000,000
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 13-Feb-2014*	600,000,000	–
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 10-Feb-2014	250,000,000	–
10.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-Feb-2014	500,000,000	500,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 09-Dec-2013	500,000,000	–
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 09-Sep-2013	1,500,000,000	–
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 06-Sep-2013	150,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 10-Aug-2013	2,500,000,000	2,500,000,000
10.80% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 08-Aug-2013	750,000,000	–
10.70% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 19-Jul-2013	300,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 05-Jul-2013	12,600,000,000	12,600,000,000
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 12-Jun-2013	340,000,000	–



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 13-May-2013	220,000,000	–
0.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 16-Apr-2013*	80,000,000	–
9.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Mar-2013	–	300,000,000
10.10% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Dec-2012	–	1,500,000,000
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 08-Sep-2012	–	3,000,000,000
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 28-May-2012	–	300,000,000
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 15-May-2012	–	450,000,000
7.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 07-May-2012	–	75,000,000
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 23-Apr-2012	–	650,000,000
	47,790,000,000	30,875,000,000

* As at the year end, the company was in the process of creating the charge / security on assets. Subsequent to the year end, the charge has been created.

	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
(ii) Term Loans / Working Capital Demand Loans:		
These loans are repayable in quarterly installments with moratorium period of 6 months from the date of disbursement. The balance tenure for these loans is 50 months (average) from the Balance Sheet date.	2,902,966,666	3,000,000,000
This loan is repayable in half yearly installments with moratorium period of 2 years from the date of disbursement. The balance tenure for this loan is 16 months from the Balance Sheet date.	125,000,000	125,000,000
These loans are repayable in quarterly installments with moratorium period of 1 year from the date of disbursement. The balance tenure for these loans is 30 months (average) from the Balance Sheet date.	6,750,000,000	9,000,000,000
These loans are repayable in yearly installments from the date of disbursement. The balance tenure for these loans is 27 months (average) from the Balance Sheet date.	3,875,000,000	6,100,000,000
These loans are repayable in yearly installments with the moratorium period of 2 years from the date of disbursement. The balance tenure for these loans is 48 months (average) from the Balance Sheet date.	10,850,000,000	9,350,000,000



	As at March 31, 2012	Amount (Rs.) As at March 31, 2011
This loan is repayable in half yearly installments from the date of disbursement. The balance tenure for this loan is 7 months from the Balance Sheet date.	50,000,000	200,000,000
These loans are repayable in bullet at the end of the tenure from the date of disbursement. The balance tenure for these loans is 22 months (average) from the Balance Sheet date.(1) & (2)	47,552,272,087	40,435,504,063
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 is 41 months (average) from the Balance Sheet date.	18,000,000,000	18,000,000,000
This loan is repayable in monthly installments from the date of disbursement. The balance tenure for this loan is 44 months from the Balance Sheet date.	2,265,000,000	2,895,000,000
These loans are repayable in quarterly installments from the date of disbursement. The balance tenure for these loans is 14 months (average) from the Balance Sheet date.	1,406,250,000	–
This loan is repayable in quarterly installments after the moratorium period of 2 years from the date of disbursement. The balance tenure for this loan is 42 months from the Balance Sheet date.	5,000,000,000	5,000,000,000
This loan is repayable in quarterly installments after the moratorium period of 1 year from the date of disbursement. The balance tenure for this loan is 26 months from the Balance Sheet date.	1,000,000,000	–
These loans are repayable in half yearly installments after the moratorium period of 1 year from the date of disbursement. The balance tenure for these loans is 10 months (average) from the Balance Sheet date.	900,000,000	1,600,000,000
This loan is repayable in half yearly installments after the moratorium period of 6 month from the date of disbursement. The balance tenure for this loan is 9 months from the Balance Sheet date.	260,000,000	520,000,000
This loan is repayable in monthly installments after the moratorium period of 9 month from the date of disbursement. The balance tenure for this loan is 12 months (average) from the Balance Sheet date.	2,250,000,000	–
	103,186,488,753	96,225,504,063
The above Term loans are secured by hypothecation of loan Receivables/Current Assets/Cash and Cash Equivalents of the Company.		
(1) Includes Rs. 1,000,000,000 of Unsecured loan		
(2) Includes Rs. 1,000,000,000 of loan taken from other than Banks		



	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
(iii) Short Term Secured Redeemable, Non Convertible Debentures:-		
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 4-June-2012	200,000,000	–
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 7-May-2012	300,000,000	–
	500,000,000	–

	Amount (Rs.)	
	As at March 31, 2012	As At March 31, 2011
(iv) Current Maturity of Secured Long Term Redeemable Non Convertible Debentures:		
9.00% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Mar-2013	300,000,000	–
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 14-Feb-2013*	600,000,000	–
10.10% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Dec-2012	1,500,000,000	–
10.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 5-Oct-2012	100,000,000	–
10.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Sept-2012	500,000,000	–
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 8-Sept-2012	3,000,000,000	–
10.65% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 6-Aug-2012	250,000,000	–
10.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 30-Jul-2012	500,000,000	–
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 28-May-2012	300,000,000	–
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 15-May-2012	450,000,000	–
7.60% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 7-May-2012	75,000,000	–
10.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 27-Apr-2012	300,000,000	–
10.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemable on 23-Apr-2012	650,000,000	–
8.40% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 19-Mar-2012	–	750,000,000
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 29-Feb-2012	–	500,000,000

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As At March 31, 2011
8.90% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 27-Feb-2012	–	1,000,000,000
8.50% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 26-Aug-2011	–	750,000,000
7.25% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 04-May-2011	–	1,400,000,000
7.25% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 04-May-2011	–	200,000,000
7.35% Non Convertible Debentures of Face value Rs. 1,000,000 each Redeemed on 22-Apr-2011	–	750,000,000
	8,525,000,000	5,350,000,000

* as at the year end, the company was in the process of creating the charge / security on assets, Subsequent to the year end, the charge has been created.

