



stable



scalable



sustainable

Indiabulls

Indiabulls Financial Services Limited

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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 inaccurate 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 publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

corporate information

BOARD OF DIRECTORS

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

BANKING & FINANCING RELATIONSHIPS

Allahabad Bank	ICICI Bank	SBI Mutual Fund
Axis Bank	ICICI Pru Mutual Fund	State Bank of Bikaner & Jaipur
Axis Mutual Fund	IDBI Bank	State Bank of Hyderabad
Bank of India	Indian Bank	State Bank of India
Birla Sun Life Mutual Fund	Karnataka Bank	State Bank of Indore
Canara Bank	LIC Mutual Fund	Syndicate Bank
Canara Rebecco Mutual Fund	Lotus Mutual Fund	Taurus Mutual Fund
Central Bank of India	Oriental Bank of Commerce	UCO Bank
DBS	Peerless Mutual Fund	UTI Mutual Fund
Dena Bank Limited	Punjab & Sindh Bank	Vijaya Bank
Deutsche Bank	Punjab National Bank	Yes Bank Limited
GE Capital	Reliance Capital Limited	
HDFC Bank Limited	Reliance Mutual Fund	
HDFC Limited	Religare Mutual Fund	

REGISTERED OFFICE

F-60, Malhotra Building
2nd Floor, Connaught Place,
New Delhi-110001, India

WEBSITE

www.indiabulls.com/financial

COMPANY SECRETARY

Mr. Amit Jain

REGISTRAR & TRANSFER AGENT:

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

CORPORATE OFFICES:

"Indiabulls House", 448-451,
Udyog Vihar, Phase V, Gurgaon-122001

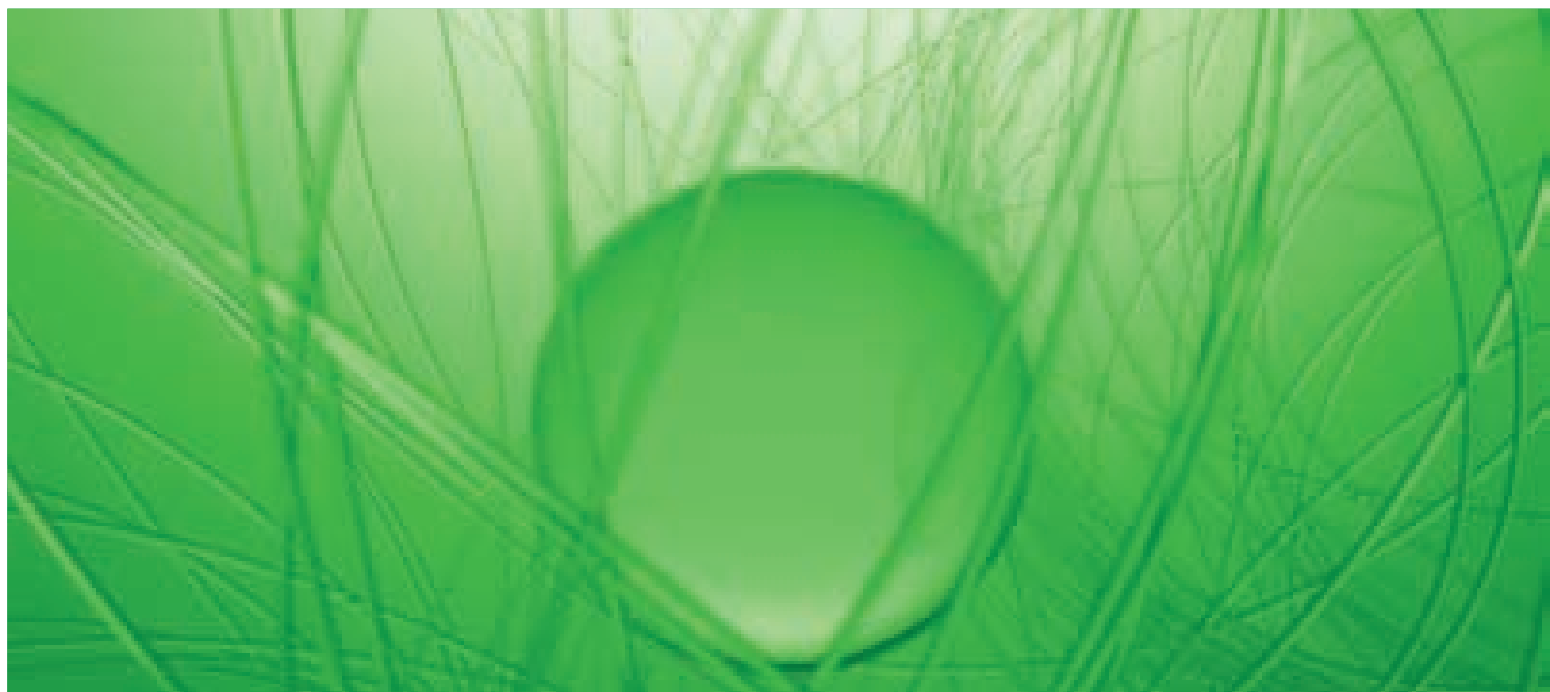
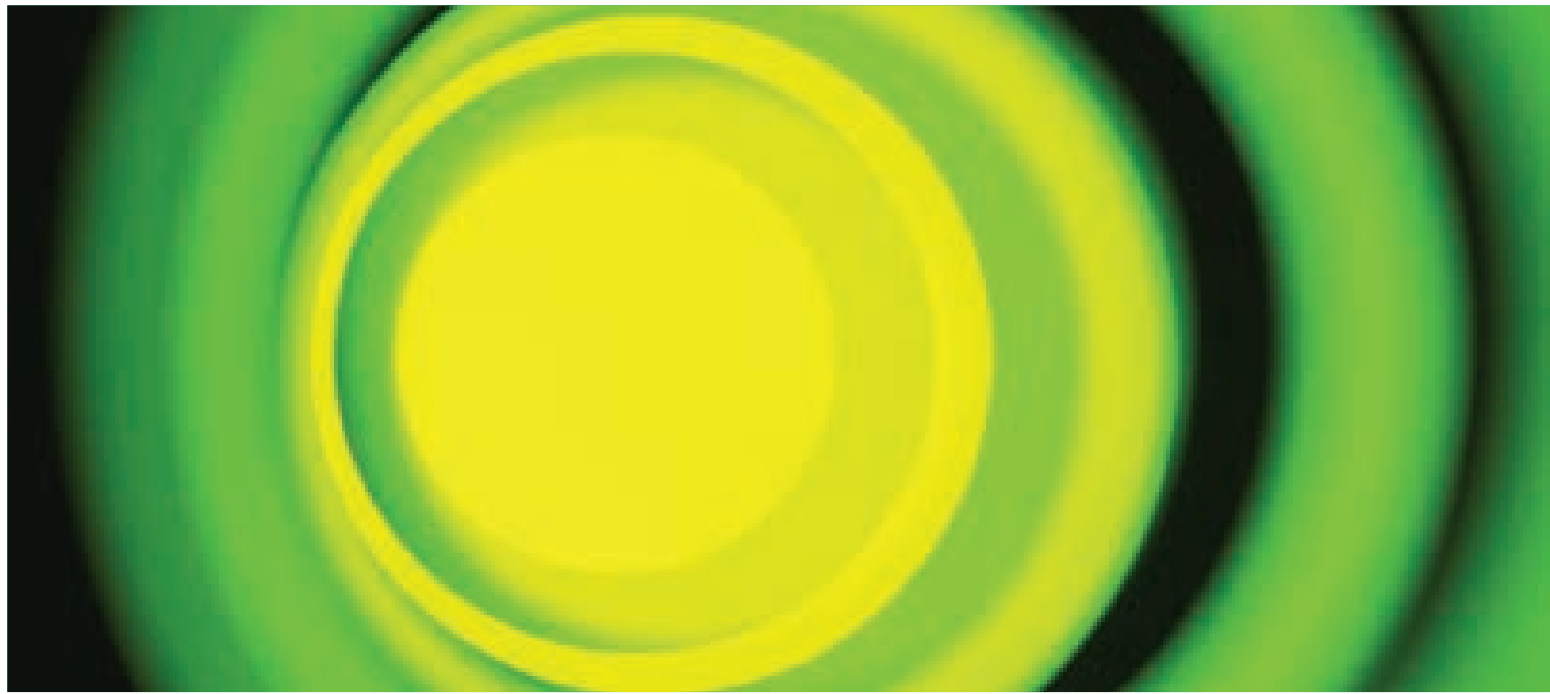
One Indiabulls Center, Tower 2/B, 841,
Senapati Bapat Marg, Elphinstone Road,
Mumbai- 400 013.

STATUTORY AUDITOR

Deloitte Haskins & Sells
Chartered Accountants

INTERNAL AUDITOR

N.D. Kapur & Co.
Chartered Accountants, 2-A, Shankar Market,
Connaught Place, New Delhi-110001



stable. scalable. sustainable.

To be able, is to have the necessary power, skill, resources, and qualifications to author and manage change. It is the essence of endeavour and one of the prime requirements for success. It is a root word, which lends itself to different meanings; depending on the prefix that one attaches before it. Like the white ray of sunlight which carries the colours of the rainbow within it, ability requires just a refracting circumstance to manifest itself as capabilities.

At Indiabulls Financial Services we seek, groom, nurture our abilities. Given our involvement in diverse activities across several industries, we offer our team different arenas to manifest their abilities. In doing so we have built an organization that has proven capabilities in successfully entering and sustaining ourselves in new business domains, increasing our market share as well as bottom-line, while playing a game changing role for the betterment of the sector.

In the macro view, it is people's abilities that build a Company, it is the Company's capability that builds the industry, and it is the industries' capability that builds the economy.

But it all begins with people, their abilities, and what they make of their enterprise.

For us at IBFSL, three words can sum up our enterprise: Stable; Scalable; and, Sustainable. At its root is our attitude. We can *and* we are able.

our corporate profile

Indiabulls Financial Services Limited (IBFSL) is one of the leading and fastest growing private sector financial services companies in India providing Home Loans, Commercial Vehicle Loans, Loans to SME's and Business Loans.

OUR PARENTAGE

- A part of the Indiabulls Group, one of India's top Business houses with businesses spread over Real Estate, Infrastructure, Financial Services, Securities & Power sector.
- The IBFSL group enjoys a network of approximately USD 1 billion as on March 31, 2010.
- The IBFSL group has been conferred the status of a "Business Superbrand" by the Brand Council, Superbrands India.

OUR ACCREDITATIONS AND ACHIEVEMENTS

- IBFSL has set up India's 4th Multi-Commodities Exchange – ICEX (Indian Commodity Exchange Ltd) in partnership with MMTC Limited, the largest international trading house in India.

presence in **> 90** cities

> 140 branches

> Rs. 11,000 crore loan asset

business at a glance



* National level commodity exchange went live on 27th November 2009

** in the process of getting final approval

our business divisions

IBFSL is a retail focused organization, fulfilling the credit needs of a large percentage of population across the nation. The Company has leveraged its market knowledge and experience to develop Product Suite for its target client base. These products, with their own distinctive features, are supported by experienced marketing teams and technology infrastructure. These have resulted in a customer-centric credit delivery business model that reaches out to customers across India.

LENDING BUSINESS

Home Loans

Loan against Property

Business Loans

Commercial Vehicle Loans

Commercial Credit Loans

OTHERS

National level Commodity Exchange

IBFSL, in partnership with MMTC, has established India's fourth national level commodity exchange - Indian Commodity Exchange Ltd (ICEX) in the country. Recognized by the Govt of India, ICEX is the first exchange that has been set up as a public-private partnership. This screen based online derivative exchange, which went live on Nov 2009, offers trading in bullions, base metals and energy, and agriculture commodities. Its head office is located in North India (Gurgaon), one of the key regions in India's agri- belt, with a mission to encourage participation of farmers, traders and actual users to hedge their positions against the wild price fluctuations. It intends to provide the widest range of benchmark future products available on any exchange, covering all major commodities. Its vision is global growth, innovative product development, continually enhanced technology and the highest level of service.

IBFSL is the largest shareholder in the exchange, holding 40% stake.

Asset Management Venture

IBFSL has received in principal approval from SEBI and is waiting for final approvals post which it will launch its own fund.

operational highlights

MAJOR FOCUS ON HOME LOANS

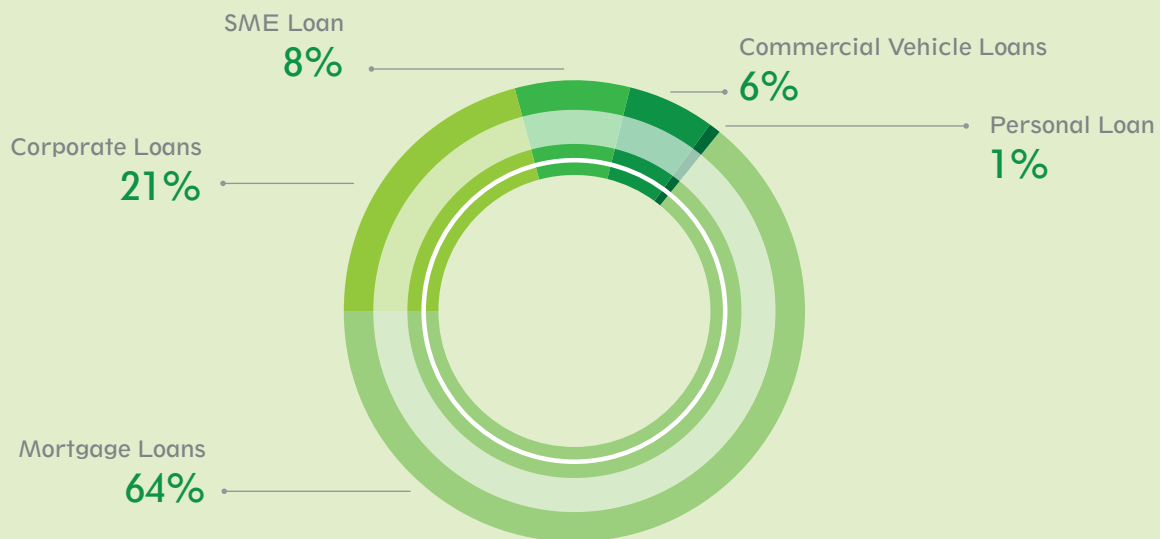
IBFSL's reduce cost of funding (vs historical cost) enables it to be a major player in home loans

Current home loans being offered in line with other leading home loan players

Direct selling team of close to 1,000 persons offering home loans to customers

Leveraging IBFSL's extensive branch network (more than 140 branches across 90 cities).

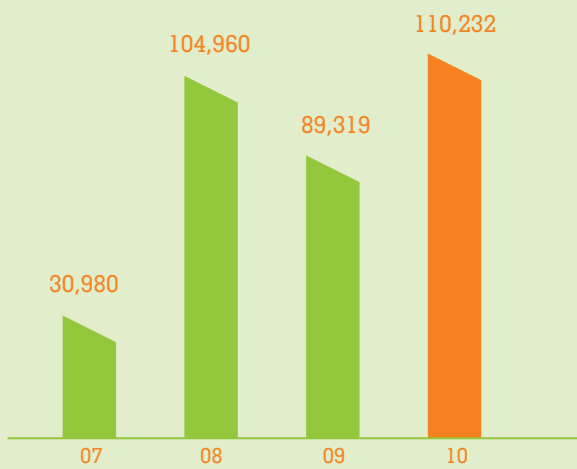
LOAN BOOK MIX as on March 31, 2010



financial highlights

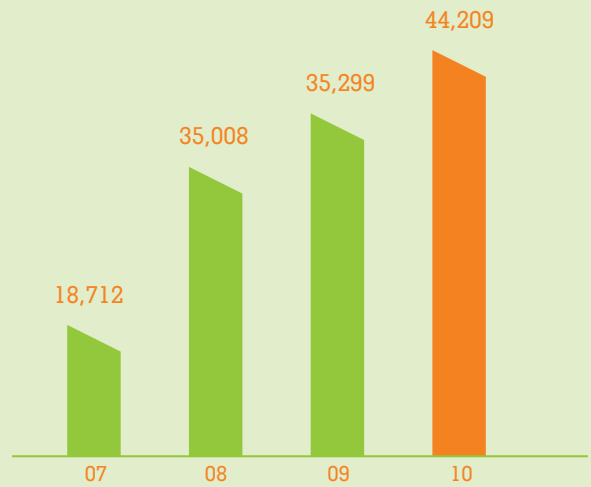
LOAN BOOK

(RS. IN MILLIONS)



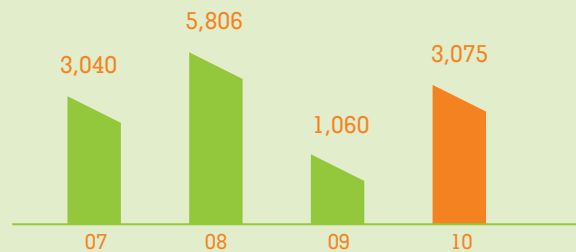
NETWORTH

(RS. IN MILLIONS)



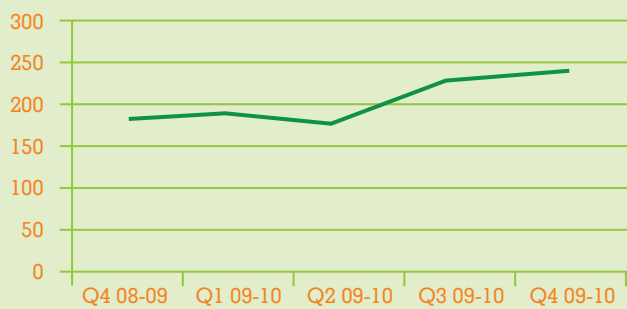
PAT

(RS. IN MILLIONS)



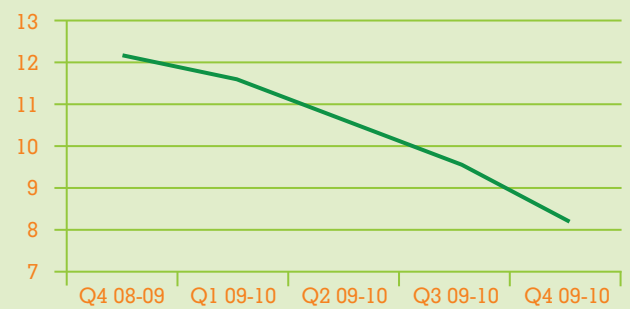
NET INTEREST INCOME

(RS. IN CRORE)



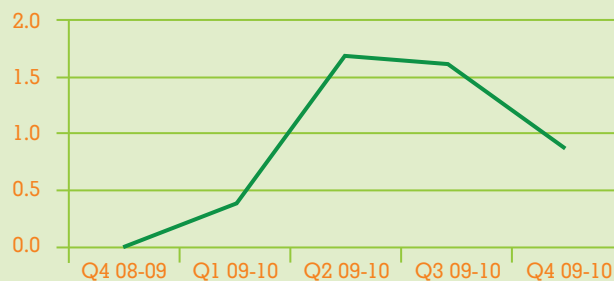
COST OF FUNDS

(%)



NET NON PERFORMING ASSET

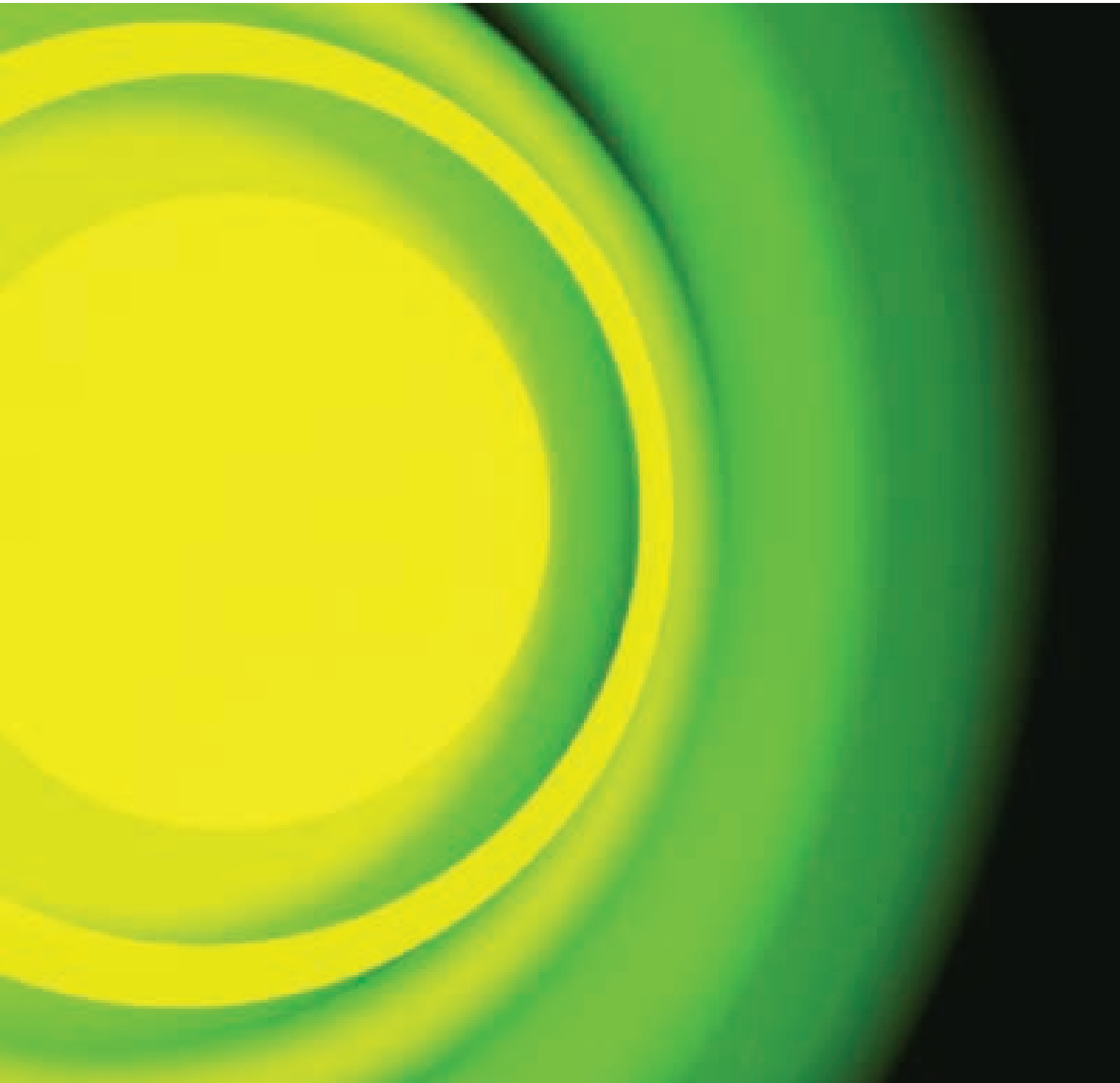
(AS % OF AUM)





stable

A STABLE PLACE TO STAND, A BIG LEVER AND A FULCRUM, WERE ALL ARCHIMEDES DEMANDED TO MOVE THE WORLD.



The focus on Mortgage Financing has helped IBFSL build a portfolio that is less susceptible to economic cycles in terms of growth and portfolio quality vis-a-vis other retail asset classes. The Mortgage Financing segment has witnessed a steady growth over the last decade which it is very much expected to sustain. IBFSL, has over the years, built competencies in key areas and has strengths such as experienced manpower, a wide branch network and a strong technological platform to manage this growth.