(v) Commercial Papers		
Commercial Paper of Face Value of Rs. 500,000 each Redeemable on 14-Mar-2013	250,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 08-Feb-2013	600,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 03-Dec-2012	90,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 06-Nov-2012	150,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 27-Aug-2012	30,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 27-Aug-2012	70,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 28-Jun-2012	1,750,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 25-Jun-2012	500,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 22-Jun-2012	750,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 21-Jun-2012	250,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 19-Jun-2012	50,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 19-Jun-2012	750,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 18-Jun-2012	500,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 15-Jun-2012	150,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 14-Jun-2012	500,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 14-Jun-2012	1,350,000,000	–

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



	As at March 31, 2012	Amount (Rs.) As At March 31, 2011
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 14-Jun-2012	1,000,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 14-Jun-2012	500,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 13-Jun-2012	1,000,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 24-May-2012	1,000,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 22-May-2012	250,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 16-May-2012	500,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 07-May-2012	1,000,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 02-May-2012	1,000,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 02-May-2012	150,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 25-Apr-2012	1,000,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 25-Apr-2012	2,000,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 18-Apr-2012	500,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemable on 05-Apr-2012	400,000,000	–
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 26-Aug-2011	–	200,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 04-Aug-2011	–	150,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 29-Jun-2011	–	2,500,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 17-Jun-2011	–	1,000,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 17-Jun-2011	–	1,000,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 13-Jun-2011	–	1,500,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 06-Jun-2011	–	2,500,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 06-Jun-2011	–	500,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 31-May-2011	–	500,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 11-May-2011	–	2,000,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 11-May-2011	–	250,000,000



	As at March 31, 2012	Amount (Rs.) As At March 31, 2011
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 10-May-2011	–	3,000,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 10-May-2011	–	250,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 04-May-2011	–	1,000,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 29-Apr-2011	–	2,000,000,000
Commercial Paper of Face value of Rs. 500,000 each Redeemed on 11-Apr-2011	–	500,000,000
	18,040,000,000	18,850,000,000
(vi) Subordinate Debt		
11.00% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 30-Mar-2022	50,000,000	–
11.00% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 30-Mar-2022	100,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Feb-2022	200,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	110,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	100,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	2,000,000	–
11.85% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-Jan-2022	150,000,000	–
11.60% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 22-Jun-2017	1,000,000	–
11.60% Unsecured Subordinate Debentures of Face value Rs. 1,000,000 each Redeemable on 31-May-2017	150,000,000	–
	863,000,000	–

(28) (1) Contingent liability not provided for in respect of:

- (a) Corporate counter guarantees outstanding in respect of credit facilities availed by subsidiaries for the year ended March 31, 2012 amounting to Rs. 500,000,000 (Previous Year Rs. 500,000,000).
- (b) Corporate counter guarantees outstanding in respect of assignment agreements entered by Company and/or its subsidiaries with different assignees as at March 31, 2012 is Rs. 2,742,425,789 (Previous Year Rs. 69,536,145) against which collateral deposit of Rs. 153,860,048 (Previous Year Rs. 142,800,000) for year ended March 31, 2012 is being provided to the assignees by the Company and/or its subsidiaries in the form of Fixed Deposit Receipts.
- (c) Demand raised u/s 143(3) of the Income Tax Act, 1961 for Rs. 33,821,339 with respect to the Financial Year 2007-08 and Rs. 12,301,239 with respect to the Financial Year 2008-09 against which an appeal has been filed with CIT (Appeals). The Company expects a favourable order against said appeal filed.
- (d) Arbitration award passed by the international arbitrator against the Company for Rs.



1,920,007,000 (Previous Year Rs. 1,920,007,000) for purchase of 42.5% stake in Indiabulls Finance Company Private Limited (IFCPL), which is disputed by the Company. The Company currently holds 57.5% Equity stake in IFCPL. (Refer Note No. 13(3))

(2) Other Commitments

(a) Capital commitments as at March 31, 2012 (net of advances) Rs. 3,009,976,950 (Previous Year Rs. 8,277,368) includes Rs. 3,000,000,000 towards purchase of commercial property.

- (29)** The Company has complied with 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").
- (30)** During the financial year 2007-08, the Company had restructured its business operations through a scheme of arrangement Under Sections 391 – 394 of the Companies Act, 1956 (duly sanctioned by the Hon'ble High Court of Judicature at Delhi on November 23, 2007). The Scheme of Arrangement provided for the amalgamation of Indiabulls Credit Services Limited ("ICSL") with the Company and the demerger of the securities broking and advisory business (a part of fee income) of the Company as a going concern, to Indiabulls Securities Limited ("ISL"). Upon coming into effect of the Scheme on December 24, 2007 and with effect from the Appointed Date on April 01, 2007, ICSL stands amalgamated with the Company and the securities broking and advisory business (a part of Fee Income) of the Company stands demerged from the Company and transferred to and vested in ISL on a going concern basis.
- (31)** During the financial year 2004-05, the Company completed listing of its Equity Shares on the Bombay Stock Exchange, Mumbai and the National Stock Exchange by way of an Initial Public Offering consisting of 27,187,519 Equity Shares of Rs. 2 each at a premium of Rs. 17 per share.

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

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

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

During the financial year 2007-08, the Company has issued 22,970,903 Global Depository Receipts (GDRs) which were listed at the Luxembourg Stock Exchange, at an offer price of US\$ 13.06 per GDR. Each GDR represents 1 Equity Share of Rs. 2 each of the Company.

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

As at the year end 3,238,415 (Previous Year: 7,125,441) GDR's were outstanding and were eligible for conversion into Equity Shares. The Company does not have information with respect to individuals holding these GDR's.

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



(32) During the financial year 2008-09, there was a variation in the terms of Appointment of Mr. Rajiv Rattan pursuant to Section 302 of the Companies Act, 1956. Mr. Rajiv Rattan who was appointed as a Whole-time Director of the Company on February 27, 2004 (effective from February 28, 2004) and had been drawing remuneration from the Company with effect from August 1, 2005, pursuant to the shareholders approval, accorded in the Annual General Meeting of the Company dated July 26, 2005. Subsequently, effective from March 6, 2008, he was designated as Vice Chairman of the Company. While the terms of his remuneration as approved by the Shareholders authorise him to receive remuneration from the Company upto February 27, 2009, in the Board meeting dated July 25, 2008 Mr. Rajiv Rattan expressed his desire to continue as the Vice Chairman of the Company, without any remuneration, effective from September 1, 2008. The last drawn remuneration by Mr. Rajiv Rattan was Rs.3,690,500 per month. Accordingly, in deference of his desire the Board had decided that with effect from September 1, 2008 Mr. Rajiv Rattan would be Vice Chairman of the Company without any remuneration.