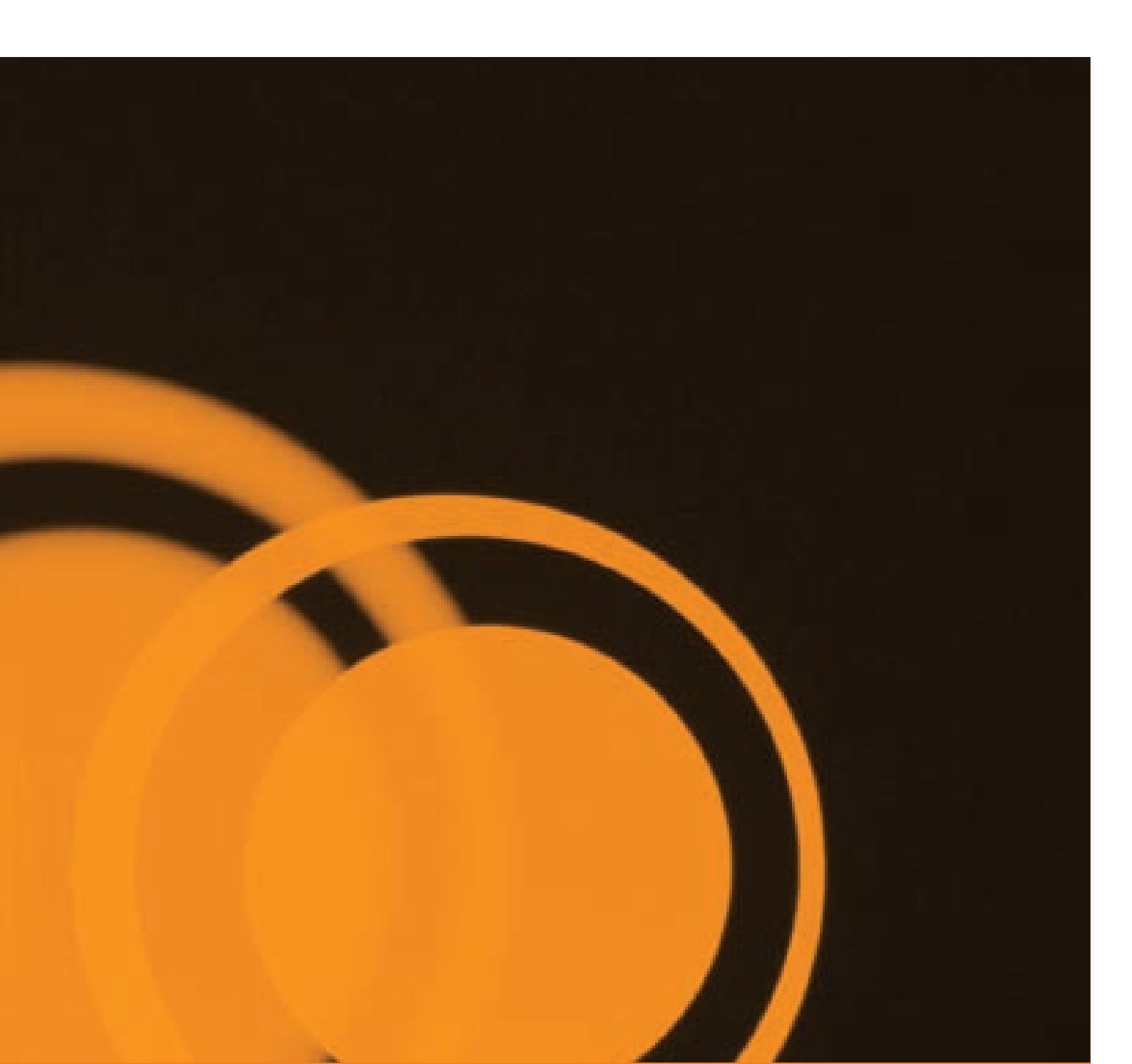
IBFSL's resource profile has greatly improved over the past two years, with lower dependence on short-term market borrowing, stronger and larger number of lender relationships, and lower borrowing costs. IBFSL also maintains adequate liquidity in the form of liquid investments and unutilised bank lines. IBFSL has a low gearing of around 1.8 on a consolidated basis and a capital adequacy ratio (CAR) of around 32.4 % on a standalone basis. The Company's strong absolute net worth and policy of maintaining comfortable gearing levels put it on a very stable footing.



scalable

"SCALABILITY" WAS THE NEED THAT CREATED THE SYSTEM OF MASS MANUFACTURE.

THE SHIFT FROM WORKSHOP STYLE MANUFACTURING TO FACTORY BASED MANUFACTURING TRANSFORMED SCALES OF OPERATIONS EVEN AS IT TRANSFORMED THE FORTUNES OF ITS EARLY ADAPTERS. BUT MORE IMPORTANTLY IT WAS THE PRECURSOR OF THE MASS MANUFACTURE-MASS CONSUMPTION CULTURE OF TODAY.



There is a genuine demand to cater to the growing population looking to purchase homes in India driven by rapid urbanization and rise in the Indian middle class. Over the past decade, the mortgage to GDP ratio has increased from 1% in the year 2000 to 7.8% in 2009. The housing sector is now poised for accelerating growth. Despite this expansion, the penetration level is quite low and this offers ample opportunities for us to scale up our business. The reduction in funding costs over the course of last year has helped IBFSL to compete profitably with established players in the home loans market.

IBFSL has a nationwide presence with a large and experienced team of resources spread across more than 140 branches. The branches are seamlessly integrated via a strong and scalable technology platform that facilitates quick appraisal and easy disbursement of credit.



sustainable

SUSTAINABILITY IS THE ABILITY TO CLOSE THE GAP FROM WHERE WE ARE TO WHERE WE WANT TO BE.

STABILITY AND SCALABILITY ARE BUT THE FIRST TWO STEPS IN THE JOURNEY. EVERY ENTERPRISE HAS A LONG TERM GOAL OF BEING SUSTAINABLE. IT IS THE KEY TO ACHIEVING ALL LONG TERM GOALS OF THE COMPANY.



IBFSL has considerable experience in each of the products that it is present in and can boast of a cumulative disbursement of Rs. 32,888 crore since inception. The Company has demonstrated effective management of its portfolio through business cycles and even through an unprecedented economic downturn. The Company has experienced credit and collection teams that ensured that the portfolio performance did not deteriorate even during the worst of times. Going ahead, the focus on Home Loans will help the Company build a portfolio that is less vulnerable to economic cycles in terms of growth and portfolio performance when compared with other retail asset classes.

IBFSL has always had low reliance on external agencies be they for sales or collections. Consequently, the Company has a strong and experienced resource base at all levels that know the portfolio and the products well and are in tune with the Company's vision.

The Company's low gearing and high capital adequacy lend considerable balance sheet strength, and this combined with its demonstrated capital raising ability lay the foundation for a sustainable long-term growth.

chairman's speech



Mr. Sameer Gehlaut, *Founder and Chairman*

Dear Shareowners and friends of IBFSL,

The resilience from our fail safe strategies coupled with stable funding base and efficient collections, which I spoke about in the last annual report has stood us in good stead, and, I am pleased to report a markedly improved performance by your Company in the past financial year. More importantly, this year saw us embark upon a few fundamental changes in our organisation. I shall dwell upon them a little later in this statement.

THE TIDE TURNS

The economic landscape, both global as well as domestic, has visibly improved, there is no telling just yet if this is quite the end of the tunnel. Scarred by the impact of the deep and painful global downturn that spared none, governments across the world swung into action. Policy interventions designed to revitalize demand, and enhance confidence in economic systems have borne results and have arrested the systemic risk in global financial markets. The Global GDP, which declined by 2.2 % in 2009, is expected to grow 2.7 % this year and further accelerate to 3.2 % in 2011. Currencies, which fell worldwide against the US dollar in

the immediate aftermath of the crisis, have recovered to their pre-crisis levels. Although global growth is expected to return to positive, the pace of the recovery will be slow and subject to uncertainty. Two major events i.e., the Dubai World debt fiasco and the sovereign debt problem of some of the Eurozone countries, mainly Greece, caused another bout of turbulence to the financial system towards the end of 2009 and beginning of 2010, which led to greater volatility in the international markets.

A SILVER LINING

In India, it seems like a silver lining is slowly appearing, after the bout of incessant heavy clouds. The economy is exhibiting a clear momentum in recovery (GDP growth up from last year's 6.7% to 7.2% this year) despite the impact of a deficient monsoon on agricultural production. There has been a clear signal from the government towards the process of fiscal consolidation with an aim towards facilitation of better monetary management. Stress tests for credit and market risk reveal banks' ability to withstand unexpected levels of stress. Given the fact that Indian corporates' relatively low leverage doesn't pose any downside risk to the system, and given the ability of banks to withstand unexpected shocks, S&P has upgraded its outlook on India from "Negative" to "Stable" in March'10.

POSITIVE PERFORMANCE

Because of our conservative approach & thrust on collateralized lending, IBFSL could withstand the economic turmoil in the last couple of years and has emerged as a clear winner. We were ahead of the curve in adopting a cautious lending approach quite early on, before the crisis struck, and accordingly shifted our focus to relatively safer, stable & sustainable business model. CRISIL's recent revision of its rating outlook on the long-term debt instruments and bank facilities of IBFSL to 'Positive' from 'Stable' is testimony to our prudent approach underlying the Company's robust financials.

Most importantly CRISIL has expanded the total borrowing capacity of IBFSL from Rs 9,040 crore to Rs 20,540 crore. These positive developments will drive IBFSL's business growth over the medium term, driven by an intrinsic improvement in its asset quality and a continued improvement in its resource profile.

FINANCIAL PERFORMANCE 2009-10

I am glad to inform that profit after tax of IBFSL on a consolidated basis almost tripled to Rs 307.48 crore in FY 2010 against Rs 105.96 crore in FY 2009. This was possible because of the improved relationship with PSU banks leading to significant fall in cost of funds. Although, the total revenue of IBFSL on a consolidated basis stood at Rs 1635.04 crore in FY 2010 against Rs 2005.79 crore in FY 2009, yet we were successful in growing our loan assets by a healthy 23.41% to Rs 11,023.24 crore as on 31 March 2010 from 8,931.91 crore as on 31 March 2009. On a standalone basis also, although total revenue of IBFSL was at Rs 1429.41 crore in FY 2010 against Rs 1783.51 crore but profit after tax increased by 38.91% to Rs 264.16 crore.

FOCUSED BUSINESS STRATEGY

Constantly taking cues from the macro landscape, IBFSL has rejigged its business strategy, whereby there has been an enhanced focus on the mortgage segment, while toning down its focus on segments such as commercial vehicle financing, and loans to small and medium enterprises (SMEs). Mortgage financing is less susceptible to economic cycles in terms of growth and portfolio quality vis-a-vis other retail asset classes such as auto loans and personal loans. Presently IBFSL has a solid loan asset book of more than Rs 11,000 crore out of which 64% constitutes mortgage loans. The stability in our existing businesses as well our reduced costs of funding provide us the confidence and ability to offer home loans to the growing Indian middle-class. Our major thrust for the coming year is to grow our home loan business in size and scale. Home loans grew at 25% annually over the past five years. As per industry estimates, this rate is expected to be sustained over the coming years. We believe, that the home loan market is at a nascent stage in India, and we are ideally positioned to cash in on the demographic dividend presented by a burgeoning middle class.

AT THE SAME TIME IBFSL REMAINS ONE OF THE HIGHEST CAPITALIZED NBFCS WITH A CAPITAL ADEQUACY RATIO OF 32.42%.

DEVELOPING A STRONG AND STABLE CORE

As on March 31, 2010 IBFSL boast of making a cumulative disbursement of Rs 32,888 crore since inception. On the other hand IBFSL's resource profile has gradually improved over the past two years, with lower dependence on short-term market borrowing, stronger and larger number of lender relationships, and lower borrowing costs.

The Company raises a substantial proportion of its incremental resources through long-term bank loans and has also steadily increased the number of its borrowing sources. It also has the flexibility to securitize part of its portfolio to generate additional funding as and when required. Secondly, Company managed its liquid funds very efficiently and continued to bring down the cash levels further to Rs 1200 cr. These initiatives have helped IBFSL to successfully bring down its cost of funds in last fiscal. The reduction in funding cost gave IBFSL an edge to compete profitably with established players in the home loans market. At the same time IBFSL remains one of the highest capitalized NBFCS with a capital adequacy ratio of 32.42%.

NEW VENTURE UPDATE

I am happy to share that IBFSL's commodity exchange venture in partnership with MMTC has gone live during the year. Recently it has also made a strategic tie up with Bombay Bullion Association (BBA), thereby emerging as the third largest trading platform for the commodities trading. Our AMC venture is still awaiting some final approvals post which its own fund will be launched.

I take this opportunity to warmly thank all our shareholders, bankers, and regulators for keeping their confidence in us.

Thank you!

financial snapshot

INDIABULLS FINANCIAL SERVICES LIMITED (CONSOLIDATED)

09-10

Total Income	16,350.40
Operating Expenses	171.98
Employee Cost	1,363.56
Administrative and Other expenses	4,176.42
Earning before Interest, Tax & Depreciation	10,638.44
Interest	5,980.82
Depreciation	84.40
Profit Before Tax	4,573.22
Tax	1,498.46
Profit After Tax	3,074.76
Equity Share Capital	619.79
Reserves & Surplus	42,480.90
Net Worth	44,209.43
Market Capitalisation	32,569.91
Key Indicators	
Earnings Per Share - Rs.	9.94
Net Profit margin %	18.81%
Return on Net Worth %	6.95%

*After excluding Indiabulls Securities Limited and its subsidiaries for effective comparison, which has been demerged from the Company w.e.f. April 01, 2007.

(Rs. in million)

08-09	07-08	06-07 Proforma Figures*	06-07
20,057.86	16,887.65	8,012.55	12,444.00
227.06	426.31	225.12	847.00
1,668.92	2,389.17	1,298.32	2,369.00
6,022.65	1,767.65	1,230.26	1,740.00
12,139.23	12,304.52	5,258.85	7,488.00
10,286.57	3,922.56	621.63	680.00
78.10	71.57	32.09	177.00
1,774.56	8,310.39	4,605.13	6,631.00
714.98	2,504.00	1,565.02	2,197.00
1,059.58	5,806.40	3,040.11	4,434.00
507.26	506.85	367.00	367.00
33,222.94	32,932.30	13,945.75	18,089.00
35,298.85	35,007.81	18,711.51	21,933.58
22,852.04	105,628.37	76,536.00	76,536.00
3.13	22.84	14.16	22.84
5.28%	34.38%	37.94%	35.63%
3.00%	16.59%	16.25%	20.22%

Management Discussion and Analysis

Indiabulls Financial Services Limited is one of India's largest non-banking financial companies, with total consolidated loan assets on a managed basis of Rs. 110,232.4 mn as at March 31, 2010. It offers a broad suite of lending and other financial products to target the client base of middle and upper-middle income individuals and small and medium-sized enterprises or SMEs.

ECONOMIC SCENARIO

India managed the global economic downturn effectively through a combination of fiscal and monetary policies. The effectiveness of these policy measures became evident with fast paced recovery. The economy stabilised in the first quarter of 2009-10 itself clocking a GDP growth of 6.1%, as against 5.8% in the fourth quarter of the preceding year. It registered a strong rebound in the second quarter with growth rising to 7.9%.

The stabilisation of GDP growth pattern and a healthy trend visible in the vital parameters of the economy bodes well for the overall growth and development of the country.

However, even as the economy appears to have weathered the crisis and reversed the effects of slow down and picked up speed, the macro environment continues to be challenging. This is reflected in issues such as inflationary trends and as well as ensuring inclusive growth for all sections of the Indian society. It is here, we feel that Indiabulls Financial Services Limited (IBFSL) can play a small part in contributing to the overall growth of the Indian economy. The stability in our existing businesses as well our reduced costs of funding provide us the confidence and ability to offer home loans to the growing Indian middle-class. Our major thrust for the coming year is to grow our home loan business in size and scale. Home loans grew at 25% annually over the past five years. As per industry estimates, this rate is expected to be sustained over the coming years. We believe that the home loan market is in an early stage and we want to position ourselves to capture this growth.

INDUSTRY OVERVIEW

The global credit crisis of Fall 2008 has been a blessing in disguise for us. Firstly, we are proud that we

weathered the storm and came out unscathed.

Second, it has helped us focus on our operations and strategy. Third, we have emerged as a recognized leader with both our customers and our financial partners, allowing the Company to pursue growth more aggressively.

Today, the Government realises the need for increased geographical reach of banks and improving access to the financial services through the length and breadth of the country. The government is considering the grant of banking licenses to Non Banking Financial Companies which meet the RBI criteria in this regard. We welcome such a move by the RBI.

BUSINESS REVIEW

IBFSL is one of India's largest non-banking financial companies, with total consolidated loan assets on a managed basis of Rs. 110,232.4 mn as at March 31, 2010. It offers a broad suite of lending and other financial products to target the client base of middle and upper-middle income individuals and small and medium-sized enterprises or SMEs. The lending and other financial products of IBFSL include individual home mortgages and other housing loans; secured and unsecured commercial loans to SMEs, loans to commercial vehicles, construction equipment and infrastructure projects. It has a presence in 140 locations in India, spread across 18 states and union territories. Over the past several years, IBFSL has expanded its presence into markets that are of greater relevance to the products it offers. Portfolio performance and profitability are the factors that drive the branch network.

IBFSL generates its revenues through the following activities:

Financing activities: Which involves offering various lending products including individual home mortgages



The Company's strategy is to grow IBFSL into a stable, secure and sustainable business that is focused on maximising growth opportunities within the financial services industry

Gagan Banga

CEO, Indiabulls Financial Services Limited

and other housing loans; secured and unsecured commercial loans to SMEs; margin loans, or "loans against shares," secured by marketable, liquid securities; secured commercial vehicle and tractor loans. The financing activity generates revenues from interest payments made by our borrowers, loan processing fees and the sale of loans receivables to banks and other NBFCs.

Investment activities: A portion of IBFSL cash holdings is invested in debt mutual funds, debt securities and other investments, and as at March 31, 2010, the value of IBFSL consolidated investments was Rs. 11,683.4 mn. Investment activity generates revenues from dividends and interest payments made upon such securities.

Fee-based activities: Such activities involve selling life insurance policies, pension plans and other financial products by IBFSL in its capacity as corporate agent for insurance companies such as Max New York Life. Fee based activities generate revenues from fees and commissions paid on each such policy or product sold by IBFSL.

IBFSL recorded a total income on a consolidated basis of Rs. 16,350.4 mn for the fiscal year ended March 31, 2010, vs Rs. 20,057.9 mn for the prior fiscal year.

The profitability of the Company on a consolidated basis increased by 190.2% with a net profit of Rs. 3,074.8 mn being recorded for the fiscal year ended March 31, 2010 as against Rs. 1059.6 mn for the previous financial year. The increase was primarily attributable to lower borrowing costs due to the easing of the global credit crisis.

BUSINESS STRENGTHS

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

Strong financial position and equity capital base

The Company believes that its strong financial position in addition to a healthy equity capital base and access to large credit lines, bank facilities and the commercial paper market, allows it to acquire customers and provide financing at attractive terms by presenting the Company as a credible and trustworthy counterpart for consumers to do business with.

CRISIL expands borrowing capacity

CRISIL reaffirmed its AA- rating on the Company and revised its rating outlook on IBFSL's long-term debt instruments and bank facilities from 'Stable' to 'Positive'. CRISIL has expanded the total borrowing capacity of IBFSL from Rs. 90,400 mn to Rs. 205,400 mn.

"CRISIL believes that IBFSL's business risk profile will improve over the medium term, on the back of expected improvement in the Company's asset quality and resource profile."

"The rating may be upgraded if IBFSL scales up its mortgage business without compromising on its asset quality and maintaining its earnings profile." (Source: CRISIL)

Strong relationships with banks

The Company has strong banking relationship with bankers, including with 18 public sector banks in India which represent approximately 66.67% of the public sector banks in India. This is in addition to its strong relationships with mutual funds and other NBFCs.

Cost of Funding has come down materially

IBFSL's cost of funding as of March 31, 2010 came down significantly as compared to March 31, 2009. This reduced cost was a function of securing cheaper long-term funding from the banks. Additionally, IBFSL relies on NCDs and short-term borrowing from mutual funds. Cost of funding from these sources had also come down over the year. IBFSL's reduced cost of funding makes it competitive on offering home loans to customers.

Broad offering of lending products designed to address our clients' needs

The broad offering of lending products by the Company has enabled it to gain new clients and increase revenues, thereby, helping to differentiate it from other single product offering NBFCs in lending business.

The broad array of products, such as home loans, loans against properties, business loans and commercial vehicle financing allow the Company to cross-sell multiple products to its clients and, in turn, capture a greater share of our clients' total financial products borrowing.

Strong brand recognition

The Company is one of India's leading NBFCs and has strong brand recognition within India, which helps attract new, potential clients. The Company has established a network of easily-accessible branches across 140 locations throughout India, and the wide presence of these branches further enhances its brand recognition with prospective clients.

Experienced senior management team

IBFSL management team has a continued and strong focus on identifying quality growth areas that are capable of providing high returns. It has demonstrated strong growth with a focus on minimising the risk profile of the Company. Under the leadership of the management team, the Company has diversified into various profitable business segments. In addition, the management promotes a result-oriented culture that rewards employees on the basis of merit. In order to strengthen the credit appraisal and risk management systems, the Company has hired a number of senior managers who have extensive experience in the Indian banking sector and specialised lending finance firms providing loans to retail customers, to develop and implement the credit policies of the Company.

BUSINESS STRATEGY

The Company's strategy is to grow IBFSL into a stable, secure and sustainable business that is focused on maximising growth opportunities within the financial services industry. It is our objective to make a sustainable business whose foundations are built on providing financial products and services to a diverse client base rather than focus on one particular segment.

It is our intention to grow IBFSL that can grow the business into a sustainable and steady business rather than maximising short term earnings and growth. Our business strategy is guided by the following principles:

IBFSL to be one of India's leading home loan providers

There is a genuine demand to cater to the growing population looking to purchase homes in India driven by rapid urbanisation and rise in the Indian middle class. Due to our high cost of funding in the past it was difficult for IBFSL to be competitive in the home loan segment. However, this has changed as the cost of funding has come down significantly. As such, we are able to offer home loans at competitive and attractive rates to our customers. With the objective of growing the home loan business, we have ramped up our direct selling team to close to 1,000 people. We are leveraging IBFSL's existing extensive branch network as well as open new locations strategically so that we are closer to our customers. IBFSL has been one of the most widely recognised success stories of India 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 back to the Indian growth story.

Continue to grow our client base while maintaining a high-quality loan portfolio

The Company started its consumer finance business by issuing small-ticket unsecured loans, which generally earn higher yields and profit margins. Over the past three years, however, it has moved towards more secured lending such as mortgage-backed loans and commercial vehicle refinancing. 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 minimise client delinquencies and defaults.

Continue to diversify sources of funding

Because the Company is a non-deposit taking NBFC, it relies on short, mid and long-term funding from banks, NBFCs and NCD and Commercial Paper market. While it presently has sufficient funds to meet the short-term funding needs, the Company shall continue to identify various alternative sources of funding to maintain a low cost of funds and shall continue to assign its loan receivables to banks and other NBFCs, to enhance liquidity.

Maintain strict risk management policies for our loan portfolios

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.

Multi commodity exchange

We are extremely happy and proud that Indian Commodity Exchange Limited (ICEX) promoted by your Company as a Joint Venture with MMTC, has gone live on November 27, 2009. ICEX is the 4th national level commodity exchange in the country recognised by the Government of India, and the first exchange that has been set up as a public-private partnership with an initial paid up capital of Rs. 100 crore. Government run Indian Potash Limited (IPL), KRIBHCO, and leading infra-finance institution IDFC are among other leading shareholders in the exchange.

ICEX has got good response from amongst the commodity brokers and physical market participants as evident from the fact that in a short span of 5 months, exchange has got more than 400 members across the commodity value chain spread all over the country. It has been achieving an average daily turnover of Rs. 2500 crore to Rs. 3000 crore. Most recently, on April 28, 2010, the exchange entered into a strategic tie-up with The Bombay Bullion Association (BBA), which is the largest body of physical market players in Gold and Silver comprising about 500 members. Through this association, exchange will provide membership to all the BBA members and jointly try to deepen the markets and encourage wider participation by providing multiple delivery centers across the country.

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.

HUMAN RESOURCES

IBFSL firmly believes that its employees are the 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 structured recruitment process, which the Company employs, focuses on recruiting people who have the right mindset for working at IBFSL, supported by structured training programmes and internal growth opportunities.

The basic objective has been to unlock the people potential and further developing their functional operational and behavioural competencies so as 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 thereby consolidating its position in the market as one of the top corporate brokerage houses in the country.

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

INTERNAL CONTROL SYSTEMS

The Company has adequate system of internal controls for business processes, with regard to operations, financial reporting, 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.

CAUTIONARY STATEMENT

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

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

Directors' Report

The Profit before Tax of the Company is at Rs. 394.25 crore in Financial Year 2009 - 10 as compared to Rs. 246.90 crore in Financial Year 2008-09.

Dear Shareholders,

Your Directors have pleasure in presenting the 11th Annual Report together with the audited statement of accounts of the Company for the financial year ended March 31, 2010.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2010.

Particulars	Amount (in Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Profit before Depreciation	4,016,193,840	2,537,049,076
Less: Depreciation / Amortisation	73,708,770	68,088,503
Profit before Tax	3,942,485,070	2,468,960,573
Less: Provision for Tax	1,300,882,293	567,239,705
Profit after Tax	2,641,602,777	1,901,720,868
Add Balance of Profit brought forward	1,234,774,798	812,187,831
Amount available for appropriation	3,876,377,575	2,713,908,699
Appropriation :		
Dividend paid on Preference Shares	78,217,802	118,186,239
Proposed dividend on Preference Shares	-	38,679,133
Proposed Final Dividend on Equity Shares	1,549,472,605	507,259,538
Dividend on Equity Shares Issued after the year end pursuant to QIP Issue	-	112,280,700
Dividend on Equity Shares issued after the year end pursuant to ESOPS Allotment	396,450	221,362
Corporate Dividend Tax on:		
- Dividend paid on Preference Shares	13,293,116	20,085,752
- Proposed Dividend on Preference Shares	-	6,573,519
- Proposed Final Dividend on Equity Shares	257,348,031	86,208,758
Dividend on Equity Shares Issued after the year end pursuant to QIP Issue	-	19,082,106
Dividend on Equity Shares issued after the year end pursuant to ESOPS Allotment	65,845	37,620
Transfer to General Reserve	264,200,000	190,175,000
Transfer to Reserve Fund (U/S 451C of RBI Act, 1934)	528,320,556	380,344,174
Balance of Profit Carried forward	1,185,063,170	1,234,774,798

REVIEW OF OPERATIONS

FY2010 – Key Financial Highlights

- The Total Revenue of the Company are Rs. 1,429.41 crore in Financial Year 2009-10 as compared to Rs 1,783.51 crore in Financial Year 2008-09.
- The Profit before Tax of the Company is at Rs. 394.25 crore in Financial Year 2009 - 10 as compared to Rs. 246.90 crore in Financial Year 2008-09.
- The Profit after Tax (PAT) has increased substantially during the Financial Year 2009-10. PAT is Rs. 264.16 crore in Financial Year 2009-10 as compared to Rs. 190.17 crore in FY 2008-09.
- Earning Per share (basic) is Rs. 8.72 per share in

Financial Year 2009-10 as compared to Rs. 6.78 per share in Financial Year 2008-09.

- The Company has recommended 250% dividend amounting to Rs. 5 for every share of Face Value of Rs. 2 as compared to Rs. 2 for every share in FY 2008-09.
- The Company is well capitalized with 32.42% CRAR.

Strong Loan Asset Growth

- The Loan Assets have grown 29.23% from Rs. 7,672.9 crore on March 31, 2009 to Rs. 9,915.5 crore as of March 31, 2010.
- Cumulative Loan Disbursements of Rs. 29,591 crore (from inception to March 2010).

CRISIL expands borrowing capacity

CRISIL revised rating outlook on IBFSL to 'Positive'

- CRISIL has revised its rating outlook on the long-term debt instruments and bank facilities of IBFSL to 'Positive' from 'Stable'
- CRISIL has expanded the total borrowing capacity of IBFSL from Rs. 9,040 crore to Rs. 14,040 crore

SIGNIFICANT DEVELOPMENTS DURING THE YEAR

Life Insurance Business

During the third quarter, the Company and Sogecap, the life insurance subsidiary of Societe Generale of France, has mutually agreed not to pursue the life insurance joint venture in India, for which they had entered into a Joint Venture Agreement in April 2008.

The Company intends to pursue its insurance venture and is looking for a new insurance JV Partner.

Multi commodity Exchange

Indian Commodity Exchange Ltd (ICEX), a nationwide multi-commodity Exchange, set up by the Company in partnership with MMTC Ltd., has gone live effective November 27, 2009.

Redemption of Non-Convertible Preference Shares

The Company has on September 30, 2009, redeemed 9,966,667 outstanding Non-Convertible Preference Shares of face value Rs. 157.39 per share, held by Oberon Ltd. in the Company. Consequently, the paid-up preference share capital in the Company stands fully redeemed.

Revision in Crisil Ratings

CRISIL has revised its rating outlook on the long-term debt instruments and bank facilities of Indiabulls Financial Services Ltd. (IBFSL) to 'Positive' from 'Stable'; the rating has been reaffirmed at 'AA-'. CRISIL has also reaffirmed its rating on the Company's short-term debt at 'P1+'. The revision in the rating outlook reflects CRISIL's belief that IBFSL's business risk profile will improve over the medium term, driven by an intrinsic improvement in its asset quality and a continued improvement in its resource profile.

DIVIDEND

During the financial year 2009-2010 the Company has paid preference dividend @10%, upto September 30, 2009 aggregating Rs. 78,217,802 to Oberon Limited, a foreign entity.

In keeping with the Company's policy to reward its shareholders, the Board of Directors of the Company has recommended a 250% i.e. Rs 5 per share on the face value of Rs. 2 per share, as dividend for the financial year 2009-2010, which if approved at the ensuing Annual General Meeting, would be paid to those members whose names appear in the Company's Register of

Members as on the book closure date appearing in the notice convening the Annual General Meeting which forms a part of the Annual Report and to all those members whose names appear as beneficial owners in the records of the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, as on the said date.

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.

Subsequent to Financial Year 2009-2010, the IBFSL has allotted an aggregate 79,290 (Seventy Nine Thousand Two Hundred And Ninety) Equity shares of face value Rs. 2/- each under various stock option schemes on April 09, 2010 and April 27, 2010, as a result of which the equity capital of IBFSL stands increased from Rs. 61,97,89,042/- divided into 30,98,94,521 Equity shares of face value Rs. 2/- each to Rs. 61,99,47,622/- divided into 30,99,73,811 Equity shares of face value Rs. 2/- each.

FIXED 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 approval granted by the Ministry of Corporate Affairs, Government of India vide letter No. 47/400/2010-CL-III dated 07.05.2010 under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries of the Company as of March 31, 2010 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 and its subsidiaries interested in obtaining the same. The annual accounts of the Subsidiary Companies are also kept at the registered office of the Company and that of its subsidiaries for inspection by any member. The details of Subsidiary Companies account are also put up on the website of the Company. However, as directed by the Ministry of Corporate Affairs, Government of India the financial data of the subsidiaries have been furnished under 'Details of Subsidiaries' forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of

India, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries.

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 and the Article 129 of the Articles of Association of the Company Mr. Gagan Banga and Mr. Karan Singh, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

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

LISTING WITH STOCK EXCHANGES

The equity shares of the Company continue to remain listed with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The listing fees payable to both the exchanges for the financial year 2010-2011 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 AND AUDITORS' REPORT

M/s Deloitte Haskins & Sells, Chartered Accountants, 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 are required to be set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any member who is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 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

Sameer Gehlaut
Chairman

Date : May 17, 2010
Place : New Delhi

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 and 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:

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

B. TECHNOLOGY ABSORPTION

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

a. Expenditure in Foreign Currency

Particulars	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
Professional Expenses	-	1,112,873
GDRs listing / Issue related expense	778,200	160,912
Travelling Expense	3,696,076	915,033
Others	-	228,221

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

Final Dividend (Year End March 31, 2009)

Number of Shareholders (Bodies Corporate): 2

Equity Shares held on which dividend is remitted: – 17,151,479 Equity Shares

Amount Remitted- Rs. 34,302,958

Preference Dividend (From April 1, 2009 to September 30, 2009)

Number of Shareholders (Body Corporate): 1

Preference Shares held on which dividend is remitted: – 9,966,667 Preference Shares

Amount Remitted - Rs. 78,217,802

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:

Number of Shareholders: 1

Preference Shares which are redeemed: – 9,966,667 Preference Shares

Amount Remitted- Rs. 1,568,653,719

IBFSL – ICSL EMPLOYEES STOCK OPTION PLAN - 2006 - As on March 31, 2010

Particulars		
a.	Options Granted	14,40,000
b.	Exercise price	Rs.41.67
c.	Options vested	6,19,200
d.	Options exercised	2,87,884
e.	The total number of Shares arising as a result of exercise of option	2,87,884
f.	Options lapsed	NIL
g.	Variation in terms of options	Not applicable
h.	Money realized by exercise of options	1,19,96,126.28
i.	Total number of options in force	11,52,116
i.	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	NIL
	iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	NIL
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. 8.64
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	The employee compensation cost using the intrinsic value of the stock options is nil. Had the Company followed the fair value method, the employee compensation cost would have also been nil. Hence there is no difference in employee compensation cost computed under intrinsic value and fair value method and hence no impact on profits and on EPS of the Company.
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. 41.67
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: 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	Refer Note B - 7 of schedule 18 - Notes to Account forming part of the Financial Statements.

IBFSL – ICSL EMPLOYEES STOCK OPTION PLAN II - 2006 - As on March 31, 2010

Particulars		
a.	Options Granted	7,20,000
b.	Exercise price	Rs.100
c.	Options vested	1,58,400
d.	Options exercised	37,205
e.	The total number of Shares arising as a result of exercise of option	37,205
f.	Options lapsed	NIL
g.	Variation in terms of options	Not applicable
h.	Money realized by exercise of options	37,20,500
i.	Total number of options in force	6,82,795
i.	Employee wise details of options granted to;	
	i. Senior Management personnel	Mr. Gagan Banga – 2,99,160
	ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	NIL
	iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	NIL

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

k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 8.64
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	The employee compensation cost using the intrinsic value of the stock options is nil. Had the Company followed the fair value method, the employee compensation cost would have also been nil. Hence there is no difference in employee compensation cost computed under intrinsic value and fair value method and hence no impact on profits and on EPS of the Company.
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/-
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: 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	Refer Note B-7 of schedule 18 - Notes to Account forming part of the Financial Statements.

EMPLOYEES STOCK OPTION - 2008 - As on March 31, 2010

Particulars		
a.	Options Granted	75,00,000
b.	Exercise price	71,32,650 options at Rs.95.95 per option 3,67,350 options at Rs.125.90 per option
c.	Options vested	11,25,000
d.	Options exercised	2,093
e.	The total number of Shares arising as a result of exercise of option	2,093
f.	Options lapsed	NIL
g.	Variation in terms of options	Not applicable
h.	Money realized by exercise of options	2,00,823.35
i.	Total number of options in force	74,97,907
j.	Employee wise details of options granted to;	
	i. Senior Management personnel	Mr. Gagan Banga – 7,86,000
	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	NIL
	iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital	NIL
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. 8.64
l.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Refer Note B-7 of schedule 18 - Notes to Account 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. 97.42
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: 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	Refer Note B-7 of schedule 18 - Notes to Account forming part of the Financial Statements.

Report on Corporate Governance

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.

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 regulation 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, 2010 are depicted in the table given below:

Sl. No.	Name of the Director	Category of Directorship	No. of Directorships in other Companies*	No. of Memberships/ Chairmanships in Board Committees of various companies (including the Company)**	
				Member	Chairman
1.	Mr. Sameer Gehlaut	Executive Director	3	3	1
2.	Mr. Rajiv Rattan	Non-Executive Director	9	2	Nil
3.	Mr. Saurabh K Mittal	Non-Executive Director	3	3	Nil
4.	Mr. Gagan Banga	Executive Director	6	1	Nil
5.	Mr. Aishwarya Katoch	Non-Executive Independent Director	4	8	4
6.	Mr. Shamsher Singh Ahlawat	Non-Executive Independent Director	4	5	5
7.	Mr. Karan Singh	Non-Executive Independent Director	6	4	2
8.	Mr. Prem Prakash Mirdha	Non-Executive Independent Director	4	4	Nil

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

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

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

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

During FY 2009-10 the Board met 12 (Twelve) times .The dates of the Board meetings were April 2, 2009, June 6, 2009, June 24, 2009, July 4 2009, July 31, 2009, August 27, 2009, September 01, 2009, September 30, 2009, October 31, 2009, December 03, 2009, January 25, 2010 and March 26, 2010.

The last Annual General Meeting of the Company was held on September 30, 2009.

A table depicting the attendance of Directors at various board meetings held during FY 2009-10 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	9	No
2.	Mr. Rajiv Rattan	10	Yes
3.	Mr. Saurabh K. Mittal	9	No
4.	Mr. Gagan Banga	9	No
5.	Mr. Aishwarya Katoch	11	Yes
6.	Mr. Shamsher Singh Ahlawat	10	Yes
7.	Mr. Karan Singh	10	Yes
8.	Mr. Prem Prakash Mirdha	4	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 www.indiabulls.com/financl. 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 constituted Committees namely – The Audit Committee; The Remuneration Committee and The Share transfer cum Shareholders'/ Investors' Grievance Committee act in accordance with the terms of reference determined by the Board. Meetings of each of these Committees are convened by the respective Chairmen. Matters requiring Board's attention/approval are placed before the Board. The role, the composition of these Committees including the number of meetings held during the financial year and the related attendance details are provided hereunder.

(A) Audit Committee

Composition

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

Terms of reference of the Audit Committee

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

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

Meetings and Attendance during the year

During the financial year ended March 31, 2010 the Committee met five times. The dates of the meetings being April 23, 2009, June 6, 2009, July 30, 2009, October 30, 2009 and January 20, 2010.

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	4
Mr. Aishwarya Katoch	5
Mr. Saurabh K Mittal	2
Mr. Karan Singh*	2

* Mr. Karan Singh was appointed as member of the Audit Committee on July 28, 2009.

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 August 27, 2009 and the meeting was attended by all of its members.

Remuneration Policy

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

Director's Remuneration:

(i) Remuneration of Executive Directors

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

Name of the Director	Relationship With other Director	Salary and allowances (Rs.) per annum	Performance linked incentive (Rs.)	Monetary Value of perquisites (Rs.)	Sitting Fee	Total (Rs.)
Sameer Gehlaut	None	5,46,19,400	Nil	2,55,71,413	Nil	8,01,90,813
Gagan Banga	None	1,66,66,672	Nil	4,03,558	Nil	1,70,70,230

Notes:

1. 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.
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 14,80,160 stock options under various employee stock option schemes prevailing in the Company convertible into an equivalent number of Equity Shares of the Company during the exercise period provided under the relevant Stock Option Schemes.

(ii) Remuneration of Non Executive Directors

Non- Executive Directors have not been paid any remuneration/sitting fees during FY 2009-10.

(C) Shareholders'/ Investors' Grievance Committee

Composition

The Shareholders/investors grievance Committee 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 year ended March 31, 2010, the Committee met four times. The dates of the meetings being June 29, 2009, September 29, 2009, December 30, 2009 and March 29, 2010.

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	0
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 2009-10

Sl. No.	Nature of Complaint	Received	Redressed	Pending
1.	Non receipt of Refund Order	0	0	Nil
2.	Non credit of shares in demat account	0	0	Nil
3.	Letters from SEBI/Stock Exchanges	0	0	Nil
4.	Legal cases / cases before consumer forum	0	0	Nil
5.	Non-receipt of dividend	134	134	Nil
6.	Change/correction of bank mandate on dividend warrants	46	46	Nil
7.	Complaints pertaining to allotment of shares in IPO/ESOP	0	0	Nil
Total		180	180	Nil

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
2006-07	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	September 17, 2007	2:00 P.M.
2007-08	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	September 05, 2008	10:45 A.M.
2008-09	Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi – 110 037	September 30, 2009	10.30 A.M.

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

- (1) In the AGM of the Company for the year 2006-07 and 2008-09 held on September 17, 2007 and September 30, 2009 respectively, no special resolutions were passed.
- (2) In the AGM of the Company for the year 2007-08 held on September 05, 2008, three special resolutions as briefly described below, were passed:
 - (i) Special resolution in terms of Section 372 A of the Companies Act, 1956 pertaining to investment of the Company's funds in (1) Indiabulls Asset Management Company Limited, (2) Indiabulls Trustee Company Limited, (3) Indiabulls life Insurance Company Limited and (4) Indian Commodity Exchange Limited (formerly known as International Multi Commodity Exchange Limited), up to an aggregate sum of Rs. 1000 crore in each of these Companies.

(ii) Special resolution in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to effect the amendments to the various Employees Stock Option Plans/ Schemes of the Company in respect of the schedules provided under such schemes, for vesting of options covered thereunder, granted by the Company to its employees.

(iii) Special resolution in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to effect the amendments to the various Employees Stock Option Plans/ Schemes of the Company in respect of the schedules provided under such schemes, for vesting of options covered thereunder, granted by the Company to the employees of the subsidiaries of the Company.

(C) Postal Ballot during FY 2009-10

During the year 2009-10, 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 2009-10, 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 is completing six years of existence as a listed entity and during this period there has been no instance of any non compliance by the Company on any matter related to capital markets and hence no penalties or strictures being imposed on the Company by SEBI or the Stock Exchanges or any other statutory authority.

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

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

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

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

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

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

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

on compliance with the Non mandatory requirements are given at the end of the Report.

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

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

Mr. Sameer Gehlaut

Mr. Saurabh K Mittal

Mr. Rajiv Rattan

Inuus Infrastructure Private Limited

Orthia Developers Private Limited

Priapus Developers Private Limited

Priapus Properties Private Limited

Hespera Realty Private Limited

Hespera Properties Private Limited

Hespera Infrastructure Private Limited

Inuus Real Estate Private Limited

Orthia Real Estate Private Limited

Inuus Land Development Private Limited

Orthia Land Development Private Limited

Priapus Constructions Private Limited

Priapus Real Estate Private Limited

Hespera Realcon Private Limited

Hespera Real Estate Private Limited

6. MEANS OF COMMUNICATION

- (i) Publication of Results:** The quarterly / annual results of the Company are published in the leading newspapers viz The Economic Times / Financial Express / Business Standard (English) and Jansatta (Hindi).
- (ii) News, Release etc:** The Company has its own website www.indiabulls.com/financial 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) The Company shall in the near future utilising the common portal i.e. www.corpfilings.co.in set up by BSE and NSE in collaboration with each other, for updation of financial results and important information relating to the Company, required to be notified to the stock exchanges.

(iv) Investors' Relation: The Company's website contains a separate dedicated section "Investor Relation" where Shareholders' information is available.

(v) Management 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 the provisions of Section 255 and 256 of the Companies Act, 1956, and the Articles of Association of the Company, one-third of the Directors liable to retire by rotation every year shall so retire by rotation at the Annual General Meeting and are eligible to be reappointed. Consequently, at the ensuing AGM, Mr. Gagan Banga and Mr. Karan Singh 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. Gagan Banga

Mr. Gagan Banga graduated as a Master of Business Administration. He worked at NIIT as Regional Sales Head. Mr. Banga is at present director in Indiabulls Insurance Advisors Limited, Indiabulls Commodities Limited, Indiabulls Capital Services Limited, Indiabulls Housing Finance Limited, Indiabulls Life Insurance Company Limited, Indiabulls Insurance Agents Private Limited,

Nilgiri Financial Consultants Limited He is member of Asset Liability Management Committee (ALCO), Integrated Risk Management Committee of the Company and Indiabulls Finance Company Private Limited He is also member of the Audit Committee of Indiabulls Capital Services Limited

He holds 7,70,040 equity shares in the Company.

Mr. Karan Singh

Mr. Karan Singh has been an independent Director on the Board since March 30, 2005. Mr. Singh is a retired professor. He holds a post Graduate degree in English. Mr. Singh is at present director in Indiabulls Real Estate Limited, Indiabulls Commodities Limited, Store One Retail India Limited, Indiabulls Securities Limited, Poena Power Solutions Limited, Poena Power Transmission Limited. He is member of Audit Committee, Shareholders'/ Investors' Grievance Committee, Nomination Committee, Investment Committee and Demand and Call Loans Committee of Company. He is also the chairman of Audit Committee, Shareholders'/ Investors' Grievance Committee and Compensation Committee and member of Remuneration Committee of Indiabulls Securities Limited.

He does not hold any shares in the Company.

(C) Financial Calendar 2010-11 (tentative)

Tentative Schedule	Tentative Date
Financial reporting for the quarter ending June 30, 2010	Upto August 15, 2010
Financial reporting for the half year ending September 30, 2010	Upto November 15, 2010
Financial reporting for the quarter ending December 31, 2010	Upto February 15, 2011
Financial reporting for the quarter and year ending March 31, 2011	Upto May 15, 2011*
Annual General Meeting for the year ending March 31, 2011	Upto September 30, 2011

*As provided under Clause 41 of the Listing Agreement, Board may also consider publication of Audited results for FY 2010-11 by May 30, 2011 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, 2010

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

Sl. No.	Category of Shares	No of holders	% to total holders	Value in Rs.	% to nominal value
1	1 - 5000	123802	98.72	33108848.00	5.34
2	5001 - 10000	772	0.62	5548738.00	0.90
3	10001 - 20000	352	0.28	5105004.00	0.82
4	20001 - 30000	116	0.09	2813986.00	0.45
5	30001 - 40000	52	0.04	1809318.00	0.29
6	40001 - 50000	42	0.03	1920032.00	0.31
7	50001 - 100000	82	0.07	5749136.00	0.93
8	100001 & Above	184	0.15	563733980.00	90.96
Total		125402	100.00	619789042.00	100.00

(ii) Shareholding pattern as on March 31, 2010

Sr. no.	Category	No. of Shares	% holding
1.	Promoters and Promoters Group	85612251	27.63
2.	Mutual Funds	9653538	3.11
3.	Banks	183050	0.06
4.	FII's	125159353	40.39
5.	Private Bodies Corporate	14930399	4.82
6.	Indian Public	29128517	9.40
7.	NRI's/OCBs	92,47,111	2.98
8.	GDRs (Shares underlying)	13049556	4.21
9.	Other foreign entities	22102254	7.13
10.	Others	828492	0.27
Total		309894521	100

(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, 2010, 97.96 % Equity shares of the Company representing 30,35,64,194 out of a total of 30,98,94,521 Equity shares were held in dematerialised form and the balance 63,30,327 shares representing 2.04% of the total equity capital of the Company were held in physical form.

Subsequent to Financial Year 2009-2010, and consequent upon issue of an aggregate 79,290 (Seventy Nine Thousand Two Hundred And Ninety) Equity shares of face value Rs. 2/- each under Employees Stock Option Schemes namely IBFSL-ICSL Employees Stock Option Plan -2006 and Employees Stock Option Plan – 2008 on April 09, 2010 and April 27, 2010 the outstanding equity shares stands increased to 30,99,73,811 Equity shares out of which 30,36,43,484 representing 97.96 % equity shares were held in dematerialized form and the balance 63,30,327 shares representing 2.04% of the total equity capital of the Company were held in physical form.

During FY 2009-10 the Company has redeemed 9,966,667 outstanding Non-Convertible Preference Shares of face value Rs. 157.39 per share, held by Oberon Limited. Consequently, the paid-up preference share capital in the Company stands fully repaid w.e.f September 30, 2009.