(33) (a) **Expenditure in Foreign Currency:**

Particulars	Year ended March 31, 2012 (Rs.)	Year ended March 31, 2011 (Rs.)
Professional Expenses	35,890,612	32,921,412
GDRs listing / Issue related expense	976,829	690,615
Travelling Expense	6,029,459	10,421,014
Interest Expenses on Foreign Currency Loan	37,980,628	7,443,678
Advertisement/Corporate Sponsorship Expenses	11,108,375	-
Total	91,985,903	51,476,719

(b) **Remittances during the year in foreign currency on account of dividends:**

Final Dividend (Year ended March 31, 2011)

Number of Shareholders: 2 (Previous Year 3)

Equity Shares held on which dividend is remitted: – 12,776,920 Equity Shares
(Previous Year 18,752,135)

Amount Remitted- Rs. 63,884,600 (Previous Year Rs. 93,760,675 for Year ended March 31, 2010)

Interim Dividend (Year ended March 31, 2012)

Number of Shareholders: 2 (Previous Year 3)

Equity Shares held on which dividend is remitted: – 12,776,920 Equity Shares (Previous Year
12,828,020)

Amount Remitted- Rs. 76,661,520 (Previous Year Rs. 64,140,100 for the Year ended March 31,
2011)

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.

(34) **Segment Reporting:**

Segment information for the year ended March 31, 2012, 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)

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Particulars	Amount (Rs.)		
	Investing and financing related activities	Fee Income	Total
Segment Revenue	28,676,210,071	616,340,876	29,292,550,947
	<i>20,133,446,214</i>	<i>363,512,828</i>	<i>20,496,959,042</i>
Segment Result	8,775,993,994	537,513,931	9,313,507,925
	<i>7,770,966,341</i>	<i>362,849,296</i>	<i>8,133,815,637</i>
Add: Unallocated income net of other unallocated expenditure			–
			–
Less: Unallocated expenditure net of other unallocated income			(10,161,416)
			225,072,062
Less: Income taxes, Deferred tax Credit (Net)			2,085,752,961
			1,821,833,936
Profit after tax			7,237,916,380
			6,086,909,639
Segment Assets	221,447,362,810	204,163,396	221,651,526,206
	<i>201,132,506,347</i>	<i>45,673,420</i>	<i>201,178,179,767</i>
Unallocated Corporate Assets			30,943,075,341
			16,838,729,436
Total Assets			252,594,601,547
			218,016,909,203
Segment Liabilities	204,904,062,118	40,000,000	204,944,062,118
	<i>173,453,060,208</i>	–	<i>173,453,060,208</i>
Unallocated Corporate Liabilities			4,915,026,177
			3,044,977,265
Total Liabilities			209,859,088,295
			176,498,037,473
Capital Expenditure	76,266,039	–	76,266,039
	<i>60,256,542</i>	–	<i>60,256,542</i>
Unallocated Capital Expenditure			31,806,457
			21,341,628
Total Capital Expenditure			108,072,496
			81,598,170
Depreciation / Amortisation	69,966,260	25,357	69,991,617
	<i>86,181,480</i>	<i>25,288</i>	<i>86,206,768</i>
Unallocated Depreciation / Amortisation			9,110,598
			7,245,949
Total Depreciation / Amortisation			79,102,215
			93,452,717
Non-Cash expenditure other than depreciation / Amortisation	1,303,557,061	–	1,303,557,061
	<i>1,081,849,779</i>	–	<i>1,081,849,779</i>
Unallocated Non-Cash expenditure other than depreciation / Amortisation			106,486,554
			54,939,040
Total Non-Cash Expenditure other than depreciation / Amortisation			1,410,043,615
			1,136,788,819

(Figures in respect of Previous Year are stated in Italics)

Notes forming part of the Financial Statements

for the year ended March 31, 2012 (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.
 - 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 (Note 1) above
- (35) 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 parties where control exists:

Subsidiaries

Indiabulls Insurance Advisors Limited
Indiabulls Finance Company Private Limited
Indiabulls Capital Services Limited
Indiabulls Housing Finance Limited
Indiabulls Infrastructure Credit Limited
Indiabulls Collection Agency Limited
Ibulls Sales Limited
Indiabulls Advisory Services Limited
Nilgiri Financial Consultants Limited
(Subsidiary of Indiabulls Insurance Advisors Limited)
Indiabulls Life Insurance Company Limited
Indiabulls Asset Holding Company Limited
Indiabulls Asset Management Company Limited
Indiabulls Trustee Company Limited
Indiabulls Holdings Limited
Indiabulls Alternative Asset Management Pvt Ltd
Indiabulls Venture Capital Management Company Limited
(Subsidiary of Indiabulls Holdings Limited)
Indiabulls Venture Capital Trustee Company Limited
(Subsidiary of Indiabulls Holdings Limited)

b) Related Party where significant influence exists:

Associate

Indiabulls Asset Reconstruction Company Limited
Indian Commodity Exchange Limited (Associate upto December 12, 2010)

c) Other related parties:

Key Management Personnel

Mr. Sameer Gehlaut, Whole time Director
Mr. Rajiv Rattan, Director
Mr. Saurabh Kumar Mittal, Director
Mr. Gagan Banga, Whole time Director / CEO
Mr. Ashwini Omprakash Kumar, Person exercising significant influence over the Company (w.e.f. 01-Apr-2011)

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



d) Significant transactions with Related Parties during the year ended March 31, 2012

Amounts (Rs.)