(H) Outstanding GDRs

The number of outstanding GDRs as on March 31, 2010 was 1,30,49,556. 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, 2010:

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

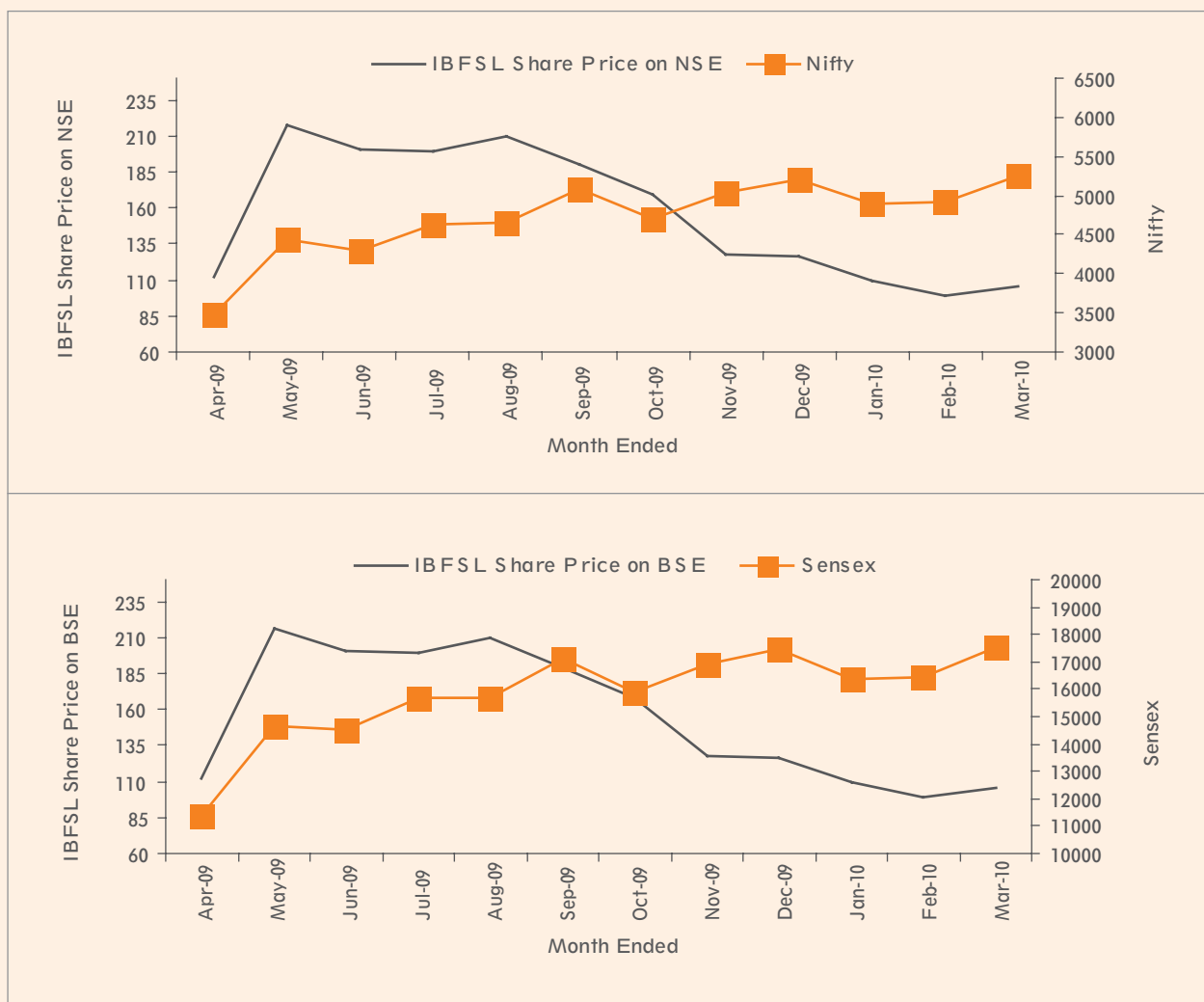
(K) Stock Market Price at National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)

(Figures in Rs.)

Month	Share Prices at NSE		Share Prices at BSE	
	High	Low	High	Low
April 2009	128.10	88.50	127.95	88.50
May 2009	223.80	112.00	223.30	113.90
June 2009	225.00	159.15	224.20	159.35
July 2009	220.60	140.25	220.00	147.85
August 2009	218.00	170.55	217.80	170.75
September 2009	215.50	184.00	215.50	184.00
October 2009	194.90	155.15	195.00	155.30
November 2009	167.45	116.15	165.50	116.15
December 2009	143.80	124.20	143.40	124.30
January 2010	144.90	103.35	145.00	104.00
February 2010	112.50	93.30	112.75	93.10
March 2010	119.40	98.90	119.80	99.00

(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 the share related matters both in physical and dematerialised mode.

The contact details are as under:
Karvy Computershare Private Limited
Unit : Indiabulls Financial Services Limited
Plot No.17-24 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 – 122 001, Haryana

One Indiabulls Center,
Tower 2/B, 841, 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 the same and other important information on its public domain website.

(D) Unqualified financial statements

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

(E) Whistle Blower Policy

The Company has a well established Whistle blower policy in place which lays down an effective mechanism for the employees to report violations of laws, rules and regulations as also unethical conduct, at the appropriate management levels for taking timely and appropriate actions in respect thereof, without loss of time. For a detailed description of the whistle blower policy please refer to point no.5 (iii) 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 FY 2009-10.

Gagan Banga
Chief Executive Officer

Date : May 17, 2010
Place : New Delhi

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **Indiabulls Financial Services Limited**

We have examined the compliance of conditions of Corporate Governance by Indiabulls Financial Services Limited ("the Company"), for the year ended March 31, 2010, 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, 2010 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

S. K. Hota
Proprietor
CP No: 6425

Place : New Delhi
Date : May 17, 2010

Financial Section

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, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of thirteen subsidiaries, whose financial statements reflect total assets of Rs. 7,050,136,855 as at March 31, 2010, total revenues of Rs. 159,483,456 and net cash inflows amounting to Rs. 3,333,148,355 for the year ended on that date as considered in the Consolidated Financial Statements and of two associate's which reflects the Group share of Loss (net) of Rs. 22,822,801 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associates is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by Indiabulls Financial Services Limited's management in accordance with the requirements of Accounting Standard 21, (Consolidated Financial Statements) and Accounting Standard 23, (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and associates, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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, 2010;
 - b. in the case of the Consolidated Profit and Loss account, of the profit of the Group for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)
K. A. Katki
Partner
(Membership No. : 038568)
Mumbai, April 26, 2010

Consolidated Balance Sheet

of Indiabulls Financial Services Limited Group as at March 31, 2010

	Schedule	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	619,789,042	2,075,913,257
Reserves and Surplus	B	42,480,902,012	32,191,437,562
		43,100,691,054	34,267,350,819
Minority Interest		1,108,737,518	1,031,501,828
Share Application Money Pending Allotment (Refer Note B 29 of Schedule O)		-	340,000,000
		44,209,428,572	35,638,852,647
Loan Funds			
Secured Loans	C	44,995,301,330	45,440,940,980
Unsecured Loans	D	33,500,000,000	22,850,000,000
		78,495,301,330	68,290,940,980
TOTAL		122,704,729,902	103,929,793,627
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	705,909,215	621,936,597
Less: Depreciation / Amortisation		265,961,098	183,908,295
Net Block		439,948,117	438,028,302
Capital work in progress / Capital Advances		4,959,203	11,689,994
		444,907,320	449,718,296
Investments	F	11,683,353,179	11,955,182,108
Deferred Tax Assets (Net) (Refer Note B 18 of Schedule O)		250,796,306	140,908,489
Current Assets, Loans and Advances			
Sundry Debtors	G	221,691,665	84,091,145
Cash and Bank Balances		12,312,748,221	24,339,749,610
Other Current Assets		1,248,357,312	1,180,428,309
Loans and Advances		109,056,422,404	70,499,198,061
		122,839,219,602	96,103,467,125
Less : Current Liabilities and Provisions			
Current Liabilities	H	8,406,343,654	2,318,594,820
Provisions		4,107,202,851	2,400,887,571
		12,513,546,505	4,719,482,391
Net Current Assets		110,325,673,097	91,383,984,734
TOTAL		122,704,729,902	103,929,793,627
Significant Accounting Policies and Notes to Accounts	O		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

K. A. Katki
Partner

Mumbai, April 26, 2010

For and on behalf of the Board

Sameer Gehlaut
Whole Time Director

Mumbai, April 26, 2010

Gagan Banga
Whole Time Director

Amit Jain
Company Secretary

Consolidated Profit & Loss Account

of Indiabulls Financial Services Limited Group for the year ended March 31, 2010

	Schedule	Year ended March 31, 2010	Amount (Rs.) Year ended March 31, 2009
INCOME			
Revenue from operations	I	16,256,508,589	20,030,877,611
Other Income	J	93,895,694	26,986,043
		16,350,404,283	20,057,863,654
EXPENDITURE			
Operating Expenses	K	171,980,559	227,055,159
Personnel Costs	L	1,363,561,118	1,668,922,598
Administrative and Other Expenses	M	4,176,418,226	6,022,649,000
Interest and Finance Charges	N	5,980,816,071	10,286,572,880
Depreciation / Amortisation		84,403,176	78,095,945
		11,777,179,150	18,283,295,582
Profit before tax		4,573,225,133	1,774,568,072
Provision for Taxation			
- Current Tax (Including Wealth Tax)		1,606,663,281	1,414,341,643
- Tax Adjustment in respect of earlier years		1,686,734	3,799,016
- Deferred Tax Credit (Net)		(109,887,817)	(711,627,672)
- Fringe Benefits Tax		-	8,466,733
Profit After Tax		3,074,762,935	1,059,588,352
Minority Interest		61,788,552	65,124,176
Profit After Minority Interest		3,012,974,383	994,464,176
Balance of Profit Brought Forward		2,764,576,479	3,204,907,545
Amount Available for appropriation		5,777,550,862	4,199,371,721
Appropriation:			
Dividend paid on Preference Shares		78,217,802	118,186,239
Proposed Dividend on Preference Shares		-	38,679,133
Proposed Final Dividend on Equity Shares		1,549,472,605	507,259,538
Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		112,280,700	-
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS allotment		221,362	-
Corporate Dividend Tax on Dividend paid on Preference Shares		13,293,116	20,085,752
Corporate Dividend Tax on Proposed Dividend on Preference Shares		-	6,573,519
Corporate Dividend Tax on Proposed Final Dividend on Equity shares		257,348,031	86,208,758
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		19,082,106	-
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS allotment		37,620	-
Transfer to General Reserve		264,200,000	190,175,000
Transfer To Reserve Fund (U/s 45IC of the R.B.I. Act, 1934)		578,675,912	422,910,091
Transfer To Reserve Fund (U/s 29C of the N.H.B. Act, 1987)		36,812,835	44,717,212
		2,909,642,089	1,434,795,242
Balance of Profit Carried forward		2,867,908,773	2,764,576,479
Earnings Per Share - Basic and Diluted (Refer Note B 19 of Schedule O)			
- Basic (Rs.)		9.94	3.13
- Diluted (Rs.)		9.84	3.11
- Face value per Equity Share (Rs.)		2.00	2.00
Significant Accounting Policies and Notes to Accounts	O		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board

K. A. Katki
Partner

Sameer Gehlaut
Whole Time Director

Gagan Banga
Whole Time Director

Amit Jain
Company Secretary

Mumbai, April 26, 2010

Mumbai, April 26, 2010

Consolidated Cash Flow Statement

of Indiabulls Financial Services Limited Group for the year ended March 31, 2010

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	4,573,225,133	1,774,568,072
Adjustments for :		
Share of Loss / (Profit) in Associate's	22,822,801	(709,854)
Depreciation / Amortisation	84,403,176	78,095,945
Provision for Doubtful Loans	(481,515,176)	210,622,859
Bad Debts written off	3,094,600,312	1,743,260,387
Provision for Share Warrants	-	66,500,000
Provision for Gratuity / Compensated Absences and Superannuation Expenses	30,132,514	14,920,530
Interest on Vehicle Loans	801,032	1,263,889
Loss on sale of Investment / Dealing in Securities (Net)	-	2,231,376,073
Loss on sale on fixed assets	10,406,900	14,042,758
Liabilities / Provisions written back	(82,015,401)	(18,495,628)
	2,679,636,158	4,340,876,959
Operating Profit before working capital changes	7,252,861,291	6,115,445,031
Adjustments for:		
Trade and other receivables	(40,917,080,769)	10,544,055,493
Trade Payables and other liabilities	6,168,687,979	(6,972,931,570)
	(34,748,392,790)	3,571,123,923
Cash (used in) / generated from operations	(27,495,531,499)	9,686,568,954
Direct taxes paid	(1,559,025,170)	(1,998,646,111)
	(1,559,025,170)	(1,998,646,111)
Net cash (used in) / generated from operating activities	(29,054,556,669)	7,687,922,843
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (net)	(90,668,538)	(46,056,808)
Disposal of fixed assets	669,438	1,968,052
Proceeds from / (Investment in) long term Fixed Deposits (Net)	9,084,008,489	(1,566,083,600)
Aggreate cash flows consequent to conversion of Subsidiary to Associate	(730,619,827)	-
Net proceeds from dealing in Securities	-	119,839,454
Proceeds from sale of Long term Investments	1,104,583,769	2,621,774,345
Purchase of Long term Investments	-	(3,359,535,287)
Net cash generated from / (used in) investing activities	9,367,973,331	(2,228,093,844)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds from Issue of Equity Shares (including Securities Premium)	9,428,985,220	8,449,840
Share Application Money in Subsidiary Pending Allotment	-	340,000,000
Redemption of Non Convertible Preference Shares	(1,568,653,719)	-

Consolidated Cash Flow Statement

of Indiabulls Financial Services Limited Group for the year ended March 31, 2010 (Contd.)

	Year ended March 31, 2010	Year ended March 31, 2009
Proceeds / (Repayment) from Borrowings (Net)	(7,545,639,650)	(42,394,916,374)
Proceeds from issue of Commercial Papers (Net)	10,750,000,000	-
Proceeds / (Repayment) from issue of Non Convertible Debentures (Net)	7,000,000,000	(1,530,000,000)
Interest on Vehicle Loans	(801,032)	(1,263,889)
Distribution of Preference Dividends (including Corporate Dividend Tax thereon)	(136,763,570)	(175,879,498)
Distribution of Equity Dividends (including Corporate Dividend Tax thereon)	(724,013,828)	(2,520,223,700)
Net cash generated from / (used in) financing activities	17,203,113,421	(46,273,833,621)
D NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,483,469,917)	(40,814,004,622)
E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,874,762,217	56,688,766,839
F CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR (D + E) (REFER NOTE 3 BELOW)	13,391,292,300	15,874,762,217

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.
- The cash and cash equivalents as at the end of the year includes an amount of Rs. 315,983,634 (Previous Year Rs. 297,147,283) payable on assignment of Loans.
- Cash and cash equivalents at the close of the Year include:

Cash and Bank balances (Refer Schedule G)	12,312,748,221	24,339,749,610
Current Investments in Units in Mutual Fund considered as temporary deployment of funds (Refer Schedule F)	9,041,547,963	8,582,024,980
	21,354,296,184	32,921,774,590
Less: Fixed Deposit Accounts Having maturity more than 3 months (Refer Note 4(a) below)	7,963,003,884	17,047,012,373
Cash and cash equivalents as restated	13,391,292,300	15,874,762,217

- (a) Fixed Deposit as on March 31, 2010 amounting Rs. 2,969,748,180 (Previous Year Rs. 8,001,592,376), are placed as collateral with bank for assignment / securitization deals on which assignees have a lien.
- (b) Current Investments in Units of Mutual Funds as on March 31, 2010 amounting Rs. 7,130,177 (Previous Year Rs. 56,626,349), are placed as collateral with bank for assignment / securitization deals on which assignees have a lien.
- Cash and Cash Equivalent includes Unclaimed Dividend Balances in designated bank accounts amounting to Rs. 5,328,023 (Previous Year Rs. 4,251,767) are not available for use by the Company.
- Previous year figures are regrouped wherever considered necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

K. A. Katki
Partner

Sameer Gehlaut
Whole Time Director

Gagan Banga
Whole Time Director

Amit Jain
Company Secretary

Mumbai, April 26, 2010

Mumbai, April 26, 2010

Schedules

Forming part of Consolidated Balance Sheet as at March 31, 2010

	Amount (Rs.)	
	As at March 31, 2010	As at March 31, 2009
Schedule A		
SHARE CAPITAL		
Authorised		
2,000,000,000 (Previous Year 2,000,000,000) Equity Shares of Rs. 2 each	4,000,000,000	4,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 300 each	7,500,000,000	7,500,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 157.39 each	3,934,750,000	3,934,750,000
Issued, Subscribed and Paid up (Refer Note B 4 of Schedule O)		
309,894,521 (Previous Year 253,629,769) Equity Shares of Rs. 2 each fully paid up	619,789,042	507,259,538
Nil (Previous Year 9,966,667) Non Convertible Preference Shares of Rs.157.39 each fully paid up	-	1,568,653,719
Of the above:		
(a) 76,935,375 (Previous Year 76,935,375) Equity Shares of Face Value of Rs. 2 each are allotted as fully paid up Bonus Shares by capitalisation of Securities Premium Account		
(b) 500,000 (Previous Year 500,000) Equity Shares of Face Value of Rs. 2 each are issued for consideration other than cash		
Per Balance Sheet	619,789,042	2,075,913,257
Schedule B		
RESERVE AND SURPLUS		
1. Capital Reserve on Consolidation (Refer Note B 13 of Schedule O)	443,603,438	443,603,438
Add: Additions during the year	5,434,831	-
	449,038,269	443,603,438
2. Capital Redemption Reserve		
Balance as per last Balance Sheet	3,627,392	3,627,392
	3,627,392	3,627,392
3. Securities Premium Account (Refer Note B 4 of Schedule O)		
Balance as per last Balance Sheet	25,963,043,992	25,954,999,712
Add: Additions during the year	9,494,937,980	8,044,280
	35,457,981,972	25,963,043,992
Less: Share issue expenses written off	178,482,264	-
	35,279,499,708	25,963,043,992
4. Reserve Fund (u/s 45 IC of the R.B.I. Act, 1934)		
Balance as per last Balance Sheet	1,947,686,916	1,541,057,869
Add: Amount Transferred during the year	578,675,912	422,910,091
Less: Transferred to Minority Interest	15,447,138	16,281,044
	2,510,915,690	1,947,686,916
5. Reserve Fund (U/s 29C of N.H.B. Act,1987)		
Balance as per last Balance Sheet	269,366,576	224,649,364
Add: Amount Transferred during the year	36,812,835	44,717,212
	306,179,411	269,366,576
6. General Reserve		
Balance as per last Balance Sheet	799,532,769	609,357,769
Add: Amount Transferred during the year	264,200,000	190,175,000
	1,063,732,769	799,532,769
7. Surplus as per Profit and Loss account	2,867,908,773	2,764,576,479
Per Balance Sheet	42,480,902,012	32,191,437,562

Schedules

Forming part of Consolidated Balance Sheet as at March 31, 2010 (Contd.)

	Amount (Rs.)	
	As at March 31, 2010	As at March 31, 2009
Schedule C		
SECURED LOANS		
(Refer Note B 14 of Schedule O)		
Redeemable Non Convertible Debentures (Refer Note B 15 of Schedule O)		
10.75% Non Convertible Debentures of Face value Rs. 10,000,000 each	1,000,000,000	-
9.00% Non Convertible Debentures of Face value Rs. 10,000,000 each	300,000,000	-
8.50% Non Convertible Debentures of Face value Rs. 10,000,000 each	750,000,000	-
8.40% Non Convertible Debentures of Face value Rs. 10,00,000 each	1,350,000,000	-
7.35% Non Convertible Debentures of Face value Rs. 10,00,000 each	1,500,000,000	-
7.25% Non Convertible Debentures of Face value Rs. 10,00,000 each	3,200,000,000	-
Term Loans		
Vehicle Loans	6,535,522	7,699,535
From Banks	30,761,658,875	33,692,779,385
From Others	-	3,535,500,000
Working Capital Loans		
From Banks	6,126,596,397	8,204,962,060
From Others	-	-
Interest Accrued and Due on above	510,536	-
Per Balance Sheet	44,995,301,330	45,440,940,980

Schedule D		
UNSECURED LOANS		
Other Loans and advances		
- From Banks	1,000,000,000	-
- From Others	-	-
Redeemable, Non Convertible Debentures (Refer Note B 15 of Schedule O)		
11.75% Non Convertible Debentures of Face value Rs. 10,000,000 each	-	1,100,000,000
Commercial Papers	32,500,000,000	21,750,000,000
(Maximum balance outstanding during the year Rs. 32,500,000,000 (Previous Year Rs. 30,200,000,000))		
	33,500,000,000	22,850,000,000
Per Balance Sheet	78,495,301,330	68,290,940,980

Schedules

Forming part of Consolidated Balance Sheet as at March 31, 2010 (Contd.)

Schedule E FIXED ASSETS

Particulars	GROSS BLOCK AT COST			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at April 1, 2009	Additions during the Year	Adjustments/ Sales during the Year	As at April 1, 2009	Provided during the Year	Adjustments during the Year	As at March 31, 2010	As at March 31, 2009
A. Tangible Assets								
Freehold Land	-	1,000,000	-	-	-	-	1,000,000	-
Computers	146,178,145	5,668,022	84,999	57,801,473	23,713,042	35,371	70,282,024	88,376,672
Office Equipment	66,031,481	2,211,798	1,619,959	10,595,493	3,095,659	217,671	53,149,839	55,435,988
Furniture & Fixtures	238,407,771	2,654,113	10,824,325	44,589,586	14,521,439	1,816,104	172,942,638	193,818,185
Vehicles*	35,218,045	42,824,088	897,428	9,092,801	5,062,557	281,227	63,270,574	26,125,244
Total (A)	485,835,442	54,358,021	13,426,711	122,079,353	46,392,697	2,350,373	360,645,075	363,756,089
B. Intangible Assets								
Software	136,101,155	43,041,308	-	61,828,942	38,010,479	-	79,303,042	74,272,213
Total (B)	136,101,155	43,041,308	-	61,828,942	38,010,479	-	79,303,042	74,272,213
Total (A+B)	621,936,597	97,399,329	13,426,711	183,908,295	84,403,176	2,350,373	439,948,117	438,028,302
PREVIOUS YEAR	589,507,709	52,803,789	20,374,901	110,176,441	78,095,945	4,364,091	438,028,302	
Add: Capital Work in progress / Capital Advances							4,959,203	11,689,994
							444,907,320	449,718,296

* Includes vehicles having original cost of Rs. 17,559,544 (Previous Year Rs. 23,388,962) which are hypothecated to banks.

Schedules

Forming part of Consolidated Balance Sheet as at March 31, 2010 (Contd.)

	Amount (Rs.)	
	As at March 31, 2010	As at March 31, 2009
Schedule F		
INVESTMENTS		
(A) Long Term Investments, Non Trade, Unquoted (At Cost)		
- In Equity Shares of Associate Companies	386,853,698	13,621,841
- In Preference Shares	2,000,000,000	2,000,000,000
(B) Current Investments, Non Trade, Unquoted		
- In Units of Mutual Fund- Non Trade	9,041,547,963	8,582,024,980
- In Pass Through Certificates- Non Trade	204,951,518	1,309,535,287
- In Bonds- Non Trade	50,000,000	50,000,000
Per Balance Sheet (A+B)	11,683,353,179	11,955,182,108
Aggregate Market value of quoted Investment	-	-
Aggregate book value of quoted Investment	-	-
Aggregate book value of Unquoted Investment	11,683,353,179	11,955,182,108

Schedules

Forming part of Consolidated Balance Sheet as at March 31, 2010 (Contd.)