Nature of Transaction	Subsidiary Companies	Associate	Others	Key Management Personnel	Total
Finance					
Loans Taken (maximum balance outstanding during the year)	655,200,000	51,000,000	–	–	706,200,000
	1,682,000,000	51,000,000	–	–	1,733,000,000
Loans Given (maximum balance outstanding during the year)	4,493,200,000	–	–	–	4,493,200,000
	7,709,920,000	–	–	–	7,709,920,000
Interest Expense	47,839,971	1,257,534	–	–	49,097,505
	120,061,603	2,179,726	–	–	122,241,329
Investments					
Investments in Equity Shares	–	–	–	–	–
	3,009,190,920	–	–	–	3,009,190,920
Investment in Non Convertible Debentures (Perpetual Bonds)	3,000,000,000	–	–	–	3,000,000,000
	–	–	–	–	–
Redemption of Preference Shares	–	–	–	–	–
	6,000,000,000	–	–	–	6,000,000,000
Share Application Money Paid & Received Back	–	–	–	–	–
	82,617,602	–	–	–	82,617,602
Sale of Equity Shares to Subsidiary	–	–	–	–	–
	1,000,000	–	–	–	1,000,000
Issue of Equity Shares Under ESOP Scheme (Based on the Exercise price)	–	–	–	17,048,495	17,048,495
	–	–	–	5,980,025	5,980,025
Income					
Interest Income	–	–	–	–	–
	3,003,001	–	–	–	3,003,001
Expenses					
Remuneration paid	–	–	–	196,133,382	196,133,382
	–	–	–	136,899,262	136,899,262
Salary Paid	–	–	–	14,068,022	14,068,022
	–	–	–	–	–
Reimbursement of Expenses to Subsidiaries/Associates (paid)	2,023,843	–	–	–	2,023,843
	192,742,736	1,244	–	–	192,743,980
Commission/Consultancy Paid	79,000,000	–	–	–	79,000,000
	53,000,000	–	–	–	53,000,000
Service Fee paid	5,350,000	–	–	–	5,350,000
	–	–	–	–	–
Reimbursement of Expenses from Subsidiaries / Associate	60,206,588	–	–	–	60,206,588
	4,020,581	–	–	–	4,020,581

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Nature of Transaction	Subsidiary Companies	Associate	Others	Key Management Personnel	Total
Other					
Sale of Loan Receivables	132,264,282	-	-	-	132,264,282
	<i>2,131,234,264</i>	-	-	-	<i>2,131,234,264</i>
Purchase of Loan Receivables	17,831,342,549	-	-	-	17,831,342,549
	<i>15,171,981,951</i>	-	-	-	<i>15,171,981,951</i>
Sale of current Investment	734,702,250	-	-	-	734,702,250
	-	-	-	-	-
Purchase of current Investment	738,089,250	-	-	-	738,089,250
	-	-	-	-	-

(Figures in respect of Previous Years are stated in italics)

e) Outstanding balances as on March 31, 2012:

Amounts (Rs.)

Nature of Transaction	Subsidiary Companies	Associate	Others	Key Management Personnel	Total
Loans Given	-	-	-	-	-
	<i>40,150,000</i>	-	-	-	<i>40,150,000</i>
Loans Taken	-	-	-	-	-
	<i>575,200,000</i>	<i>51,000,000</i>	-	-	<i>626,200,000</i>
Corporate Counter guarantees provided to third parties	500,000,000	-	-	-	500,000,000
	<i>569,536,145</i>	-	-	-	<i>569,536,145</i>
Assignment Payable/ (Receivable) (Net)	51,382,802	-	-	-	51,382,802
	<i>128,505,612</i>	-	-	-	<i>128,505,612</i>

(Figures in respect of Previous Years are stated in italics)

f) Statement of Material transactions:

Amounts (Rs.)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Loan received (maximum balance outstanding)		
Subsidiaries		
- Indiabulls Finance Company Private Limited	400,000,000	320,000,000
- Indiabulls Housing Finance Limited	-	500,000,000
- Indiabulls Infrastructure Credit Limited	-	600,000,000
- Indiabulls Assets Management Company Limited	134,200,000	141,000,000
- Indiabulls Collection Agency Limited	121,000,000	121,000,000
Associates		
- Indiabulls Asset Reconstruction Company Limited	51,000,000	51,000,000



Particulars	Amounts (Rs.)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Loan given (maximum balance outstanding)		
Subsidiaries		
- Indiabulls Finance Company Private Limited	–	870,000,000
- Indiabulls Housing Finance Limited	4,280,000,000	5,194,000,000
- Indiabulls Capital Services Limited	33,000,000	180,000,000
- Indiabulls Life Insurance Company Limited	–	44,870,000
- Indiabulls Infrastructure Credit Limited	110,000,000	1,350,000,000
- Indiabulls Assets Holding Company Limited	200,000	150,000
- Ibulls Sales Limited	70,000,000	70,400,000
- Indiabulls Assets Management Company Limited	–	500,000
Counter Guarantee to third parties		
Subsidiaries		
- Indiabulls Housing Finance Limited	500,000,000	500,000,000
Interest Received		
Subsidiaries		
- Indiabulls Finance Company Private Limited	–	1,413,014
- Indiabulls Life Insurance Company Limited	–	930,513
- Ibulls Sales Limited	–	659,474
Investment in Equity Shares		
Subsidiaries		
- Indiabulls Holdings Limited	–	1,500,000
- Indiabulls Alternative Asset Management Private Limited	–	7,690,800
- Indiabulls Housing Finance Limited	–	3,000,000,120
Investment in Non convertible Debentures (Perpetual Bonds)		
Subsidiaries		
- Indiabulls Housing Finance Limited	3,000,000,000	–
Redemption of Preference Shares		
Subsidiaries		
- Indiabulls Advisory Services Limited	–	2,000,000,000
- Indiabulls Infrastructure Credit Limited	–	4,000,000,000
Sale of Equity Shares to Subsidiary Company		
Subsidiaries		
- Indiabulls Holdings Limited	–	1,000,000
Issue of Equity Shares Under ESOP Scheme		
- Mr. Gagan Banga	17,048,495	5,980,025
Share Application Money Paid and Received Back		
Subsidiaries		
- Indiabulls Alternative Asset Management Private Limited	–	82,617,602
Interest Expense		
Subsidiaries		