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
Schedule G		
A. CURRENT ASSETS, LOANS & ADVANCES		
1. Sundry Debtors (Unsecured, considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months	82,180,677	53,965,112
Other Debts	139,510,988	30,126,033
	<u>221,691,665</u>	<u>84,091,145</u>
2. Cash and Bank Balances		
Cash on hand	126,656,533	107,136,889
Cheques on hand	3,916,825	-
Balances with Scheduled Banks		
In Current Accounts	4,219,170,979	1,175,600,348
In Deposit Accounts (Refer Note B 8 & B 17 of Schedule O)	7,963,003,884	23,057,012,373
	<u>12,312,748,221</u>	<u>24,339,749,610</u>
3. Other Current Assets		
Interest Accrued		
- On Fixed Deposits, Pass Through Certificates & Bonds	395,931,379	542,000,842
- On Loans	852,425,933	638,427,467
	<u>1,248,357,312</u>	<u>1,180,428,309</u>
Total (A)	<u>13,782,797,198</u>	<u>25,604,269,064</u>
B. LOANS & ADVANCES		
(Unsecured considered good, unless otherwise stated)		
1. Loans and Other Credit facilities		
(a) Standard Assets - Secured (Refer Note B 16 of Schedule O)	76,463,520,263	48,557,861,582
Less : Loans Securitised / Assigned	2,385,455,413	8,394,960,257
	<u>74,078,064,850</u>	<u>40,162,901,325</u>
- Sub Standard Assets - Secured	408,871,841	376,768,521
	<u>74,486,936,691</u>	<u>40,539,669,846</u>
(b) Standard Assets - Unsecured (Refer Note B 16 of Schedule O)	31,653,577,610	39,336,008,314
Less : Loans Securitised / Assigned	2,600,790,314	14,757,157,583
	<u>29,052,787,296</u>	<u>24,578,850,731</u>
- Sub Standard Assets - Unsecured	1,706,448,088	1,048,413,978
	<u>30,759,235,384</u>	<u>25,627,264,709</u>
2. Retained Interest on Securitisation of Loans	4,444,967	19,906,727
3. Deferred Purchase Consideration on Assignment of loans	436,142,242	1,358,860,581
4. Advances recoverable in cash or in kind or for value to be received:-		
Considered Good	1,695,922,317	1,918,027,915
5. Security Deposits	148,987,751	287,234,216
6. Margin Money Placed with Assignees	161,924,000	325,678,424
7. Advance Income Tax / Tax Deducted At Source (Net of Provision for Tax Rs. 3,519,702,759 (Previous Year Rs. 3,815,260,990))	1,362,754,595	422,488,030
8. Advance Fringe Benefits Tax (Net of Provision for Tax Rs. 2,471,281 (Previous Year Rs. 31,73,126))	74,457	67,613
Total (B)	<u>109,056,422,404</u>	<u>70,499,198,061</u>
Per Balance Sheet (A+B)	<u>122,839,219,602</u>	<u>96,103,467,125</u>

Schedules

Forming part of Consolidated Balance Sheet as at March 31, 2010 (Contd.)

	Amount (Rs.)	
	As at March 31, 2010	As at March 31, 2009
Schedule H		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
1. Sundry Creditors (Refer Note B 25 of Schedule O)		
a. Dues to Micro and Small Enterprises	-	-
b. Dues to Others	21,461,087	18,347,765
2. Temporary Overdrawn Bank Balances as per books	7,787,479,769	1,500,837,889
3. Unclaimed Dividends	5,328,023	4,251,767
4. Other Current Liabilities	276,091,141	498,010,116
5. Amount payable on assigned loans	315,983,634	297,147,283
Total	8,406,343,654	2,318,594,820
B. PROVISIONS		
1. Provision for Doubtful Assets	1,123,465,609	1,604,980,785
2. Provision for Superannuation	88,215,795	63,049,049
3. Provision for Gratuity	35,118,785	31,279,469
4. Provision for Compensated Absences	17,159,854	16,033,402
5. Provision for Taxation (Net of Advance Income Tax / Self Assessment Tax Paid / Tax Deducted At Source Rs. 1,025,959,059 (Previous Year Rs. 1,213,878,359))	1,036,226,238	46,281,260
6. Provision for Fringe Benefits Tax (Net of Advances Rs. 79,695,035 (Previous Year Rs. 78,666,504))	195,934	542,658
7. Provision for Dividend on Preference Shares	-	38,679,133
8. Corporate Dividend Tax on Dividend on Preference Shares	-	6,573,519
9. Proposed Final Dividend on Equity Shares	1,549,472,605	507,259,538
10. Corporate Dividend Tax on Proposed Final Dividend	257,348,031	86,208,758
Total	4,107,202,851	2,400,887,571
Per Balance Sheet	12,513,546,505	4,719,482,391

Schedules

Forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Schedule I		
REVENUE FROM OPERATIONS		
Interest on Financing activities (Refer Note B 24(b) of Schedule O)	14,131,083,923	17,440,670,845
Profit on Current Non Trade Investment / Dealing in Securities (Net)	2,009,337	-
Dividend Income on units of Mutual Funds and on Equity Shares	216,525,008	1,191,636,077
Income From Advisory Services / Fee Income	210,136,852	307,618,032
Other Operating Charges (Refer Note B 24(a) of Schedule O)	1,656,852,030	1,032,459,683
Commission on Insurance and Mutual Fund	39,901,439	58,492,974
Per Profit and Loss Account	16,256,508,589	20,030,877,611
Schedule J		
OTHER INCOME		
Sundry Credit balances written back	82,015,401	18,495,628
Miscellaneous Income	11,880,293	7,780,561
Share of Profit in Associate	-	709,854
Per Profit and Loss Account	93,895,694	26,986,043
Schedule K		
OPERATING EXPENSES		
Stamp Duty	21,256,024	22,737,364
Demat Charges	723,437	404,042
Commission	98,343,939	158,659,757
Client Verification and Collection Charges	51,657,159	45,253,996
Per Profit and Loss Account	171,980,559	227,055,159
Schedule L		
PERSONNEL COSTS		
Salaries	1,320,855,482	1,579,889,704
Contribution to Provident Funds, Statutory Funds and Other Funds	2,326,097	6,972,742
Staff Welfare Expenses	10,247,025	16,556,686
Provision for Gratuity, Compensated Absences and Superannuation Expenses	30,132,514	65,503,466
Per Profit and Loss Account	1,363,561,118	1,668,922,598

Schedules

Forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010 (Contd.)

		Year ended March 31, 2010	Amount (Rs.) Year ended March 31, 2009
Schedule M			
ADMINISTRATIVE & OTHER EXPENSES			
Advertisement		24,492,280	76,112,030
Recruitment Expenses		2,711,906	82,975
Repairs & Maintenance - Others		67,388,254	73,100,563
Electricity Expenses		30,166,033	39,158,228
Printing & Stationery		13,000,984	13,242,690
Lease Rent		112,562,402	176,543,711
Rates and Taxes		21,071,771	33,486,673
Communication Expenses		53,679,818	78,621,410
Travelling & Conveyance		69,284,576	59,546,387
Professional Charges		273,561,320	71,999,259
Auditors Remuneration (Excluding Service Tax of Rs. 1,668,840 (Previous Year Rs. 1,794,775)			
As Auditors		13,577,329	9,825,000
Certification		1,200,000	500,000
Other Attest Services		275,000	6,500,000
Out of Pocket Expenses		1,300,000	600,000
Provision for Doubtful Loans		-	210,622,859
Donation Expenses		-	100,000,000
Bad Loans / Advances written off	3,576,115,488		
Less: Adjusted against provision for earlier years	481,515,176	3,094,600,312	1,743,260,387
Assignment Expenses		352,887,356	977,215,777
Insurance		27,813	29,739
Provision for Share Warrants		-	66,500,000
Loss on Non Trade Investment / Dealing in Securities (Net)		-	2,253,328,743
Loss on sale of fixed assets		10,406,900	14,042,758
Preliminary Expenses		239,640	7,816,145
Share of Loss in Associate		22,822,801	-
Miscellaneous Expenses		11,161,731	10,513,666
Per Profit and Loss Account		4,176,418,226	6,022,649,000

Schedule N			
INTEREST & FINANCE CHARGES			
Bank Charges		37,310,512	9,036,582
Interest on Commercial Papers		1,837,004,961	2,113,107,876
Interest on Vehicles Loans		801,032	1,263,889
Interest on Redeemable Non Convertible Debentures		144,062,950	163,849,084
Processing and other Fees		103,921,480	96,928,154
Interest on Taxes		3,455,888	43,703,748
Interest on loans		3,848,312,771	7,720,349,122
Interest on Overdraft Facility		5,946,260	138,007,458
Interest on Securitised Loans		217	326,967
Per Profit and Loss Account		5,980,816,071	10,286,572,880

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010.

Schedule O

A. SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Consolidation:

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

ii. Principles of consolidation:

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

iii. Goodwill / Capital Reserve on consolidation:

Goodwill / Capital Reserve represents the difference between the Company's share in

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

iv. Investment in Associates:

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

The particulars of investment in associate companies as at March 31, 2010 are as under:

Name of Associates	Country of Incorporation	Year / Period	Ownership interest (%)	Original cost of investment (Rs.)	Share of post acquisition Reserves and Surplus (Rs.)	Carrying cost of Investment (Rs.)	Auditor
Indiabulls Asset Reconstruction Company Limited	India	01-April-09 to 31-March-10	24.02%	12,250,000	1,723,195	13,973,195	Ajay Sardana Associates
		01-April-08 to 31-March-09	24.02%	12,250,000	1,371,841	13,621,841	A Sardana & Co.
Indian Commodity Exchange Limited (Formerly known as International Multi Commodity Exchange Limited)	India	23-October-09 to 31-March-10	40.00%	400,000,000	(24,212,005)	372,880,503	Ajay Sardana Associates
		30-July-09 to 22-October-09	44.44%		1,037,850		

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010.

v. Companies included in consolidation:

Name of subsidiaries	Country of Incorporation	Year / Period ended included In consolidation	Proportion of Ownership Interest	Auditor
Indiabulls Collection Agency Limited	India	01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
		01-April-2008 to 31-March-2009		A Sardana & Co.
Ibulls Sales Limited (Formerly known as Fast Loan Services Limited)	India	01-April-2009 to 31-March-2010	100%	A Sardana & Co.
		01-April-2008 to 31-March-2009		
Indiabulls Insurance Advisors Limited (Formerly known as Indiabulls Insurance Advisors Private Limited)	India	01-April-2009 to 31-March-2010	100%	Sumit Mohit & Company
		01-April-2008 to 31-March-2009		
Indiabulls Finance Company Private Limited	India	01-April-2009 to 31-March-2010	57.50%	Deloitte Haskins & Sells
		01-April-2008 to 31-March-2009		
Indiabulls Capital Services Limited	India	01-April-2009 to 31-March-2010	100%	Sumit Mohit & Company
		01-April-2008 to 31-March-2009		
Indiabulls Housing Finance Limited	India	01-April-2009 to 31-March-2010	100%	Deloitte Haskins & Sells
		01-April-2008 to 31-March-2009		
Nilgiri Financial Consultants Limited (Formerly known as Nilgiri Financial Consultants Private Limited)	India	01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
		01-April-2008 to 31-March-2009		A Sardana & Co.
Indiabulls Infrastructure Credit Limited (Formerly known as Indiabulls Commercial Credit Limited)	India	01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
		01-April-2008 to 31-March-2009		A Sardana & Co.
Indiabulls Advisory Services Limited (Formerly known as Divya Shakti Trading Services Limited)	India	01-April-2009 to 31-March-2010	100%	Sumit Mohit & Company
		01-April-2008 to 31-March-2009		
Indiabulls Asset Holding Company Limited	India	01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
		01-April-2008 to 31-March-2009		A Sardana & Co.
Indiabulls Life Insurance Company Limited	India	01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
		01-April-2008 to 31-March-2009		A Sardana & Co.
Indiabulls Asset Management Company Limited	India	01-April-2009 to 31-March-2010	100%	Ajay Sardana Associates
		10-April-2008 to 31-March-2009		A Sardana & Co.
Indiabulls Trustee Company Limited	India	01-April-2009 to 31-March-2010	100%	Sapra Associates
		10-April-2008 to 31-March-2009		
Indian Commodity Exchange Limited (Formerly known as International Multi Commodity Exchange Limited)	India	10-June-2009 to 29-July-2009	52.63%	Ajay Sardana Associates
		01-April-2009 to 09-June-2009	100%	A Sardana & Co.
		18-August-2008 to 31-March-2009	100%	
Indiabulls Venture Capital Management Company Limited	India	03-March-2010 to 31-March-2010	100%	Sharma Goel & Co.
Indiabulls Venture Capital Trustee Company Limited	India	03-March-2010 to 31-March-2010	100%	Sharma Goel & Co.

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

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

vi. Basis of Accounting:

These financial statements are prepared under the historical cost convention on an accrual basis.

vii. Prudential Norms:

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

viii. Use of Estimates:

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

ix. Revenue Recognition:

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

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

Interest Income is recognised on accrual basis.

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

Commission on Mutual Funds is recognised on accrual basis.

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

Repayment of loans is as stipulated in the respective loan agreements or by way of

Equated Monthly Installments (EMI's) comprising principal and interest. EMI's commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month and accounted for on accrual basis.

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

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

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

x. 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.

xi. 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

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

includes original cost of acquisition, including incidental expenses related to such acquisition.

xii. Depreciation / Amortisation:

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

xiii. Impairment of Assets:

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

xiv. Investments:

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

xv. Employee benefits:

Company's contribution to Provident Fund is charged to Profit and Loss Account. The Company has unfunded defined benefit plans namely leave encashment (compensated absences) and gratuity for all the employees,

the liability for which is determined on the basis of an actuarial valuation at the end of the year using the Projected Unit Credit Method. Superannuation (Pension & Medical coverage) payable to certain Directors on retirement is actuarially valued at the end of the year using the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of change in actuarial assumptions and are recognised in Profit and Loss Account as income or expenses.

xvi. 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 estimated value of the Company's shares on stock options grant date and the exercise price to be paid by the option holders. The compensation expense is amortised over the vesting period of the options. The fair value of options for disclosure purpose is measured on the basis of a valuation performed in respect of stock options granted.

xvii. Taxes on Income:

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

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

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

xviii. Fringe Benefit Tax:

Fringe Benefit Tax has been calculated in accordance with the provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India. Pursuant to the enactment of the Finance Act, 2009, Fringe Benefit tax stands abolished w.e.f. April 01, 2009.

xix. Leases:

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

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

xx. Borrowing Cost:

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

xxi. Share Issue Expenses:

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

xxii. Equity Index / Stock Futures:

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

xxiii. Commercial Papers:

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

xxiv. Provisions, Contingent Liabilities and Contingent Assets:

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

B. NOTES TO ACCOUNTS:

1. Overview:

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

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

2. Contingent liability not provided for in respect of: Indiabulls Financial Services Limited:

- a) Corporate counter guarantees outstanding in respect of credit facilities availed by subsidiaries for the year ended March 31, 2010 amounting to Rs. 1,868,625,530 (Previous Year Rs. 5,000,000,000).
- b) Corporate counter guarantees outstanding

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

in respect of assignment /Securitisation agreements entered by Company's subsidiary with different assignees as at March 31, 2010 is Rs. 256,162,252 (Previous Year Rs. 524,509,017) against which collateral deposit of Rs. 161,924,000 for year ended March 31, 2010 (Previous Year Rs. 325,678,424) is being provided to the assignees by the Company's subsidiary in the form of Fixed Deposit Receipts.

- c) Corporate counter guarantee outstanding in respect of credit facilities availed by erstwhile subsidiary companies Rs. 1,200,000,000 (Previous Year Rs. 1,280,000,000) against which collateral fixed deposits of Rs. 600,000,000 (Previous Year Rs. 640,000,000) has been provided by those erstwhile subsidiaries for whom the counter guarantee was given.
- d) Capital commitments as at March 31, 2010 (net of advances) Rs. 984,683 (Previous Year Rs. 7,164,232).

Indiabulls Housing Finance Limited:

- a) Capital commitments in respect of acquisition of fixed assets at various branches as at the year end (net of advances paid) Rs. 182,412 (Previous Year Rs. 1,062,005).
- b) Corporate counter guarantees outstanding in respect of assignment agreements entered by Company's holding company with different assignees is Rs. Nil (Previous Year Rs. 10,431,795) against which collateral deposit of Rs. Nil (Previous Year Rs. 102,468,800) has been provided to the assignees by the holding company in the form of fixed deposit receipts.

Indiabulls Infrastructure Credit Limited:

- a) Corporate counter Guarantee outstanding in respect of assignment /Securitisation agreements entered by Company's holding company with different assignees as at March 31, 2010 is Rs. Nil (Previous Year Rs. 32,840,667) against which collateral deposit of Rs. Nil for year ended March 31, 2010 (Previous Year Rs. 127,102,648) is being provided to the assignees by Indiabulls Financial Services Limited (the Company's holding company) in the form of Fixed Deposit Receipts.

3. During the year the Company has complied with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as issued by the Reserve Bank of India vide notification dated February 22, 2007. The housing finance company in the group has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2001 ("NHB Directions, 2001").

4. Changes in capital structure during the year from April 01, 2009 to March 31, 2010:

On July 24, 2009, the Company issued 56,140,350 fully paid-up Equity Shares at a price of Rs. 171/- per Equity Share (including a premium of Rs. 169/- per Equity Share), aggregating to Rs. 9,599,999,850 (Rupees Nine Hundred Fifty Nine crore, Ninety Nine lacs, Ninety Nine Thousand, Eight Hundred and Fifty only) to Qualified Institutions Buyers (QIBs) in terms of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended.

On August 27, 2009, the Company has issued 75,654 Equity Shares of Rs. 2 each, at a premium of Rs. 39.67 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 35,027 Equity Shares of Rs. 2 each, at a premium of Rs. 98.00 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.

The Company on September 30, 2009 have, pursuant to the approval granted by the Members of the Company, at the AGM held on September 30, 2009, redeemed the 9,966,667, 10% Non-Convertible Preference Shares of face value Rs. 157.39 per share, held by Oberon Limited in the Company by utilisation of proceeds from the QIB issue made during the current year.

On December 3, 2009, the Company has issued 7,500 Equity Shares of Rs. 2 each, at a premium of Rs. 39.67 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan 2006.

On March 26, 2010, the Company has issued 1,950 Equity Shares of Rs. 2 each, at a premium of Rs. 39.67 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan 2006, 2,178 Equity Shares of Rs. 2 each, at a premium of Rs. 98.00 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan II 2006 and 2,093 Equity Shares of Rs. 2 each, at a premium of Rs. 93.95 per share as per terms of the Employees Stock Option Plan - 2008.

As a consequence of the above, as at March 31, 2010, the Issued, Subscribed and Paid-up Equity Share Capital of Face Value Rs. 2 stands at Rs. 619,789,042 and the Preference Share Capital stands fully redeemed.

5. During the financial year 2007-08 the Company restructured its business operations through a scheme of arrangement Under Sections 391 – 394 of the Companies Act, 1956 (duly sanctioned by the Hon'ble High Court of Judicature at Delhi on November 23, 2007). The Scheme of Arrangement provided for the amalgamation of Indiabulls Credit Services Limited ("ICSL") with the Company and the demerger of the securities broking and advisory business (a part of fee income) of the Company as a going concern, to Indiabulls Securities Limited

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

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

6. Minority Interest includes:

- 1) As at March 31, 2010, 3,233,696 (Previous Year 3,233,696) Equity Shares of Rs. 10 each fully paid up issued by subsidiary company Indiabulls Finance Company Private Limited.
- 2) Proportionate share in the movements in Reserves & Surplus of the subsidiaries.

7. Employees Stock Options Schemes:

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

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

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

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

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

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

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

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

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

Accordingly, the other disclosures in respect of the NEW PLANS are as under :-

	IBFSL – ICSL Employees Stock Option Plan 2006	IBFSL – ICSL Employees Stock Option Plan II – 2006
Total Options under the Scheme *	1,440,000	720,000
Options which were issued in lieu of ICSL PLANS (Nos.)	1,440,000	720,000
Vesting Period and Percentage	Four years, 25% each year	Four years, 25% each year
Vesting Date	April 01	November 01
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
Exercise Price* (Rs.)	41.67	100
Exercisable Period	4 years from each vesting date	5 years from each vesting date
Outstanding at the beginning of the year (Nos.)	1,237,220	720,000
Options vested during the year (Nos.)	129,600	79,200
Exercised during the year (Nos.)	85,104	37,205
Expired during the year (Nos.)	--	--
Cancelled during the year	--	--
Outstanding at the end of the year (Nos.)	1,152,116	682,795
Exercisable at the end of the year (Nos.)	201,716	211,195
Remaining contractual Life (Weighted Months)	75	94

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

**The Vesting Period has been revised by the approval of the Shareholders of the Holding Company in the 9th Annual General Meeting held on 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 NEW PLANS have been treated as continuation of respective ICSL PLANS except the number and exercise price of options which have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of the Company for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

Employees Stock Option Plan - 2008

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

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

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

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

The expected volatility was determined based on historical volatility data.

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

Employees Stock Option Plan – 2008	
Total Options under the Scheme	7,500,000
Options issued (Nos.)	7,500,000
Vesting Period and Percentage	Ten years, 15% First year, 10% for next eight years and 5% in last year
Vesting Date	December 08 each year, commencing December 08, 2009
Outstanding at the beginning of the year (Nos.)	7,500,000
Exercise Price (Rs.)	95.95
Exercisable Period	5 years from each vesting date
Options vested during the year (Nos.)	1,069,898
Exercised during the year (Nos.)	2,093
Expired during the year (Nos.)	--
Cancelled during the year	--
Surrendered and re-granted during the year ^s	367,350
Outstanding at the end of the year (Nos.)	7,130,557
Exercisable at the end of the year (Nos.)	1067,805
Remaining contractual Life (Weighted Months)	105

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

The Fair value of the options which have been regranted on December 31, 2009 under the plan using the Black-Scholes model based on the following parameters is Rs. 83.48 per option.

S. No	Particulars	ESOP – 2008
1	Exercise price	Rs. 125.90
2	Expected volatility	99.61%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	9.80 Years
5	Expected Dividends yield	3.19%
6	Risk Free Interest rate	7.59%

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

The expected volatility was determined based on historical volatility data.

Employees Stock Option Plan – 2008 (Regrant Portion)	
Total Options under the Scheme	367,350
Options issued (Nos.)	367,350
Vesting Period and Percentage	Ten years, 15% First year, 10% for next eight years and 5% in last year
Vesting Date	January 01 each year, commencing January 01, 2011
Outstanding at the beginning of the year	--
Exercise Price (Rs.)	125.90
Exercisable Period	5 years from each vesting date
Options vested during the year (Nos.)	--
Exercised during the year (Nos.)	--
Expired during the year (Nos.)	--
Cancelled during the year	--
Surrendered and re-granted during the year	--
Outstanding at the end of the year (Nos.)	367,350
Exercisable at the end of the year (Nos.)	--
Remaining contractual Life (Weighted Months)	118

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 profit or loss or the EPS of the Company.

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

Particulars	Amount Rs.	
	March 31, 2010	March 31, 2009
Net Profit available to Equity Share Holders (as reported)	2,906,016,327	794,658,489
Less : Stock-based compensation expense determined under fair value based method:	110,538,260	114,266,108
[Gross Rs. 4,016.82 lacs (Previous Year Rs. 3901.24 lacs)] (pro forma)		
Net Profit available to Equity Share Holders (as per Pro Forma)	2,795,478,067	680,392,381
Basic earnings per share (as reported)	9.94	3.13
Basic earnings per share (pro forma)	9.56	2.68
Diluted earnings per share (as reported)	9.84	3.11
Diluted earnings per share (pro forma)	9.47	2.66

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

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

Indiabulls Financial Services Limited

The Company has entered into various agreements for the assignment/securitisation of loans with assignees, wherein it has assigned/securitised a part of its secured and unsecured loan portfolio amounting to Rs. 37,705,716,297 (Previous Year Rs. 36,668,236,257) upto March 31, 2010, being the principal value outstanding. The Company's subsidiaries Indiabulls Infrastructure Credit Limited (formerly Indiabulls Commercial Credit Limited) and Indiabulls Housing Finance Limited have issued corporate guarantees aggregating to Rs. NIL 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.