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Particulars	Amounts (Rs.)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
- Indiabulls Finance Company Private Limited	41,548,190	72,828,370
- Indiabulls Infrastructure Credit Limited	–	30,043,233
- Indiabulls Asset Management Company Limited	3,308,219	5,912,630
- Indiabulls Collection Agency Limited	2,983,562	5,171,507
- Indiabulls Housing Finance Limited	–	6,105,863
Associates		
- Indiabulls Asset Reconstruction Company Limited	1,257,534	2,179,726
Remuneration		
- Mr. Sameer Gehlaut	165,757,732	113,565,926
- Mr. Gagan Banga	30,375,650	23,333,336
Salary Paid		
- Mr. Ashwini Omprakash Kumar	14,068,022	–
Reimbursement of Expenses received		
Subsidiaries		
- Nilgiri Financial Consultants Limited	2,000	–
- Indiabulls Advisory Services Limited	3,632,280	–
- Indiabulls Housing Finance Limited	55,595,792	2,552,783
- Indiabulls Asset Management Company Limited	4,000	–
- Indiabulls Collection Agency Limited	5,500	–
- Indiabulls Insurance Advisors Limited	1,000	500
- Indiabulls Finance Company Private Limited	2,000	218,053
- Indiabulls Capital Services Limited	2,500	500
- Indiabulls Asset Holding Company Limited	2,000	–
- Indiabulls Life Insurance Company Limited	2,000	–
- Indiabulls Infrastructure Credit Limited	1,500	–
- Indiabulls Trustee Company Limited	7,000	–
- Ibulls Sales Limited	930,016	1,129,135
- Indiabulls Venture Capital Management Company Limited	2,500	–
- Indiabulls Venture Capital Trustee Company Limited	2,000	–
- Indiabulls Holdings Limited	8,000	119,610
- Indiabulls Asset Reconstruction Company Limited	6,500	–
Reimbursement of Expenses paid		
Subsidiaries		
- Indiabulls Housing Finance Limited	2,023,843	192,742,736
Associates		
- Indian Commodity Exchange Limited (Associate upto December 12, 2010)	–	1,244
Commission/Consultancy Paid		
Subsidiaries		
- Ibulls Sales Limited	25,000,000	53,000,000
- Indiabulls Asset Management Company Limited	30,000,000	–



Particulars	Amounts (Rs.)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
- Nilgiri Financial Consultants Limited	24,000,000	-
Service Fee Paid		
Subsidiaries		
- Indiabulls Housing Finance Limited	5,350,000	-
Sale of Loan Receivables		
Subsidiaries		
- Indiabulls Housing Finance Limited	132,264,282	28,196,603
- Indiabulls Infrastructure Credit Limited	-	2,103,037,661
Purchase of Loan Receivables		
Subsidiaries		
- Indiabulls Housing Finance Limited	17,831,342,549	12,185,904,104
- Indiabulls Infrastructure Credit Limited	-	2,986,077,847
Sale of Current Investment		
Subsidiaries		
- Indiabulls Housing Finance Limited	734,702,250	-
Purchase of Current Investment		
Subsidiaries		
- Indiabulls Housing Finance Limited	738,089,250	-

(Figures in respect of Previous Years are stated in italics)

g) Breakup of outstanding Balances

Outstanding Balances	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
Loan Given		
Subsidiaries		
- Indiabulls Capital Services Limited	-	33,000,000
- Indiabulls Assets Holding Company Limited	-	150,000
- Indiabulls Sales Limited	-	7,000,000
Loan Taken		
Subsidiaries		
- Indiabulls Finance Company Private Limited	-	320,000,000
- Indiabulls Asset Management Company Limited	-	134,200,000
- Indiabulls Collection Agency Limited	-	121,000,000
Associates		
- Indiabulls Asset Reconstruction Company Limited	-	51,000,000
Assignment Payable / (Receivable) (Net)		
- Indiabulls Housing Finance Limited	32,974,498	117,708,407
- Indiabulls Infrastructure Credit Limited	18,408,304	10,797,205



Outstanding Balances	Amount (Rs.)	
	As at March 31, 2012	As at March 31, 2011
Corporate Counter Guarantee to third parties		
Subsidiaries		
- Indiabulls Housing Finance Limited	500,000,000	569,536,145

(Figures in respect of Previous Years are stated in italics)

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

(36) 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 accounts of Share warrants are not adjusted being anti dilutive in nature.

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit available for Equity Shareholders (Rs.)	7,237,916,378	6,086,909,639
Weighted average number of Shares used in computing Basic earnings per Equity share	311,276,664	310,472,560
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options / Share Warrants	2,444,868	3,042,890
Weighted average number of Shares used in computing Diluted earnings per Equity share	313,721,532	313,515,450
Face Value of Equity Shares - (Rs.)	2.00	2.00
Basic Earnings per Equity Share - (Rs.)	23.25	19.61
Diluted Earnings per Equity Share - (Rs.)	23.07	19.42

- (37) The Company has entered into various agreements for the assignment of loans with assignees, wherein it has assigned a part of its secured and unsecured loan portfolio amounting to Rs. 27,354,820,377 (Previous Year Rs. 5,570,090,422) , being the principal value of the deals that are outstanding as on the Balance Sheet date . The Company does not anticipate any losses on account of the said corporate guarantees, in the event of the rights being exercised by the assignees.

The Company assigned 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 above and the purchase consideration not received upfront is recognised as deferred purchase consideration under loans and advances. Due to foreclosures and repurchase transactions with different assignees during the year, the

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Assets Side:	Amount Outstanding (Rs.)
(v) Others (Certificate of Deposits)	8,605,611,550
2. Unquoted :	
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	2,599,949,999
(iii) Units of mutual funds	500,295,707
(iv) Government Securities	NIL
(v) Others	NIL
Long Term investments :	
1. Quoted :	
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others	NIL
2. Unquoted :	
(i) Shares : (a) Equity Shares of subsidiary companies	6,283,065,920
Equity Shares in an associate Company	122,250,000
(b) Preference shares of subsidiary Company	NIL
(ii) Debentures and Bonds	3,050,000,000
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (Equity Shares in erstwhile Associate)	140,000,000

5) Borrower group-wise classification of all assets, financed as in (2) and (3) above:

Category	Amount net of provisions (Rs.)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties*	169,133,747,159	9,350,486,041	178,484,233,200
Total	169,133,747,159	9,350,486,041	178,484,233,200

* Excludes Contingent Provision against Standard Assets

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/ Break up value or Fair Value or NAV (Rs.)	Book Value (Net of Provision) (Rs.)
1. Related Parties		
(a) Subsidiaries		
i. Indiabulls Insurance Advisors Limited	28,985,525	500,000
ii. Indiabulls Finance Company Private Limited	53,810,617	437,500,000



Category	Market Value/ Break up value or Fair Value or NAV (Rs.)	Book Value (Net of Provision) (Rs.)
iii. Indiabulls Capital Services Limited	86,544,123	50,000,000
iv. Indiabulls Housing Finance Limited	9,550,842,541	5,253,375,120
v. Indiabulls Housing Finance Limited (Perpetual Bonds)	3,000,000,000	3,000,000,000
vi. Indiabulls Infrastructure Credit Limited	847,764,906	250,000,000
vii. Indiabulls Advisory Services Limited	50,730,096	25,500,000
viii. Indiabulls Asset Holding Company Limited	(218,124)	500,000
ix. Indiabulls Life Insurance Company Limited	(37,718,153)	500,000
x. Indiabulls Collection Agency limited	137,393,310	100,500,000
xi. Ibulls Sales Limited	2,300,528	500,000
xii. Indiabulls Asset Management Company Limited	135,462,394	150,000,000
xiii. Indiabulls Trustee Company Limited	5,246,206	5,000,000
xiv. Indiabulls Holdings Limited	1,292,006	1,500,000
xv. Indiabulls Alternative Asset Management Private Limited	(554,137)	7,690,800
(b) Companies in the same group		
i. Indiabulls Asset Reconstruction Company Limited	15,644,123	12,250,000
2. Other than related parties		
Units of Mutual Funds - Indiabulls Mutual Fund (Quoted) (Indiabulls FMP 377 Days)	80,090,400	80,000,000
Units of Mutual Funds - Indiabulls Mutual Fund (Quoted) (Indiabulls FMP 387 Days)	352,705,500	350,000,000
Units of Mutual Funds - SBI Mutual Fund (Unquoted) (SBI Premier Liquid Fund-Super Institutional- Growth)	500,295,707	500,295,707
Investment in Bonds-Unquoted		
Power Finance Corporation Ltd. Sr-83 9.55 LOA 13Jn15	499,950,000	499,950,000
Power Grid Corporation Of India Limited Strpp- A 9.25 LOA 26Dc15	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- B 9.25 LOA 26Dc16	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- C 9.25 LOA 26Dc17	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- D 9.25 LOA 26Dc18	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- E 9.25 LOA 26Dc19	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- F 9.25 LOA 26Dc20	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- G 9.25 LOA 26Dc21	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- H 9.25 LOA 26Dc22	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- I 9.25 LOA 26Dc23	50,000,000	50,000,000

Notes forming part of the Financial Statements
for the year ended March 31, 2012 (Contd.)



Category	Market Value/ Break up value or Fair Value or NAV (Rs.)	Book Value (Net of Provision) (Rs.)
Power Grid Corporation Of India Limited Strpp- J 9.25 LOA 26Dc24	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- K 9.25 LOA 26Dc25	50,000,000	50,000,000
Power Grid Corporation Of India Limited Strpp- L 9.25 LOA 26Dc26	50,000,000	50,000,000
Yes Bank Limited 10.5 BD	1,500,000,000	1,500,000,000
Bonds – Dena Bank Bonds	50,000,000	50,000,000
Investment in Shares-Unquoted		
Indian Commodity Exchange Limited (Equity Shares) (As per latest available financials as at March 31,2011)	86,902,407	140,000,000
Investment in Certificate of Deposits-Quoted		
Allahabad Bank CD 27Ju12	486,941,289	486,644,500
Axis Bank Limited CD 02My12	495,332,848	495,187,000
Bank Of Maharashtra CD 25Ju12	243,613,544	243,316,500
Corporation Bank CD 13Ju12	489,002,237	488,705,000
Dena Bank CD 06Ju12	490,327,368	490,183,000
IDBI Bank Limited CD 08Ju12	489,908,257	489,762,000
Oriental Bank Of Commerce CD 30Ap12	49,572,306	49,558,050
Punjab And Sind Bank CD 01Ju12	491,036,079	490,891,500
Punjab National Bank CD 26Ju12	487,149,813	486,559,000
State Bank Of India CD 01Ju12	490,995,238	490,850,000
State Bank Of Patiala CD 19Ju12	488,389,136	488,244,000
Syndicate Bank CD 26Ju12	974,443,278	973,853,000
Uco Bank CD 04My12	495,044,257	494,898,500
Uco Bank CD 26Ju12	1,461,664, 292	1,460,780,500
United Bank Of India CD 12Ju12	489,138,087	488,840,500
United Bank Of India CD 25Ju12	487,484,034	487,338,500
Investment in Bonds-Quoted		
Indian Railway Finance Corporation Limited 8 / 8.15 LOA 23Fb22	544,803,557	544,803,557
Indian Railway Finance Corporation Limited 8.1 /8.3 LOA 23Fb27	1,456,026,996	1,456,026,996
National Highways Authority Of India 8.2 Bd 25Jn22	250,381,165	250,381,165
National Highways Authority Of India 8.3 Bd 25Jn27	404,996,146	404,996,146
Power Finance Corporation Ltd. Sr-i 8.2 Bd 01Fb22 LOA Upto 08Mr12	285,579,112	285,579,112
Power Finance Corporation Ltd. Sr-ii 8.3 Bd 01Fb27 LOA Upto 08Mr12	306,384,465	306,384,465
Total	29,405,683,479	24,869,344,618



7) Other Information:

Particulars	Amount (Rs.)
(I) Gross Non-Performing Assets	
(a) Related parties	–
(b) Other than related parties	1,795,365,594
(II) Net Non-Performing Assets	
(a) Related parties	–
(b) Other than related parties	656,757,538
(III) Assets acquired in satisfaction of debt	–

(39) Disclosures in terms of Paragraph 10 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended up to June 30, 2010 vide circular no DNBS (PD) CC No. 178/03.02.001/ 2010-11:

	As at March 31, 2012	As at March 31, 2011
(I) Disclosure for Capital to Risk Assets Ratio (CRAR):-		
i) CRAR %	18.86%	20.09%
ii) CRAR - Tier I Capital (%)	18.21%	19.89%
iii) CRAR - Tier II Capital (%)	0.65%	0.20%
(II) Exposure to Real Estate Sector:-		

Category	Amount (Rs. in Crore)	
	As at March 31, 2012	As at March 31, 2011
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;	3,137.74	5,016.51
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; (As per RBI guidelines on Commercial Real Estate (CRE) Exposure)	5,987.89	4,409.04
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	–	–
b. Commercial Real Estate.	–	–
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	825.34	532.29



(iii) Maturity Pattern of Certain items of Assets and Liabilities as at March 31, 2012:-

	Amount (Rs. in Crores)								
	1 day to 30/31 days(one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 yrs	Over 3 to 5 yrs	Over 5 years	Total
Liabilities									
Borrowing from banks	2,946.32	410.27	769.07	1,045.70	2,138.91	5,729.95	1,769.63	–	14,809.85
	<i>1,686.62</i>	<i>112.77</i>	<i>444.32</i>	<i>904.96</i>	<i>1,263.04</i>	<i>6,597.50</i>	<i>2,703.04</i>	<i>50.00</i>	<i>13,762.25</i>
Market borrowings	485.00	402.50	725.00	435.00	149.00	1,401.00	39.80	1,086.30	4,723.60
	<i>325.00</i>	<i>860.00</i>	<i>900.00</i>	<i>110.00</i>	<i>287.62</i>	<i>489.50</i>	<i>139.98</i>	–	<i>3,112.10</i>
Assets									
Advances	854.46	400.67	460.26	1,082.46	2,789.08	8,081.92	3,436.83	1,082.13	18,187.81
	<i>406.13</i>	<i>235.74</i>	<i>144.27</i>	<i>726.81</i>	<i>1,654.57</i>	<i>6,885.47</i>	<i>2,877.69</i>	<i>3,139.07</i>	<i>16,069.75</i>
Investments	1,187.40	–	517.64	796.49	9.45	–	40.85	948.53	3,500.36
	<i>349.60</i>	<i>884.05</i>	<i>1,228.43</i>	<i>570.77</i>	<i>140.65</i>	<i>46.49</i>	<i>10.94</i>	<i>648.53</i>	<i>3,879.46</i>

Note: In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission which have been relied upon by the Auditors.

(Figures in respect of Previous Years are stated in italics)

- (40) (a) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 171,161,347,279 (Previous Year Rs. 149,492,304,908) are secured against securities both tradable and listed, Commercial Vehicles, Farm Equipments and Mortgage of Properties.
- (b) Secured Loans comprising loan against shares given to customers are secured against:
- securities both tradable and listed and;
- equitable mortgage of property / properties or registered mortgage of property / properties.
- (c) Secured loans in the nature of Commercial Vehicle, Tractor finance are secured against hypothecation of the respective vehicle. Other secured loans are secured by equitable mortgage of property or registered mortgage of property / properties, securities and personal guarantees accepted as collateral security.
- (d) Unsecured Loans comprise of Business Loans, Personal Loans, Personal Loans Plus, Small Business Loans, and Unsecured Commercial Credit Loans given to customers aggregating to Rs. 8,221,715,443 (Previous Year Rs. 9,077,919,924).
- (e) Provision for Loan Asset includes provision in respect of Non-Performing Unsecured and Secured Loans as per the "Non Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007") as at the year end for Rs. 365,138,139 (Previous year Rs. 249,124,040). The Company has made additional provisions based on the underlying risk factors and on the best estimates of the management taking into consideration the outstanding balances / ageing of the loans.
- (f) In terms of RBI's Notification No. RBI/2010-11/370 DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated January 17, 2011, every Non Banking Financial Company is required to make an additional provision on standard assets at 0.25 percent of the outstanding standard assets as at the year end.



Accordingly, the Company has recognised Contingent Provisions against Standard Assets as at the year end aggregating Rs. 443,969,243 (Previous Year Rs. 391,878,816).

- (g) The Company has provided loans to the "Indiabulls Employees' Welfare Trust" (Trust) (Refer Note no. 3) and Ceraon Ventures Private Limited (Subsidiary of Trust) for purchase of Equity Shares, of which Rs. 8,966,652,700 (Previous Year Rs. 5,629,700,000) (excluding Rs. 1,098,504,376 (Previous Year Rs. 284,423,573) being interest accrued but not due) was outstanding as at March 31, 2012. The said loans has been utilised by the Trust towards the purchase of shares of Settlor Entities in terms of the Trust deed from the open market. The repayment of the loans granted by the Company to the Trust and Ceraon Ventures Private Limited is dependent on the exercise of the options by the eligible employees, at the exercise price as determined by the Trust based on its carrying cost and the market price of the underlying shares of the unexercised options, as at the end of the exercise period or at the end of the loan period. The fall in value of the underlying Equity Shares on account of the above, if any, can be determined only at the end of the exercise period.

(41) Detail of Share Application Money Pending Allotment

As at March 31, 2011

No of Equity Shares to be issued	Face Value (Rs.)	Pre-mium (Rs.)	Total Price Per Equity Share (Rs.)	Total Amount (Rs.)	Remarks
1,056	2.00	98.00	100.00	105,600	Share Application Money Received under IBFSL – ICSL Employees Stock Option Plan II – 2006 from certain eligible employees
22,094	2.00	93.95	95.95	2,119,926*	Share Application Money Received under Employees Stock Option Plan - 2008 from certain eligible employees
10,812	2.00	39.67	41.67	450,537	Share Application Money Received under IBFSL – ICSL Employees Stock Option Plan 2006 from certain eligible employees
450	2.00	123.90	125.90	56,655	Share Application Money Received under Employees Stock Option Plan - 2008 -Regrant (December - 2009) from certain eligible employees
34,412	Grand Total			2,732,718	

* Application monies received were rounded off

The above monies has been received against ESOPs exercise by certain eligible employees. The above shares have been issued during the current financial year and is well within the overall authorised capital of the Company. The shares were allotted as per the terms of the respective ESOPs schemes.