The Company assigned/securitised various loan portfolios to banks and/or other institutions which are derecognised in the books of accounts of the Company in terms of accounting policy mentioned at Schedule O A (x) 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 reinstated the repurchased loan balances in the books of account aggregating to Rs. 2,524,013,972 (Previous Year Rs. 1,409,145,384). 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. 139,908,779 (Previous Year Rs. 557,960,054) in the Profit & Loss Account.

Indiabulls Housing Finance Limited

The Company has entered into various agreements for the assignment/securitisation of loans with assignees, wherein it has assigned/securitised a part of its secured loan portfolio amounting to Rs. 13,774,377,021 (Previous Year Rs. 11,794,479,961) upto March 31, 2010, being the principal value outstanding. The Company's holding company, Indiabulls Financial Services Limited ("IBFSL") and its subsidiary have issued various corporate guarantees aggregating to Rs. 256,162,252 (Previous Year Rs. 618,886,264) 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. 61,222,332 (Previous Year Rs. 126,147,935) is

provided by IBFSL and investments in mutual funds amounting to Rs. 7,130,177 (Previous Year Rs. 56,626,349) is provided by Indiabulls Capital Services Limited to some assignees against principal value of Rs. 3,688,007,190 (Previous Year Rs. 3,688,007,190).

The Company assigned/securitised various loan portfolios to banks and/or other institutions which are derecognised in the books of accounts of the Company in terms of accounting policy mentioned at Schedule OA(x) above and the purchase consideration not received upfront is recognised as deferred purchase consideration under Loans and Advances. The Company, due to foreclosures and repurchase transactions with different assignees during the year, has reinstated the repurchased loan balances in the books of account aggregating to Rs. 1,136,779,547 (Previous Year Rs. 297,322,456). The Company has also reversed the proportionate upfront income so accounted on assignment/securitisation. The Company has recognised income reversal on account of foreclosure and repurchase of assigned loans during the year amounting to Rs. 212,978,577 (Previous Year Rs. 419,255,723) in the Profit & Loss Account.

9. During the previous financial year, there was 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 has 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 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 has decided that with effect from September 1, 2008 Mr. Rajiv Rattan would be Vice Chairman of the Company without any remuneration.
10. During the previous financial year 2008-09, the Company had advanced a sum of Rs. 1,455,673,000 by way of loans to three of its wholly owned subsidiaries – viz. Indiabulls Insurance Advisors Limited, Indiabulls Capital Services Limited and Indiabulls Advisory Services Limited (Formerly Divya Shakti

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

Trading Services Limited). Those subsidiaries had incurred / provided for losses aggregating to Rs. 2,275,330,373 in respect of dealing in securities. Based upon the availability of resources with those subsidiaries as at the previous financial year end to repay those loans, the Holding 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 written off.

11. 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.
12. As at March 31, 2010, the Company holds 100% of the equity capital of Indiabulls Asset Holding Company Limited, Indiabulls Life Insurance Company Limited at a cost of Rs. 500,000 each. Based on the audited financials those companies as at and for the year ended March 31, 2010, there has been an erosion in the value of investment made in those companies as the operations in those companies have not yet commenced / are in the process of being set up. Considering the investment in these companies as strategic and long term in nature, the Company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in value has been made in books of account.
13. **Goodwill / Capital Reserve:**
As at the beginning of the current year, the Company had recorded Capital Reserve on

consolidation of Rs. 443,603,438. Consequent to the allotment of Equity Shares by Indian Commodity Exchange Limited (ICEX) of 14,000,000 Equity Shares of Rs. 10/- each fully paid up to Abhinay Trading Private Limited, the stake of the Company in the said commodity exchange reduced from 52.64% to 44.44%. As a result thereof, ICEX became the associate of the Company. Capital Reserve was enhanced to the extent of Rs. 5,434,831 on account of the same. After the above adjustment, the net capital reserve on consolidation had increased to Rs. 449,038,269.

14. Secured loans from banks and others include:

- a) Secured Non-Convertible Debentures amounting to Rs. 8,100,000,000 (Previous Year Rs. Nil) are secured by an equitable charge against immovable property and specific pool of receivables. As at the year end, the Company is in the process of creating the charges on such assets.
- b) Vehicle Loans amounting to Rs. 6,535,522 (Previous Year Rs. 7,699,535) from Banks are secured against hypothecation of vehicles.
- c) Term loans from Banks / others amounting to Rs. 30,761,658,875 (Previous Year Rs. 37,228,279,385) are secured by first hypothecation charge on book debts and balance of receivables included under loans and other credit facilities of the Company, present and future, and ranks on pari-passu basis among all lenders.
- d) Working capital loans from banks amounting to Rs. 6,126,596,397 (Previous Year Rs. 8,204,962,060) are secured by first hypothecation charge on all the receivables of the Company.

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

15. Redeemable Non Convertible Debentures:

Indiabulls Financial Services Limited

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

Party	Date of Issue	Date of Maturity	Rate of Interest P.A.	Face Value(Rs.)	Amount (Rs.)
Yes Bank Ltd [#]	24-Sep-09	24-Sep-14	10.75%	1,000,000	1,000,000,000
Reliance Mutual Fund*	18-Dec-09	24-Dec-09	MIBOR + 0.50	1,000,000	1,000,000,000
Reliance Mutual Fund ⁽¹⁾	24-Dec-09	23-Mar-10	MIBOR + 0.50	1,000,000	1,000,000,000
Canara Robeco Mutual Fund ⁽²⁾	25-Jan-10	23-Apr-10	MIBOR + 0.75	1,000,000	750,000,000
UTI Mutual Fund ⁽³⁾	29-Jan-10	28-Apr-10	MIBOR + 0.25	1,000,000	2,000,000,000
Reliance Mutual Fund ⁽⁴⁾	2-Feb-10	30-Apr-10	MIBOR + 0.50	1,000,000	2,000,000,000
Taurus Mutual Fund ⁽⁵⁾	4-Feb-10	4-May-10	MIBOR + 0.25	1,000,000	500,000,000
Axis Mutual Fund ⁽⁶⁾	17-Feb-10	17-May-10	MIBOR + 0.50	1,000,000	1,000,000,000
Canara Robeco Mutual Fund ⁽⁷⁾	17-Feb-10	17-May-10	MIBOR + 0.45	1,000,000	500,000,000
Canara Robeco Mutual Fund ⁽⁸⁾	5-Mar-10	2-Jun-10	MIBOR + 0.10	1,000,000	1,000,000,000
Religare Mutual Fund [#]	19-Mar-10	19-Mar-12	8.40%	1,000,000	750,000,000
ICICI Pru Mutual Fund [#]	23-Mar-10	26-Aug-11	8.50%	1,000,000	750,000,000
ICICI Pru Mutual Fund [#]	30-Mar-10	4-May-11	7.25%	1,000,000	1,400,000,000
UTI Mutual Fund [#]	30-Mar-10	22-Apr-11	7.35%	1,000,000	750,000,000
Reliance Mutual Fund [#]	30-Mar-10	28-May-12	8.40%	1,000,000	300,000,000
ICICI Pru Mutual Fund [#]	31-Mar-10	4-May-11	7.25%	1,000,000	200,000,000
ICICI Pru Mutual Fund [#]	31-Mar-10	31-Mar-13	9.00%	1,000,000	300,000,000

* Redeemed on respective maturity dates given above.

⁽¹⁾ Call option exercised and redeemed before the due date on December 30, 2009.

⁽²⁾ Call option exercised and redeemed before the due date on January 28, 2010.

⁽³⁾ Call option exercised and redeemed before the due date on March 11, 2010 and interest rate reset during the outstanding tenure.

⁽⁴⁾ Call option exercised and redeemed before the due date on March 11, 2010.

⁽⁵⁾ Call option exercised and redeemed before the due date on February 8, 2010 and interest rate reset during the outstanding tenure.

⁽⁶⁾ Call option exercised and redeemed before the due date on February 19, 2010.

⁽⁷⁾ Call option exercised and redeemed before the due date on February 25, 2010.

⁽⁸⁾ Call option exercised and redeemed before the due date on March 9, 2010.

[#] Secured Non convertible debenture.

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

Indiabulls Housing Finance Limited

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

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

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

16. Secured Loans and Other Credit Facilities given to customers amounting to Rs. 74,486,936,691 (Previous Year Rs. 40,539,669,846) are secured against securities both tradable and listed, Commercial Vehicles, Farm Equipments, Two Wheelers, Gold and Mortgage of Properties.

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

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

Unsecured Loans comprise of Business Loans, Personal Loans, Personal Loans Plus, Small Business Loans, and Big Ticket Unsecured Loans given to customers aggregating to Rs. 30,759,235,384 (Previous Year Rs. 25,627,264,709).

Provision for Loans and Other Credit Facilities in respect of Unsecured and Secured Loans granted is made as per the Prudential Norms applicable to Non-Banking Finance Companies. The Company has made additional provision based on the underlying risk factors and on the best estimates of the management taking into consideration the outstanding balances / ageing of the loans.

17. **Fixed deposits include:**

(a) Fixed Deposits as on March 31, 2010 amounting to Rs. 2,969,748,180 (Previous Year Rs. 8,001,592,376) which are placed as collateral with banks / others for assignment / securitisation deals on which assignees have a lien.

(b) Fixed Deposits as on March 31, 2010 amounting to Rs. Nil (Previous Year Rs. 2,000,000,000) which are placed as collateral with bank for cash credit facility.

18. **Deferred Tax:**

In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has credited an amount of Rs. 109,887,817 (Previous Year Credit of Rs. 711,627,672) as deferred tax credit to the profit and loss account.

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Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

The breakup of deferred tax assets (net) into major components as at March 31, 2010 is as under:

	Amount (Rs.)	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Deferred Tax Assets		
Provision for Doubtful Assets	373,187,189	545,532,970
Disallowance u/s 43B of the Income Tax Act, 1961	46,536,175	37,498,907
Preliminary expenses	-	40,776
	419,723,364	583,072,653
Deferred Tax Liabilities		
Depreciation	(34,949,876)	(38,642,272)
Retained Interest on Securitisation / Assignment / Deferred Purchase Consideration	(133,898,765)	(403,521,892)
Others	(78,417)	-
	(168,927,058)	(442,164,164)
Net Deferred Tax (Liabilities)/Assets	250,796,306	140,908,489

19. Earnings Per Share (EPS):

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

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

Earnings Per Share

	Amount (Rs.)	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Profit After Tax and prior period adjustments	3,074,762,935	1,059,588,352
Less: Adjustment for preference dividend and tax there on	91,510,918	183,524,643
Less: Share of Minority (including share of Reserve Fund)	77,235,690	81,405,220
Profit available for Equity Shareholders (For Basic EPS)	2,906,016,327	794,658,489
Adjustment to Profit	-	-
Profit available for Equity Shareholders (For Dilutive EPS)	2,906,016,327	794,658,489
Weighted average number of Shares used in computing Basic earnings per share	292,304,222	253,535,879
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options	2,913,626	2,001,935
Weighted average number of Shares used in computing Diluted earnings per share	295,217,848	255,537,814
Nominal Value of Equity Shares	2.00	2.00
Basic Earnings Per Share	9.94	3.13
Diluted Earnings Per Share	9.84	3.11

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

20. The Company has taken office premises on operating lease at various locations and lease rent in respect of the same amounting to Rs. 100,840,517 (Previous Year Rs. 156,177,755) have been charged to Profit and Loss Account. The minimum lease rental outstanding as at March 31, 2010 are as under:

Minimum lease rentals

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
Within one Year	83,930,983	59,774,535
One to Five Years	174,669,733	156,064,321
Above Five Years	3,257,953	5,796,797

21. Segment Reporting:

Segment information for the Year ended March 31, 2010:

(a) Primary segment information (by business segments)

		(In Rupees)			
		Investing and financing activities	Fee Income	Others	Total
(i)	Segment Revenue	16,005,595,051	248,904,201	2,009,337	16,256,508,589
		<i>19,693,616,324</i>	<i>307,618,032</i>	<i>29,643,255</i>	<i>20,030,877,611</i>
(ii)	Segment Results	4,469,761,154	248,019,743	2,009,337	4,719,790,234
		<i>4,177,379,643</i>	<i>302,483,115</i>	<i>(2,464,633,292)</i>	<i>2,015,229,466</i>
	Less: Interest Expenses				-
	Add: Interest Income				-
	Unallocated Expenditure				146,565,101
	Less: net of other Unallocated Income				<i>240,661,394</i>
	Less: Income taxes				1,498,462,198
					<i>714,979,720</i>
	Total Profit after tax				3,074,762,935
					1,059,588,352
(iii)	Segment Assets	128,920,922,117	221,800,130	-	129,142,722,247
		<i>106,735,890,113</i>	<i>89,781,503</i>	-	<i>106,825,671,616</i>
	Unallocated Corporate Assets				6,075,554,160
					<i>1,823,604,402</i>
	Total Assets				135,218,276,407
					108,649,276,018
(iv)	Segment Liabilities	87,479,797,596	19,360,420	-	87,499,158,016
		<i>72,103,691,085</i>	<i>16,244,063</i>	-	<i>72,119,935,148</i>
	Unallocated Corporate Liabilities				3,509,689,819
					<i>1,230,488,223</i>
	Total Liabilities				91,008,847,835
					73,350,423,371
(v)	Capital Expenditure including capital work in progress/capital advances	34,410,239	-	42,831,588	77,241,827
		<i>28,171,002</i>	-	<i>(2,489,095)</i>	<i>25,681,907</i>
(vi)	Depreciation/Amortisation	79,231,246	25,288	5,146,642	84,403,176
		<i>74,358,071</i>	<i>81,559</i>	<i>3,656,315</i>	<i>78,095,945</i>
(vii)	Non cash expenditure other than depreciation	40,539,414	-	-	40,539,414
		<i>306,109,213</i>	-	-	<i>306,109,213</i>

Figures for Previous Year are stated in italics

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (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 group's primary business segments are reflected based on principal business activities carried on by the group. The group's primary business activities are to carry on business of investing and finance related activities (investing in various subsidiaries, financing of loans and credit activities) and Fee Income which mainly comprises of Financial Service related fee based advisory services income, selling of Insurance products as a Licensed Corporate Agent; and other related ancillary services. "Others" business segment constitutes profit on investment / dealing in securities. This not being the normal business activity of the company the same is shown as "Others".
- (d) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- (e) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in Significant Accounting Policies (A) above.

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

Nature of relationship

Related party

- (a) Related parties where significant influence exists:

Associate Companies

Indiabulls Asset Reconstruction Company Limited
Indian Commodity Exchange Limited (Formerly Known as International Multi Commodity Exchange Limited)

- (b) Other related parties

Key Management Personnel

Mr. Rajiv Rattan, Director
Mr. Sameer Gehlaut, Director
Mr. Saurabh Mittal, Director
Mr. Gagan Banga, Director
Mr. Tejinderpal Singh Miglani, Director of Subsidiary
Mr. Sachin Chaudhary, Whole-Time Director of Subsidiary
Mr. Ashish Bhardwaj, Additional Director of Subsidiary w.e.f. December 18, 2009

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

Nature of Transaction	Amount (Rs.)				
	Shareholder	Associate	Others	Key Management Personnel	Total
Finance					
Loans and Advances (Maximum Balance outstanding during the year)	-	-	-	190,160	190,160
	-	-	-	3,808,121	3,808,121
Expenses reimbursement received by Holding Company	-	13,097	-	-	13,097
	-	-	-	-	-
Other receipts and payments					
Remuneration (including perquisite and retirement benefits) by Holding & Subsidiary Company	-	-	-	102,762,918	102,762,918
	-	-	-	133,827,902	133,827,902

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

(d) Statement of Material Transactions:-

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Loans and Advances (Maximum Balance outstanding during the year) (Refer note B.30 of Schedule O)		
Sachin Chaudhary	190,160	1,392,889
Kamal Batra	-	2,415,232
Remuneration		
Rajiv Rattan (upto August 2008)	-	37,091,193
Sameer Gehlaut	80,190,813	75,277,005
Gagan Banga	17,070,230	15,028,852
Sachin Chaudhary	5,501,875	6,430,852
Reimbursement of Expenses		
Indian Commodity Exchange Limited (Formerly Known as International Multi Commodity Exchange Limited)	13,097	-

(e) Outstanding balances as on March 31, 2010:

Nature of Transaction	Shareholder	Associate	Others	Key Management Personnel	Amount (Rs.)
					Total
Loans and Advances (Refer note B.30 of Schedule O)	-	-	-	-	-
	-	-	-	190,160	190,160

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

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

24. (a) Other Operating Charges includes:

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Fees / Charges recovered	312,859,350	195,234,658
Loan Processing Fees	1,343,992,680	837,225,025
Total	1,656,852,030	1,032,459,683

(b) Interest on Financing Activities Includes:

Particulars	Amount (Rs.)	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Interest on Loan Financing	12,713,194,087	15,815,723,974
Interest on IPO Financing	60,081,077	-
Interest on Fixed Deposits	1,172,156,813	1,595,465,184
Interest on PTC	185,651,946	29,481,687
Total	14,131,083,923	17,440,670,845

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

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

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

26. The Company does not have any derivative instruments that are outstanding as at March 31, 2010. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
27. As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 - 'Provisions, Contingent Liabilities and Contingent Assets' as notified by Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
28. Employee Benefits – Provident Fund, ESIC, Gratuity, Leave (Compensated Absences) and Superannuation (Pension & Medical coverage) benefit plans disclosures as per Accounting Standard (AS) 15 (Revised) – 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006:

Contributions are made to Government Provident Fund and Family Pension Fund, ESIC and other statutory funds which cover all regular employees eligible under applicable Acts. Both the employees and the Company make predetermined contributions to the Provident Fund and ESIC. The contributions are normally based on a certain proportion of the employee's salary. The Company has recognised an amount of Rs. 2,326,097 (Previous year Rs. 6,972,742) towards employer contribution for the above mentioned funds.

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

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

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

	Gratuity (Unfunded)		Compensated Absences (Unfunded)		(All amounts in Rs.) Superannuation (Unfunded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reconciliation of liability recognised in the Balance sheet:						
Present Value of commitments (as per Actuarial valuation)	35,118,785	31,279,469	17,159,854	16,033,402	88,215,795	63,049,049
Fair value of plan assets						
Net liability in the Balance sheet (as per Actuarial valuation)	35,118,785	31,279,469	17,159,854	16,033,402	88,215,795	63,049,049
Movement in net liability recognised in the Balance sheet:						
Net liability as at April 01, 2009*	31,279,469	23,965,216	16,033,402	14,076,174	63,049,049	57,400,000
Net expenses recognised / (reversed) in the Profit and Loss account	3,839,316	7,765,111	1,126,452	1,974,388	25,166,746	55,729,352
Contribution during the year	-	(450,858)	-	(17,160)	-	(50,080,303)
Net liability as at March 31, 2010	35,118,785	31,279,469	17,159,854	16,033,402	88,215,795	63,049,049
Expenses recognised in the Profit and Loss account:						
Current service cost	13,533,239	14,735,958	7,562,623	7,690,209	11,030,749	10,490,918
Interest Cost	2,336,356	1,657,597	1,212,189	883,798	4,728,679	3,815,060
Past Service Cost	1,922,963	-	-	-	-	-
Expected return on plan assets	-	-	-	-	-	-
Actuarial (gains) / losses	(13,953,242)	(8,628,444)	(7,648,360)	(6,599,619)	9,407,318	41,423,374
Expenses charged / (reversal) to the Profit and Loss account*	3,839,316	7,765,111	1,126,452	1,974,388	25,166,746	55,729,352
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 April 01, 2009	31,279,469	23,965,216	16,033,402	14,076,174	63,049,049	57,400,000
Current service cost	13,533,239	14,735,958	7,562,623	7,690,209	11,030,749	10,490,918
Interest cost	2,336,356	1,657,597	1,212,189	883,798	4,728,679	3,815,060
Past Service Cost	1,922,963	-	-	-	-	-
Paid benefits	-	(450,858)	-	(17,160)	-	(50,080,303)
Actuarial (gains) / losses	(13,953,242)	(8,628,444)	(7,648,360)	(6,599,619)	9,407,318	41,423,374
Commitments as at March 31, 2010	35,118,785	31,279,469	17,159,854	16,033,402	88,215,795	63,049,049

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

	Gratuity (Unfunded)	Gratuity (Unfunded)	Compensated Absences (Unfunded)	Compensated Absences (Unfunded)	Superannuation (Unfunded)	Superannuation (Unfunded)
	2009 - 10	2008 - 09	2009 - 10	2008 - 09	2009 - 10	2008 - 09
Reconciliation of Plan assets:						
Plan assets as at April 01, 2009	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 March 31, 2010	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

*Excludes write back of provision for Gratuity Rs. Nil (Previous Year Rs. 34,615) included under Miscellaneous Income

	Gratuity (Unfunded)			Compensated Absences (Unfunded)			Superannuation (Unfunded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Experience adjustment									
On plan liabilities	9,820,184	11,549,214	-#	6,721,279	8,248,930	-#	(15,787,788)	11,876,419	-#
On plan assets	-	-	-	-	-	-	-	-	-
Present value of benefit obligation	35,118,785	31,279,469	23,965,216	17,159,854	16,033,402	14,076,174	88,215,795	63,049,049	57,400,000
Fair value of plan assets	-	-	-	-	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	35,118,785	31,279,469	23,965,216	17,159,854	16,033,402	14,076,174	88,215,795	63,049,049	57,400,000

#Not Available

(N.A. means not applicable)

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

	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Discount rate - Gratuity and Compensated Absences	7.50%	7.00%	7.50%	7.00%	7.50%	7.00%
Expected return on plan assets	NA	NA	NA	NA	NA	NA
Expected rate of salary increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96) Duly Modified	LIC (1994-96)	LIC (1994-96) Duly Modified	LIC (1994-96)	LIC (1994-96) Duly Modified
Retirement Age	60	60	60	60	60	60

The employer's best estimate of contributions expected to be paid during the annual period beginning after the balance sheet date, towards Gratuity, Compensated Absences and Superannuation is Rs. 21,391,581, Rs. 8,367,469 and Rs. 9,567,282 respectively.

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

As, this is the Third 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.