- (42)** The Board at their meeting held on April 27, 2012 has approved to restructure the business of the Company by merging the Company with its wholly own subsidiary Indiabulls Housing Finance Limited ("IHFL") through a scheme of arrangements between the Company, IHFL and their respective shareholders and creditors (The "Scheme") as per the provisions of Section 391 to 394 of the Companies Act, 1956. The appointed date of the amalgamation is April 01, 2012. The scheme is subject to necessary approval of shareholders, creditors, other regulatory approvals and the sanction of Hon'ble High Court of Delhi. Consequent to the scheme becoming effective upon sanction by the High Court, and basis the share exchange ratio, as mentioned in the Scheme, the shareholders of IBFSL post proposed merger will get 1 equity share of Rs. 2 each of IHFL for every 1 equity share of Rs. 2 each held by them in the Company, as on the record date to be fixed by the Company in this regard.



- (43) The Board at their meeting held on April 27, 2012 has approved the proposal to issue and allot to promoter entities and to key managerial personnel, up to 20,700,000 warrants convertible into 20,700,000 equity shares each of the Company at a conversion price of Rs. 218/-, in accordance with the applicable laws and guidelines ("Warrants").
- (44) The Revised Schedule VI has become effective from April 1, 2011 for the preparation and presentation of financial statements. This has significantly impacted the disclosures and presentations made in the financial statements. 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

Gagan Banga
Whole Time Director / CEO

Amit Jain
Company Secretary

Mumbai, April 27, 2012

Statement pursuant to Section 212 (1) (e)

of the Companies Act, 1956, relating to Company's Interest in
Subsidiary Companies for the Financial Year 2011-12



The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding company										Amount (Rs.)
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	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 2012	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 2012	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries		
Indiabulls Insurance Advisors Limited	31-Mar-12	27-Dec-03	50,000 Equity shares of face value of Rs. 10 each fully paid up	100%	98,256	(1,046,883,808)	NIL	NIL	NIL	
Indiabulls Finance Company Private Limited	31-Mar-12	18-Mar-05	4,375,000 Equity shares of face value of Rs. 10 each fully paid up	57.50%	140,807,444	534,546,119	NIL	NIL	NIL	
Indiabulls Capital Services Limited	31-Mar-12	13-Apr-05	5,000,000 Equity shares of face value of Rs. 10 each fully paid up	100%	11,428,934	(173,089,712)	NIL	NIL	NIL	
Indiabulls Housing Finance Limited	31-Mar-12	10-May-05	155,689,656 Equity shares of face value of Rs. 10 each fully paid up	100%	2,499,873,358	2,012,991,838	NIL	NIL	NIL	
Nilgiri Financial Consultants Limited*	31-Mar-12	14-Dec-05	50,000 Equity shares of face value of Rs. 10 each fully paid up	100%	987,128	49,532,569	NIL	NIL	NIL	
Indiabulls Collection Agency Limited	31-Mar-12	1-Jun-06	150,000 Equity shares of face value of Rs. 10 each fully paid up	100%	7,754,383	29,266,887	NIL	NIL	NIL	
Ibolls Sales Limited	31-Mar-12	9-Oct-06	50,000 Equity shares of face value of Rs. 10 each fully paid up	100%	1,193,330	607,197	NIL	NIL	NIL	
Indiabulls Infrastructure Credit Limited	31-Mar-12	7-Jul-06	10,000,000 Equity shares of face value of Rs. 10 each fully paid up	100%	59,946,857	516,205,486	NIL	NIL	NIL	
Indiabulls Advisory Services Limited	31-Mar-12	2-Nov-06	2,550,000 Equity shares of face value of Rs. 10 each fully paid up	100%	3,025,845	22,204,251	NIL	NIL	NIL	
Indiabulls Asset Holding Company Limited	31-Mar-12	14-Jun-07	50,000 Equity Shares of Rs. 10 each fully paid up	100%	(58,130)	(659,994)	NIL	NIL	NIL	
Indiabulls Life Insurance Company Limited	31-Mar-12	3-Dec-07	50,000 Equity Shares of Rs. 10 each fully paid up	100%	1,005,916	(39,224,067)	NIL	NIL	NIL	
Indiabulls Asset Management Company Limited	31-Mar-12	10-Apr-08	15,000,000 Equity Shares of Rs. 10 each fully paid up	100%	(3,765,703)	(10,771,903)	NIL	NIL	NIL	
Indiabulls Trustee Company Limited	31-Mar-12	10-Apr-08	500,000 Equity Shares of Rs. 10 each fully paid up	100%	(79,470)	325,676	NIL	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 2011-12 (Contd.)



The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding company										Amount (Rs.)	
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	a. Not dealt with in the Holding Company Accounts		b. Dealt with in the Holding Company Accounts		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 2012	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 2012	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	i) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries			
Indiabulls Venture Capital Management Company Limited*	31-Mar-12	3-Mar-10	50,000 Equity Shares of Rs.10 each fully paid up	100%	(58,431)	(167,370)	NIL	NIL	NIL	NIL	NIL
Indiabulls Venture Capital Trustee Company Limited*	31-Mar-12	3-Mar-10	50,000 Equity Shares of Rs.10 each fully paid up	100%	(58,848)	(167,870)	NIL	NIL	NIL	NIL	NIL
Indiabulls Holdings Limited	31-Mar-12	7-Apr-10	150,000 Equity Shares of Rs.10 each fully paid up	100%	(63,144)	(144,850)	NIL	NIL	NIL	NIL	NIL
Indiabulls Alternative Asset Management Private Limited	31-Mar-12	20-Aug-10	224,084 Equity Shares of SGD 1 each fully paid up	100%	(359,755)	(7,949,523)	NIL	NIL	NIL	NIL	NIL

Notes : * Being Subsidiary of the Company in term of Section 4 (1) (c) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Rajiv Rattan
Director

Gagan Banga
Whole Time Director / CEO

Mumbai, April 27, 2012

Indiabulls

Indiabulls Financial Services Limited

“Indiabulls House”

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