29. During the financial year 2008-09, the Company had entered into a Memorandum of Understanding with MMTC Limited, to establish a Commodities Exchange with 26% ownership with MMTC. Indian Commodity Exchange Limited (ICEX) (earlier known as International Multi Commodity Exchange Limited) had received an amount of Rs. 493,840,000 (Including Rs. 153,840,000 from IBFSL) as share application money pending allotment as at March 31, 2009. As on March 31, 2009 the Company held 50,000 equity Shares (Face value of Rs. 10/- each) in Indian Commodity Exchange Limited. Subsequent to March 31, 2009, in line with the Government of India ownership guidelines, Indian Commodity Exchange Limited (ICEX) (earlier known as International Multi Commodity Exchange Limited) has received its entire capital contribution of Rs. 10,000 lacs from Indiabulls Financial Services Ltd (40%), MMTC Ltd (26%), Indian Potash Ltd (10%), Infrastructure Development Finance Company Limited (5%), Krishak Bharati Cooperative Limited (5%) and Abhinay Trading Private Ltd (14%). Consequently during the current financial year ICEX issued 99,950,000 Equity shares (Face value of Rs. 10/- each) - 39,950,000 to IBFSL, 26,000,000 to MMTC Limited, 5,000,000 to Infrastructure Development Finance Company Limited, 5,000,000 to Krishak Bharati Cooperative Limited, 10,000,000 to Indian Potash Limited and 14,000,000 to Abhinay Trading Private Limited. After the allotment process the shareholding of the Company has been reduced to 40% from the earlier 100%. Consequently ICEX has been classified as an Associate company from the previous status of subsidiary company as IBFSL control does not exist. During the year, in compliance with the directions of Forward Market Commission, ICEX also refunded Rs. 1,000 lacs received earlier from United Stock Exchange of India Ltd in the form of Share application money. ICEX passed a resolution in the general meeting of shareholders held on September 29, 2009 for increase in the authorised share capital from Rs. 100 crore to Rs. 110 crore and for sub-division of equity share of nominal value Rs. 10/- each into two equity shares of nominal value of Rs. 5 each. As a result of above, the authorised share capital of ICEX increased from Rs. 100 crore comprising of 100,000,000 equity shares having nominal value of Rs. 10/- each to Rs. 110 crore comprising 220,000,000 equity shares having nominal value of Rs. 5/- each. ICEX has gone live effective November 27, 2009. As on March 31, 2010 the Company held 80,000,000 equity shares (Face value of Rs. 5/- each) in ICEX.
30. Loans and Advances include loans amounting to Rs. Nil (Previous Year Rs. 190,160), being loans given by its subsidiary Company to its employee under normal terms and conditions as applicable to employees, prior to his being appointed as director of subsidiary Company w.e.f. January 15, 2008. The recovery of principal and interest thereon is as per stipulations.
31. The Company had, during the financial year 2007-08 entered into an MOU with Sogecap, the life insurance arm of Societe Generale of France, for its upcoming life insurance Joint Venture. Sogecap would subscribe to 26% of the paid up capital in the Joint Venture. During the current financial year, the Company and Sogecap, have mutually agreed not to pursue

Schedules

Significant Accounting Policies and Notes forming part of the Audited Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010. (Contd.)

the life insurance joint venture in India. The Company had also earlier received Reserve Bank of India's (RBI) nod to hold up to 74% in its life insurance venture. The life insurance company has already received the R1 approval from Insurance Regulatory and Development Authority (IRDA). The Company intends to pursue its insurance venture.

32. 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. The regulatory approvals for commencing operations of Indiabulls Trustee Company Limited and Indiabulls Asset Management Company Limited (wholly owned subsidiaries of

the Company) are under process.

33. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2010.
34. Previous year's figures have been regrouped and / or re-arranged wherever necessary to conform to current year's groupings and classifications.

Signature for Schedules A to O.

For and on behalf of the Board

Sameer Gehlaut
Whole Time Director

Gagan Banga
Whole Time Director

Amit Jain
Company Secretary

Mumbai, April 26, 2010

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, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 appears from our examination of those books;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (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, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from Directors as on March 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)
K. A. Katki
Partner
(Membership No. : 038568)

Mumbai, April 26, 2010

Annexure to the Auditors' Report

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

1. Having regard to the nature of the Company's business/activities/result and in our opinion and according to the information and explanations given to us, clauses ii, viii, xiii of CARO are not applicable to the Company.
2. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
3. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956; according to the information and explanations given to us:
 - (a) The Company has granted loans to Eight Parties. At the year end, the outstanding balances of such loans granted aggregated to Rs. 4,167,170,000 from four parties and the maximum amount involved during the year was Rs. 6,954,670,000 from eight parties.
 - (b) The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, prima facie not prejudicial to the interest of the Company.
 - (c) The receipt of principal amounts and interest on loans classified as non-performing asset / doubtful / bad loans are as stipulated under the Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. In respect of other loans, the receipts of principal amounts and interest have during the year been regular / as per stipulations.
 - (d) There are no overdue amounts in excess of Rs. 1 lac 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:
 - (e) The Company has taken loans from three parties. At the year-end, the outstanding balance of such loan taken aggregated to Rs. 320,000,000 from one party and the maximum amount involved during the year was Rs. 720,000,000 from three parties.
 - (f) The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, prima facie not prejudicial to the interest of the Company.
 - (g) The payment of principal amount and interest in respect of such loans are regular / as per stipulations.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for 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.
5. 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 Section 301 that needed to be entered into the register, maintained under the said Section have been so entered.
 - (b) Where each of such transactions is in excess of Rs. 5 lacs 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 purchase and sale of services, for which comparable quotations are not available and in respect of which we are unable to comment.
6. According to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have

Annexure to the Auditors' Report

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

- been commensurate with the size of the Company and the nature of its business
8. According to the information and explanations given to us, in respect of Statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Cess and any other material statutory dues with the appropriate authorities during the year. During the year, there were no dues payable in respect of Investor Education and Protection Fund, Sales Tax, Custom Duty, Excise Duty.
- (b) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
- (c) There are no disputed dues payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010.
9. The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
10. 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.
11. In our opinion, the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares. The Company has not granted loans and advances on the basis of security by way of debentures and other securities.
12. Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares, 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, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
13. 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 and financial institutions, are not prima facie prejudicial to the interests of the Company.
14. 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.
15. 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 for long term investment.
16. 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.
17. According to the information and explanations given to us and the records examined by us, in respect of Secured debentures issued by the Company during the period covered by our report, the Company is in process of creating charge on immovable property and specific pool receivables of the Company as per the terms of issue.
18. The Company has not raised any money by public issues during the year.
19. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)
K. A. Katki
Partner
(Membership No. : 038568)

Mumbai, April 26, 2010

Balance Sheet As at March 31, 2010

	Schedule	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	619,789,042	2,075,913,257
Reserves and Surplus	2	39,922,230,754	29,994,125,603
		40,542,019,796	32,070,038,860
Loan Funds			
Secured Loans	3	36,138,707,734	40,625,639,575
Unsecured Loans	4	33,320,000,000	23,080,000,000
		69,458,707,734	63,705,639,575
Total		110,000,727,530	95,775,678,435
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	628,663,455	555,547,478
Less: Depreciation / Amortisation		228,753,302	156,958,918
Net Block		399,910,153	398,588,560
Capital Work in Progress / Capital Advances		2,879,803	10,445,558
		402,789,956	409,034,118
Investments	6	10,022,087,479	13,737,468,574
Deferred Tax Assets (net) (Refer Note B 22 of Schedule 18)		325,724,731	283,000,060
Current Assets, Loans and Advances			
Sundry Debtors	7	138,297,688	6,529,832
Cash and Bank Balances	8	10,357,667,034	22,514,645,112
Other Current Assets	9	1,105,199,951	1,010,018,207
Loans and Advances	10	98,489,356,040	61,812,938,342
		110,090,520,713	85,344,131,493
Less: Current Liabilities and Provisions			
Current Liabilities	11	6,956,491,765	1,854,512,213
Provisions		3,883,903,584	2,143,443,597
		10,840,395,349	3,997,955,810
Net Current Assets		99,250,125,364	81,346,175,683
Total		110,000,727,530	95,775,678,435
Significant Accounting Policies and Notes to Accounts	18		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Mumbai, April 26, 2010

For and on behalf of the Board

Sameer Gehlaut
Whole-Time Director

Mumbai, April 26, 2010

Gagan Banga
Whole-Time Director

Amit Jain
Company Secretary

Profit & Loss Account For the year ended March 31, 2010

	Schedule	Year ended March 31, 2010	Amount (Rs.) Year ended March 31, 2009
INCOME			
Revenue from operations	12	14,208,090,766	17,808,952,691
Other Income	13	85,969,931	26,131,789
Total		14,294,060,697	17,835,084,480
EXPENDITURE			
Operating Expenses	14	138,392,422	191,937,844
Personnel Costs	15	1,094,982,069	1,383,630,104
Administrative and Other Expenses	16	3,705,647,181	4,341,304,657
Interest and Finance Charges	17	5,338,845,185	9,381,162,799
Depreciation / Amortisation	5	73,708,770	68,088,503
Total		10,351,575,627	15,366,123,907
Profit before tax		3,942,485,070	2,468,960,573
Provision for taxation			
-Current Tax (Including Wealth Tax)		1,347,000,000	1,064,300,000
-Tax Adjustment in respect of earlier years		(3,393,036)	30,514,262
-Deferred Tax Credit (net)		(42,724,671)	(535,110,043)
-Fringe Benefits Tax		-	7,535,486
Profit After Tax		2,641,602,777	1,901,720,868
Balance of Profit brought forward		1,366,396,586	812,187,831
Amount available for appropriation		4,007,999,363	2,713,908,699
Appropriation:			
Dividend paid on Preference Shares		78,217,802	118,186,239
Proposed Dividend on Preference Shares		-	38,679,133
Proposed Final Dividend on Equity Shares		1,549,472,605	507,259,538
Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		112,280,700	-
Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment		221,362	-
Corporate Dividend Tax on Dividend paid on Preference Shares		13,293,116	20,085,752
Corporate Dividend Tax on Proposed Dividend on Preference Shares		-	6,573,519
Corporate Dividend Tax on Proposed Final Dividend on Equity shares		257,348,031	86,208,758
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to QIP issue		19,082,106	-
Corporate Dividend Tax on Dividend for previous year on Equity Shares issued after the year end pursuant to ESOPS Allotment		37,620	-
Transfer to General Reserve		264,200,000	190,175,000
Transfer to Reserve Fund (U/s 451C of R.B.I.Act,1934)		528,320,556	380,344,174
Balance of Profit carried forward		1,185,525,465	1,366,396,586
Earnings Per Share - Basic and Diluted (Refer Note B 21 of Schedule 18)			
-Basic (Rs.)		8.72	6.78
-Diluted (Rs.)		8.64	6.72
Face Value per equity share (Rs.)		2.00	2.00
Significant Accounting Policies and Notes to Accounts	18		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board

K. A. Katki
Partner

Sameer Gehlaut
Whole-Time Director

Gagan Banga
Whole-Time Director

Amit Jain
Company Secretary

Mumbai, April 26, 2010

Mumbai, April 26, 2010

Cash Flow Statement For the year ended March 31, 2010

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	3,942,485,070	2,468,960,573
Less: Profit / (Loss) on Investment / Dealing in securities	700,902	(22,545,699)
	3,941,784,168	2,491,506,272
Adjustments for :		
Provision for Doubtful Assets	(405,022,213)	189,844,050
Provision for Gratuity, Compensated Absences and Superannuation Expense	27,374,536	10,224,369
Loss on Sale of Fixed Assets	9,168,654	13,801,596
Interest on Vehicle Loans	801,032	1,263,889
Depreciation / Amortisation	73,708,770	68,088,503
	(293,969,221)	283,222,407
Operating Profit before working capital changes	3,647,814,947	2,774,728,679
Adjustments for:		
Trade and other receivables	(36,554,279,300)	12,571,083,597
Trade Payables and other liabilities (Refer Note No. 1 below)	5,100,903,296	(5,287,442,772)
	(31,453,376,004)	7,283,640,825
Cash (used in) / generated from operations	(27,805,561,057)	10,058,369,504
Direct taxes (paid) / refund received	(1,338,164,987)	(1,755,677,364)
	(1,338,164,987)	(1,755,677,364)
Net cash (used in) / generated from operating activities	(29,143,726,044)	8,302,692,140
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(84,693,406)	(50,990,822)
Sale of Fixed Assets	494,389	1,523,376
Net receipts from Investment in long term Fixed Deposits (Refer Note No. 2 below)	8,465,908,489	(761,483,600)
Profit / (Loss) on Investment / Dealing in securities	700,902	(22,545,699)
Redemption / (Purchase) of Securities & Pass Through Certificates	1,104,583,769	(4,382,539,264)
Sale of Securities	-	3,023,003,977
Capital Work in Progress	7,565,755	7,658,487
Purchase of Investments in subsidiaries/ associates	(4,400,500,000)	(2,180,500,000)
Net cash generated from / (used in) investing activities	5,094,059,898	(4,365,873,545)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Net proceeds from Loans to subsidiary Companies	595,478,000	3,462,752,000
Redemption of Preference Shares	(1,568,653,719)	-
Net proceeds from issue of equity shares (including Securities Premium)	9,428,985,220	8,449,840
Distribution of Equity Dividends (including Corporate Dividend Tax)	(724,013,828)	(2,517,261,058)

Cash Flow Statement For the year ended March 31, 2010 (Contd.)

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Distribution of Preference Dividends (including Corporate Dividend Tax)	(136,763,569)	(175,879,498)
Interest on Vehicle Loans	(801,032)	(1,263,889)
Proceeds / Repayments from Borrowings (Net)	(8,846,931,841)	(50,140,057,343)
Proceeds / Repayments from issue of Commercial Papers (Net)	10,250,000,000	6,400,000,000
Proceeds / Repayments from issue of Non Convertible Debentures (Net)	4,350,000,000	(1,530,000,000)
Net cash generated / (used in) from financing activities	13,347,299,231	(44,493,259,948)
D NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) :	(10,702,366,915)	(40,556,441,353)
E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR :	13,596,672,929	54,153,114,282
F CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR (D + E) (REFER NOTE NO. 4 BELOW) :	2,894,306,014	13,596,672,929

Note :

- Includes an amount of Rs. 68,393,432 (Previous Year Rs. 175,811,261) as amount payable on assigned loans.
- Fixed Deposits of Rs. 2,969,748,140 (Previous year Rs. 7,811,460,473) have been placed as collateral for Assignment/Securitisation deals on which assignees have a paramount lien.
- 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.

- Cash and cash equivalents as at the close of the Year include:

Cash and Bank Balances (Refer Schedule 8)	10,357,667,034	22,514,645,112
Current Investment in Units in Mutual Fund considered temporary deployment of funds (Refer Schedule 6)	80,010,961	7,091,308,287
	10,437,677,995	29,605,953,399
Less : In Fixed Deposit Accounts having maturity more than 3 months	7,543,371,981	16,009,280,470
Cash and cash equivalents as restated	2,894,306,014	13,596,672,929

- Unclaimed Dividend Balances in designated bank accounts are not available for use by the Company.
- Previous year's figures are regrouped wherever considered necessary.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Mumbai, April 26, 2010

For and on behalf of the Board

Sameer Gehlaut
Whole-Time Director

Mumbai, April 26, 2010

Gagan Banga
Whole-Time Director

Amit Jain
Company Secretary

Schedules

Forming part of Balance Sheet as at March 31, 2010

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
1. SHARE CAPITAL		
Authorised		
2,000,000,000 (Previous Year 2,000,000,000) Equity Shares of Rs 2 each	4,000,000,000	4,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs 300 each	7,500,000,000	7,500,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs 157.39 each	3,934,750,000	3,934,750,000
Issued, subscribed and paid up (Refer Note B 4 of Schedule 18)		
309,894,521 (Previous Year 253,629,769)	619,789,042	507,259,538
Equity Shares of Rs. 2 each fully paid up		
Nil (Previous Year 9,966,667)		
Non-Convertible Preference Shares of Rs. 157.39 each fully paid up	-	1,568,653,719
Of the above:		
(a) 76,935,375 (Previous Year 76,935,375) Equity Shares of Face Value of Rs. 2 each are allotted as fully paid up Bonus Shares by capitalisation of Securities Premium Account		
(b) 500,000 (Previous Year 500,000) Equity Shares of Face Value of Rs 2 each are issued for consideration other than cash		
	619,789,042	2,075,913,257
2. RESERVES AND SURPLUS		
Capital Redemption Reserve		
Balance as per last Balance Sheet	3,627,392	3,627,392
Securities Premium Account (Refer Note B 4 of Schedule 18)		
Balance as per last Balance Sheet	25,963,043,991	25,954,999,711
Add: Additions during the year	9,494,937,980	8,044,280
	35,457,981,971	25,963,043,991
Less: Share issue expenses written off	178,482,264	-
	35,279,499,707	25,963,043,991
Reserve Fund (U/s 451C of R.B.I. Act, 1934)		
Balance as per last Balance Sheet	1,861,509,434	1,481,165,260
Add: Amount Transferred during the year	528,320,556	380,344,174
	2,389,829,990	1,861,509,434
General Reserve		
Balance as per last Balance Sheet	799,548,200	609,373,200
Add: Amount Transferred during the year	264,200,000	190,175,000
	1,063,748,200	799,548,200
Surplus as per Profit & Loss Account	1,185,525,465	1,366,396,586
	39,922,230,754	29,994,125,603

Schedules

Forming part of Balance Sheet as at March 31, 2010 (Contd.)

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
3. SECURED LOANS		
(Refer Note B 13 of Schedule 18)		
Redeemable, Non Convertible Debentures (Refer Note B 14 of Schedule 18)		
10.75% Non Convertible Debentures of Face value Rs. 10,000,000 each	1,000,000,000	-
9.00% Non Convertible Debentures of Face value Rs. 10,000,000 each	300,000,000	-
8.50% Non Convertible Debentures of Face value Rs. 10,000,000 each	750,000,000	-
8.40% Non Convertible Debentures of Face value Rs. 10,000,000 each	1,050,000,000	-
7.35% Non Convertible Debentures of Face value Rs. 10,000,000 each	750,000,000	-
7.25% Non Convertible Debentures of Face value Rs. 10,000,000 each	1,600,000,000	-
Term Loan :		
Vehicle Loans	6,535,522	7,699,535
From Banks	24,805,233,345	29,460,714,286
From Others	-	3,535,500,000
Working Capital Loans:		
From Banks	5,876,938,867	7,621,725,754
From Others	-	-
	36,138,707,734	40,625,639,575
4. UNSECURED LOANS		
Short Term Loans and advances		
From Banks	-	-
From Others	-	-
Intercompany Deposits	320,000,000	230,000,000
Other Loans and advances		
From Banks	1,000,000,000	-
From Others	-	-
Redeemable, Non Convertible Debentures (Refer Note B 14 of Schedule 18)		
11.75% Non Convertible Debentures of Face value Rs. 10,000,000 each	-	1,100,000,000
Commercial Papers	32,000,000,000	21,750,000,000
(maximum balance outstanding during the year Rs 32,000,000,000, Previous Year Rs. 30,200,000,000)		
	33,320,000,000	23,080,000,000

Schedules

Forming part of Balance Sheet as at March 31, 2010 (Contd.)

5. FIXED ASSETS	GROSS BLOCK AT COST					DEPRECIATION / AMORTISATION				NET BLOCK		Amount (Rs.)
	As at April 01, 2009	As at April 01, 2009	As at April 01, 2009	As at April 01, 2009	As at April 01, 2009	As at April 01, 2009	Provided during the year	Adjustments during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	
Particulars	A	B	C	D=A+B+C	E	F	G	H=E+F+G	D-H	A-E		
A. Tangible Assets												
Freehold Land	-	1,000,000	-	1,000,000	-	-	-	-	1,000,000	-		
Computers	128,771,698	5,121,652	45,999	133,847,351	50,609,195	20,959,039	20,310	71,547,924	62,299,427	78,162,503		
Furniture & Fixtures	217,622,824	2,589,960	9,269,943	210,942,841	40,172,831	13,350,529	1,489,124	52,034,236	158,908,605	177,449,993		
Office Equipment	62,115,168	2,103,549	1,364,059	62,854,658	9,740,673	2,911,773	123,725	12,528,721	50,325,937	52,374,495		
Vehicles*	34,145,032	33,001,310	897,428	66,248,914	9,057,055	4,651,144	281,227	13,426,972	52,821,942	25,087,977		
TOTAL (A)	442,654,722	43,816,471	11,577,429	474,893,764	109,579,754	41,872,485	1,914,386	149,537,853	325,355,911	333,074,968		
B. Intangible Assets												
Software	112,892,756	40,876,935	-	153,769,691	47,379,164	31,836,285	-	79,215,449	74,554,242	65,513,592		
TOTAL (B)	112,892,756	40,876,935	-	153,769,691	47,379,164	31,836,285	-	79,215,449	74,554,242	65,513,592		
TOTAL (A+B)	555,547,478	84,693,406	11,577,429	628,663,455	156,958,918	73,708,770	1,914,386	228,753,302	399,910,153	398,588,560		
PREVIOUS YEAR	524,091,257	50,990,822	19,534,601	555,547,478	93,080,044	68,088,503	4,209,629	156,958,918	398,588,560	10,445,558		
Capital Work in Progress / Capital Advances									2,879,803	409,034,118		

*Includes vehicles having original cost of Rs. 17,559,544 (Previous Year Rs. 23,388,962) which are hypothecated to Banks.

Schedules

Forming part of Balance Sheet as at March 31, 2010 (Contd.)

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
6. INVESTMENTS		
(A) Long Term - Non Trade - Unquoted		
(Refer Note B 25 of Schedule 18)		
(i) In Subsidiary Companies:		
- 50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Insurance Advisors Ltd. (formerly Indiabulls Insurance Advisors Pvt. Ltd.)	500,000	500,000
- 4,375,000 (Previous Year 4,375,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Finance Company Private Ltd. (formerly Indiabulls Investment Private Ltd)	437,500,000	437,500,000
- 5,000,000 (Previous Year 5,000,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Capital Services Ltd.	50,000,000	50,000,000
- 135,000,000 (Previous Year 135,000,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Housing Finance Ltd.	2,253,375,000	2,253,375,000
- 10,000,000 (Previous Year 10,000,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Infrastructure Credit Limited (formerly Indiabulls Commercial Credit Limited)	250,000,000	250,000,000
- 4,000,000 (Previous Year Nil) Fully paid up Preference shares of face value Rs 10 each in Indiabulls Infrastructure Credit Limited (formerly Indiabulls Commercial Credit Limited)	4,000,000,000	-
- 2,550,000 (Previous Year 2,550,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services Limited)	25,500,000	25,500,000
- 2,000,000 (Previous Year 2,000,000) Fully paid up Preference shares of face value Rs 10 each in Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services Limited)	2,000,000,000	2,000,000,000
- 50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Asset Holding Company Limited	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	500,000	500,000
- 150,000 (Previous Year 150,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Collection Agency Limited	100,500,000	100,500,000
- 50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs 10 each in Ibulls Sales Limited (formerly Fast Loan Services Limited)	500,000	500,000
- 15,000,000 (Previous Year 15,000,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Asset Management Company Limited	150,000,000	150,000,000
- 500,000 (Previous Year 500,000) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Trustee Company Limited	5,000,000	5,000,000
- Nil (Previous Year 50,000) Fully paid up Equity shares of face value Rs 10 each in Indian Commodity Exchange Limited (formerly International Multi Commodity Exchange Limited) (Refer Note B 33 of Schedule 18)	-	500,000
- 50,000 (Previous Year Nil) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Venture Capital Management Company Limited	500,000	-
- 50,000 (Previous Year Nil) Fully paid up Equity shares of face value Rs 10 each in Indiabulls Venture Capital Trustee Company Limited	500,000	-
	9,274,875,000	5,274,375,000
(ii) In Associate Companies:		
- 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
- 80,000,000 (Previous Year Nil) Fully paid up Equity shares of face value Rs 5 each in Indian Commodity Exchange Limited (formerly International Multi Commodity Exchange Limited) (Refer Note B 33 of Schedule 18)	400,000,000	-
Sub total (A)	9,687,125,000	5,286,625,000

Schedules

Forming part of Balance Sheet as at March 31, 2010 (Contd.)

	Amount (Rs.)	
	As at March 31, 2010	As at March 31, 2009
(B) Current Investments - Non Trade - Unquoted		
(Refer Note B 26 of Schedule 18)		
Investment in Mutual Funds:		
-LIC Mutual Fund		
(Liquid Fund- Daily Dividend Reinvestment Option)	-	4,251,308,287
No. of Units: Nil (Previous Year : 387,183,020.811)		
NAV: N.A. (Previous year Rs.10.9801)		
(Savings Plus Fund- Daily Dividend Reinvestment Option)	-	2,840,000,000
No. of Units: Nil (Previous Year : 284,000,000.000)		
NAV: N.A. (Previous year Rs.10.0000)		
-SBI Mutual Fund		
(SBI Magnum insta Cash Fund- Growth)	80,010,961	-
No. of Units: 3,914,545.4723 (Previous Year : Nil)		
NAV: Rs.20.4394(Previous year N.A.)		
Investment in Pass Through Certificates:		
-Reliance Mutual Fund	204,951,518	309,535,287
-RB Loan Trust Series 20	-	1,000,000,000
of Face Value of Rs. 10,000,000 each		
Investment in Bonds:		
-9.25% Unsecured Redeemable Non-Convertible Subordinated Bonds		
of Dena Bank of Face Value of Rs. 1,000,000 each	50,000,000	50,000,000
Sub total (B)	334,962,479	8,450,843,574
Total (A) + (B)	10,022,087,479	13,737,468,574
Aggregate market value of quoted Investment	-	-
Aggregate book value of quoted Investment	-	-
Aggregate book value of unquoted Investment	10,022,087,479	13,737,468,574
7. SUNDRY DEBTORS		
Debts Outstanding for a period exceeding six months		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Considered doubtful	-	-
Other Debts		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	138,297,688	6,529,832
	138,297,688	6,529,832
8. CASH AND BANK BALANCES		
Cash on hand	116,472,086	96,992,566
Cheques on hand	3,156,465	-
Balances with scheduled banks		
- in current accounts #	2,694,666,502	608,372,076
- in deposit accounts	7,543,371,981	21,809,280,470
	10,357,667,034	22,514,645,112
# includes Rs. 5,328,023 (Previous Year Rs. 4,251,767) in designated unclaimed dividend accounts		
9. OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposits, Pass Through Certificates & Bonds	384,260,203	499,316,461
Interest Accrued on Loans	720,939,748	510,701,746
	1,105,199,951	1,010,018,207

Schedules

Forming part of Balance Sheet as at March 31, 2010 (Contd.)

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
10. LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
(i) Loans and Other Credit Facilities		
(a) Standard Assets - Secured (Refer Note B 15 (a) of Schedule 18)		
- Considered Good	66,346,306,928	36,934,821,675
Less: Securitised / Assigned	1,260,918,386	4,220,687,419
	65,085,388,542	32,714,134,256
- Sub Standard Assets-Secured	67,321,461	103,769,735
	65,152,710,003	32,817,903,991
(b) Standard Assets - Unsecured (Refer Note B 15 (d) of Schedule 18)		
- Considered Good	31,034,547,909	38,641,574,210
Less: Securitised / Assigned	2,600,790,314	14,757,157,583
	28,433,757,595	23,884,416,627
- Sub Standard Assets-Unsecured	1,706,448,088	1,048,413,978
	30,140,205,683	24,932,830,605
	95,292,915,686	57,750,734,596
(ii) Retained interest on Securitisation of loans	4,444,967	19,906,727
Deferred Purchase Consideration on assignment of Loans	78,110,301	733,217,477
(iii) Loans to Subsidiary Companies-		
(a) Indiabulls Capital Services Limited	180,000,000	180,000,000
(Maximum balance outstanding at any time during the year		
Rs. 180,000,000, Previous Year Rs. 3,510,000,000)		
(b) Indiabulls Advisory Services Limited	-	139,500,000
(Formerly Divya Shakti Trading Services Limited)		
(Maximum balance outstanding at any time during the year		
Rs. 139,500,000, Previous Year Rs. 663,500,000)		
(c) Indiabulls Housing Finance Limited	-	405,048,000
(Maximum balance outstanding at any time during the year		
Rs.2,788,000,000, Previous Year Rs. 1,309,500,000)		
(d) Indiabulls Life Insurance Company Limited	41,570,000	100,000,000
(Loans-Maximum balance outstanding at any time during the year		
Rs.100,000,000, Previous Year Rs.108,900,000)		
(e) Nilgiri Financial Consultants Limited	-	7,000,000
(Maximum balance outstanding at any time during the year		
Rs.7,000,000, Previous Year Rs. 10,000,000)		
(f) Indiabulls Asset Holding Company Limited	100,000	-
(Maximum balance outstanding at any time during the year		
Rs. 100,000, Previous Year Rs. Nil)		
(g) Ibulls Sales Limited	14,400,000	-
(Formerly Fast Loans Services Limited)		
(Maximum balance outstanding at any time during the year		
Rs.14,400,000, Previous Year Rs. Nil)		
(iv) Advances recoverable in cash or kind or for value to be received	1,641,281,930	1,894,206,536
(v) Security Deposit with others	36,139,160	77,498
(vi) Security Deposit for Rent	106,253,722	279,833,232
(vii) Advance Tax / Tax Deducted at Source (Net of provision for Tax	1,094,140,274	149,574,276
Rs. 2,992,026,046, Previous Year Rs 3,006,801,727)		
(viii) Share Application money pending allotment	-	153,840,000
	98,489,356,040	61,812,938,342

Schedules

Forming part of Balance Sheet as at March 31, 2010 (Contd.)

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
11. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors (Refer Note B 29 of Schedule 18)		
(a) Dues to Micro and Small Enterprises	-	-
(b) Dues to others	19,023,299	17,285,415
Temporary overdrawn bank balance as per books	6,649,785,865	1,261,571,038
Unclaimed Dividends	5,328,023	4,251,767
Other Current Liabilities	213,961,146	395,592,732
Amount payable on assigned loans	68,393,432	175,811,261
	6,956,491,765	1,854,512,213
Provisions		
Provision for Doubtful Assets	998,321,423	1,403,343,636
Provision for Superannuation	88,215,795	63,049,049
Provision for Gratuity	25,897,263	23,736,716
Provision for Compensated Absences	12,872,093	12,824,850
Provision for Taxation (net of Advance Tax Rs 395,430,766, Previous Year Rs 970,314,274)	951,591,882	1,238,374
Provision for Fringe Benefits Tax (net of Advance Tax Rs.78,998,036, Previous Year Rs 78,652,304)	184,492	530,024
Provision for Dividend on Preference Shares	-	38,679,133
Corporate Dividend Tax on Dividend on Preference Shares	-	6,573,519
Proposed Final Dividend on Equity Shares	1,549,472,605	507,259,538
Corporate Dividend Tax on Proposed Final Dividend	257,348,031	86,208,758
	3,883,903,584	2,143,443,597

Schedules

Forming part of Profit and Loss Account for the year ended March 31, 2010

	Year ended March 31, 2010	Amount (Rs.) Year ended March 31, 2009
12. REVENUE FROM OPERATIONS		
Interest from Financing Activities (Tax Deducted at Source Rs 212,167,033 , Previous year Rs 612,356,642)	11,072,142,593	14,037,857,930
Interest on IPO Financing	53,354,525	-
Interest on Pass Through Certificates / Bonds (Current investments)	185,651,946	29,481,687
Interest from Loans / Intercorporate Deposits (Tax Deducted at Source Rs 6,862,338, Previous Year Rs 6,195,795)	55,509,287	28,363,254
Dividend on Units of Mutual Funds/Equity Shares (Current investments)	141,460,400	1,052,494,609
Interest on deposits (Tax deducted at Source Rs. 124,563,617 , Previous Year Rs.337,774,354)	1,085,352,438	1,499,422,753
Income from Advisory Services (Tax deducted at Source Rs.400,000, Previous Year Rs.10,184,310)	122,902,543	223,547,863
Commission on Insurance & Mutual Fund	39,901,439	58,492,974
Other Operating Charges (Refer Note B 31 of Schedule 18)	1,451,025,902	871,799,547
Profit on Non Trade Investment / Dealing in Securities (Current investments) (Refer Note B 26 (a) of Schedule 18)	700,902	-
Income from Service Fee	88,791	7,492,074
	14,208,090,766	17,808,952,691
13. OTHER INCOME		
Miscellaneous Income	4,023,855	7,673,926
Sundry Credit balances written back/ Bad debts recovered	81,946,076	18,457,863
	85,969,931	26,131,789
14. OPERATING EXPENSES		
Commission	78,701,724	137,765,484
Client Verification Charges	32,673,859	30,593,790
Demat Charges	723,437	404,042
Stamp Duty	20,306,297	15,176,188
Collection Charges	5,987,105	7,998,340
	138,392,422	191,937,844
15 PERSONNEL COSTS		
Salaries (Refer Note B 18 (a) & 23 of Schedule 18)	1,056,689,305	1,301,747,360
Contribution to Provident Fund and Other Funds	2,105,827	6,143,014
Staff Welfare Expenses	8,812,400	14,967,040
Provision for Gratuity, Compensated Absences and Superannuation Expense	27,374,537	60,772,690
	1,094,982,069	1,383,630,104

Schedules

Forming part of Profit and Loss Account for the year ended March 31, 2010 (Contd.)

	Year ended March 31, 2010	Amount (Rs.) Year ended March 31, 2009
16. ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement	14,600,148	74,565,597
Recruitment Expenses	2,023,628	82,975
Repairs & Maintenance others	54,791,000	60,305,578
Electricity Expenses	28,382,075	36,008,337
Printing & Stationery	11,923,898	12,925,935
Rent (Refer Note B 16 of Schedule 18)	98,452,332	154,767,865
Statutory Fees	20,553,584	32,404,608
Communication Expenses	47,545,694	68,144,412
Traveling & Conveyance	59,221,516	48,922,244
Professional Charges	262,967,772	58,998,120
Auditors' remuneration (Excluding Service Tax Rs 1,217,975; Previous Year Rs.1,653,150)		
As Auditors	10,000,000	7,500,000
Certification	800,000	350,000
Other attest services	275,000	6,500,000
Out of Pocket Expenses	900,000	400,000
Provision for Doubtful Loans	-	189,844,050
Bad Loans / Advances written off	3,338,451,782	
Less: Adjusted against provision for earlier years	<u>405,022,213</u>	<u>2,933,429,569</u>
Assignment expenses	139,908,779	557,960,054
Loss on Current Non Trade Investment / Dealing in Securities (Refer Note B 26 (a) of Schedule 18)	-	44,498,369
Loss on Sale of Fixed Assets	9,168,654	13,801,596
Donation Expenses	-	100,000,000
Miscellaneous Expenses	10,703,532	10,142,679
	3,705,647,181	4,341,304,657
17. INTEREST AND FINANCE CHARGES		
Interest on Loans	3,193,708,167	6,919,448,938
Interest on Non-Convertible Debentures	143,066,649	163,849,084
Interest on Commercial Papers	1,836,913,536	2,113,107,876
Interest on Vehicle Loans	801,032	1,263,889
Processing and Other Fee	62,088,130	86,428,154
Interest on Intercompany Deposit	63,944,914	48,716,339
Interest on Taxes	1,983,734	27,012,356
Interest on Overdraft Facility	5,116,512	13,323,583
Interest on Securitised Loan	217	326,967
Bank Charges	31,222,294	7,685,613
	5,338,845,185	9,381,162,799

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010.

SCHEDULE - 18

A SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting:

These financial statements are prepared under the historical cost convention on an accrual basis.

ii) Prudential Norms:

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

iii) Use of Estimates:

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

iv) Revenue Recognition:

Interest Income from financing activities and others is recognised on an accrual basis. In terms of the RBI Directions, interest income on Non-performing assets ('NPAs') is 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 entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month and accounted for on accrual basis.

Dividend income on equity shares is recognised when the right to receive the dividend is unconditional as at the balance sheet date. In terms of the RBI Directions, wherever applicable, Dividend Income on units of Mutual Fund held by NBFC companies is 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 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 of the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date the asset is put to use. Depreciation on sale

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

/ deduction from fixed asset is provided for up to the date of sale / deduction, as the case may be. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Intangible assets consisting of Software are 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 Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

ix) Investments:

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

x) Stock of Securities:

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

xi) Borrowing 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 revenue.

xii) Commercial Papers:

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

xiii) Employee benefits:

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

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 estimated value of the Company's shares on stock options grant date and the exercise price to be paid by the option holders. The compensation expense is amortised over the vesting period of the options. The fair value of options for disclosure purpose is measured on the basis of a valuation performed in respect of stock options granted.

xv) Taxes on Income:

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

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

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

xvi) Fringe Benefits Tax:

Fringe Benefit Tax has been calculated in accordance with the provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India. Pursuant to the enactment of the Finance Act, 2009, Fringe Benefit tax stands abolished w.e.f. April 01, 2009.

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

xvii) Share Issue Expenses:

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

xviii) Equity Index / Stock Futures:

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

xix) Leases:

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

xx) Provisions, Contingent Liabilities and Contingent Assets:

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

B NOTES TO ACCOUNTS

1. Overview:

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

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

2. Contingent liability not provided for in respect of:

- (a) Corporate counter guarantees outstanding in respect of credit facilities availed by subsidiaries for the year ended March 31, 2010 amounting to Rs. 1,868,625,530 (Previous Year Rs. 5,000,000,000).
- (b) Corporate counter guarantees outstanding in respect of assignment /Securitisation agreements entered by Company’s subsidiary with different assignees as at March 31, 2010 is Rs. 256,162,252 (Previous Year Rs. 524,509,017) against which collateral deposit of Rs. 161,924,000 for year ended March 31, 2010 (Previous Year Rs. 325,678,424) is being provided to the assignees by the Company’s subsidiary in the form of Fixed Deposit Receipts.

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

(c) Corporate counter guarantee outstanding in respect of credit facilities availed by erstwhile subsidiary companies Rs. 1,200,000,000 (Previous Year Rs. 1,280,000,000) against which collateral fixed deposits of Rs. 600,000,000 (Previous Year Rs. 640,000,000) has been provided by those erstwhile subsidiaries for whom the counter guarantee was given.

(d) Capital commitments as at March 31, 2010 (net of advances) Rs. 984,863 (Previous Year Rs. 7,164,232).

3. During the year the Company has complied with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as issued by the Reserve Bank of India vide notification dated February 22, 2007.

4. Changes in capital structure during the year from April 01, 2009 to March 31, 2010:

On July 24, 2009, the Company issued 56,140,350 fully paid-up Equity Shares at a price of Rs. 171/- per Equity Share (including a premium of Rs. 169/- per Equity Share), aggregating to Rs. 9,599,999,850 (Rupees Nine Hundred Fifty Nine crore, Ninety Nine lacs, Ninety Nine Thousand, Eight Hundred and Fifty only) to Qualified Institutions Buyers (QIBs) in terms of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended.

On August 27, 2009, the Company has issued 75,654 Equity Shares of Rs. 2 each, at a premium of Rs. 39.67 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan 2006, and 35,027 Equity Shares of Rs. 2 each, at a premium of Rs. 98.00 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan II 2006.

The Company on September 30, 2009 have, pursuant to the approval granted by the Members of the Company, at the AGM held on September 30, 2009, redeemed the 9,966,667, 10% Non-Convertible Preference Shares of face value Rs. 157.39 per share, held by Oberon Limited in the Company by utilisation of proceeds from the QIB issue made during the current year.

On December 3, 2009, the Company has issued 7,500 Equity Shares of Rs. 2 each, at a premium of Rs. 39.67 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan 2006.

On March 26, 2010, the Company has issued 1,950 Equity Shares of Rs. 2 each, at a premium of Rs. 39.67 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan 2006, 2,178 Equity Shares of Rs. 2 each, at a premium of Rs. 98.00 per share as per terms of the IBFSL – ICSL Employees Stock Option Plan II 2006 and 2,093 Equity Shares of Rs. 2 each, at a premium

of Rs. 93.95 per share as per terms of the Employees Stock Option Plan - 2008.

As a consequence of the above, as at March 31, 2010, the Issued, Subscribed and Paid-up Equity Share Capital of Face Value Rs. 2 stands at Rs. 619,789,042 and the Preference Share Capital stands fully redeemed.

5. During financial year 2007-08 the Company restructured its business operations through a scheme of arrangement Under Sections 391 – 394 of the Companies Act, 1956 (duly sanctioned by the Hon'ble High Court of Judicature at Delhi on November 23, 2007). The Scheme of Arrangement provided for the amalgamation of Indiabulls Credit Services Limited ("ICSL") with the Company and the demerger of the securities broking and advisory business (a part of fee income) of the Company as a going concern, to Indiabulls Securities Limited ("ISL"). Upon coming into effect of the Scheme on December 24, 2007 and with effect from the Appointed Date on April 01, 2007, ICSL stands amalgamated with the Company and the securities broking and advisory business (a part of Fee Income) of the Company stands demerged from the Company and transferred to and vested in ISL on a going concern basis.

6. During the financial year 2004-05, the Company completed listing of its equity shares on the 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 to its

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

Promoters of Rs. 2 each at a price of Rs. 134.87 per share on conversion of the Share Warrants-II which was allotted to them on June 8, 2006.

As at the year end 13,049,556 (Previous Year: 44,407,670) GDR's were outstanding and were eligible for conversion into equity shares.

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

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

Particulars	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Balance amount to be utilised in the beginning of the year	-	19,226,037,825
Gross Proceeds of Issue raised through GDR	-	-
Gross Proceeds of Issue raised through Qualified Institutions placement (QIP)	9,599,999,850	-
Total Proceeds raised (A)	9,599,999,850	19,226,037,825
Less: Utilisation of Issue Proceeds		
Share issue expenses - QIP	(178,482,264)	-
Investment in Subsidiary – Indiabulls Asset Management Company Limited	-	(150,000,000)
Investment in Subsidiary – Indiabulls Trustee Company Limited	-	(5,000,000)
Investment in Subsidiary – Indian Commodity Exchange Limited (formerly International Multi Commodity Exchange Limited) (erstwhile subsidiary)	-	(500,000)
Investment in Preference Shares of Subsidiary – Indiabulls Infrastructure Credit Limited	(4,000,000,000)	-
Investment in Equity shares of Subsidiary – Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services Limited)	-	(25,000,000)
Investment in Subsidiary – Indiabulls Venture Capital Management Company Limited	(500,000)	-
Investment in Subsidiary – Indiabulls Venture Capital Trustee Company Limited	(500,000)	-
Investment in Associates – Indian Commodity Exchange Limited (formerly International Multi Commodity Exchange Limited) (erstwhile subsidiary)	(399,500,000)	-
Investment in Preference shares of Subsidiary – Indiabulls Advisory Services Limited (formerly Divya Shakti Trading Services Limited) (Net)	-	(2,000,000,000)
Redemption of Preference Share Capital	(1,568,653,719)	-
Purchase of fixed assets	(76,836,687)	(50,990,822)
Utilisation of amount for General Corporate Purpose / Repayment of Borrowings	(3,375,527,180)	(16,994,547,003)
Total Utilisation of Proceeds (B)	(9,599,999,850)	(19,226,037,825)
Balance amount being temporary utilisation of Proceeds	Nil	Nil

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

7. Employees Stock Options Schemes:

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

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

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

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

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

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

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

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

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

Accordingly, the other disclosures in respect of the NEW PLANS are as under :-

	IBFSL – ICSL Employees Stock Option Plan 2006	IBFSL – ICSL Employees Stock Option Plan II – 2006
Total Options under the Scheme *	1,440,000	720,000
Options which were issued in lieu of ICSL PLANS (Nos.)	1,440,000	720,000
Vesting Period and Percentage	Four years, 25% each year	Four years, 25% each year
Vesting Date	April 01	November 01
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
Exercise Price* (Rs.)	41.67	100
Exercisable Period	4 years from each vesting date	5 years from each vesting date
Outstanding at the beginning of the year (Nos.)	1,237,220	720,000
Options vested during the year (Nos.)	129,600	79,200
Exercised during the year (Nos.)	85,104	37,205
Expired during the year (Nos.)	--	--
Cancelled during the year	--	--
Outstanding at the end of the year (Nos.)	1,152,116	682,795
Exercisable at the end of the year (Nos.)	201,716	211,195
Remaining contractual Life (Weighted Months)	75	94

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

**The Vesting Period has been revised by the approval of the Shareholders of the Holding Company in the 9th Annual General Meeting held on 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 NEW PLANS have been treated as continuation of respective ICSL PLANS except the number and exercise price of options which have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of the Company for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

Employees Stock Option Plan - 2008

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

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

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

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

The expected volatility was determined based on historical volatility data.

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

Employees Stock Option Plan – 2008	
Total Options under the Scheme	7,500,000
Options issued (Nos.)	7,500,000
Vesting Period and Percentage	Ten years, 15% First year, 10% for next eight years and 5% in last year
Vesting Date	December 08 each year, commencing December 08, 2009
Outstanding at the beginning of the year (Nos.)	7,500,000
Exercise Price (Rs.)	95.95
Exercisable Period	5 years from each vesting date
Options vested during the year (Nos.)	1,069,898
Exercised during the year (Nos.)	2,093
Expired during the year (Nos.)	--
Cancelled during the year	--
Surrendered and re-granted during the year\$	367,350
Outstanding at the end of the year (Nos.)	7,130,557
Exercisable at the end of the year (Nos.)	1067,805
Remaining contractual Life (Weighted Months)	105

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

The Fair value of the options which have been regranted on December 31, 2009 under the plan using the Black-Scholes model based on the following parameters is Rs. 83.48 per option.

S. No	Particulars	ESOP – 2008
1	Exercise price	Rs. 125.90
2	Expected volatility	99.61%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	9.80 Years
5	Expected Dividends yield	3.19%
6	Risk Free Interest rate	7.59%

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

The expected volatility was determined based on historical volatility data.

Employees Stock Option Plan – 2008 (Regrant Portion)	
Total Options under the Scheme	367,350
Options issued (Nos.)	367,350
Vesting Period and Percentage	Ten years, 15% First year, 10% for next eight years and 5% in last year
Vesting Date	January 01 each year, commencing January 01, 2011
Outstanding at the beginning of the year	--
Exercise Price (Rs.)	125.90
Exercisable Period	5 years from each vesting date
Options vested during the year (Nos.)	--
Exercised during the year (Nos.)	--
Expired during the year (Nos.)	--
Cancelled during the year	--
Surrendered and re-granted during the year	--
Outstanding at the end of the year (Nos.)	367,350
Exercisable at the end of the year (Nos.)	--
Remaining contractual Life (Weighted Months)	118

Fair Value Methodology:

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

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

	Amount Rs.	
	March 31, 2010	March 31, 2009
Net Profit available to Equity Share Holders (as reported)	2,550,091,859	1,718,196,225
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs. 4,016.82 lacs (Previous Year Rs. 3901.24 lacs)] (pro forma)	110,538,260	114,266,108
Net Profit available to Equity Share Holders (as per Pro Forma)	2,439,553,599	1,603,930,117
Basic earnings per share (as reported)	8.72	6.78
Basic earnings per share (pro forma)	8.35	6.33
Diluted earnings per share (as reported)	8.64	6.72
Diluted earnings per share (pro forma)	8.26	6.28

8. During the previous financial year there was 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 has 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 September 1, 2008. The last drawn remuneration by Mr. Rajiv Rattan was Rs. 36,90,500/- per month. Accordingly, in deference of his desire the Board has decided that with effect from September 1, 2008 Mr. Rajiv Rattan would be Vice Chairman of the Company without any remuneration.
9. During the previous financial year 2008-09 the Company had advanced a sum of Rs. 1,455,673,000 by way of loans to three of its wholly owned subsidiaries – viz. Indiabulls Insurance Advisors Limited, Indiabulls Capital Services Limited and Indiabulls Advisory Services Limited (Formerly Divya Shakti Trading Services Limited). Those subsidiaries have incurred / provided for losses aggregating to Rs. 2,275,330,373 primarily

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

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 written off.

10. Investments by the Company in the equity share capital of Indiabulls Insurance Advisors Limited and Indiabulls Capital Services Limited are considered as strategic and long term in nature and are held at a cost of Rs. 500,000 and Rs. 50,000,000 respectively. The Company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in value has been made in books of account.
11. As at March 31, 2010, the Company holds 100% of the equity capital of Indiabulls Asset Holding Company Limited, Indiabulls Life Insurance Company Limited at a cost of Rs. 500,000 each. Based on the audited financials those companies as at and for the year ended March 31, 2010, there has been an erosion in the value of investment made in those companies as the operations in those companies have not yet commenced / are in the process of being set up. Considering the investment in these companies as strategic and long term in nature, the Company considers the losses suffered by these subsidiaries as temporary in nature and accordingly no provision for diminution in value has been made in books of account.
12. The Company has entered into various agreements for the assignment/securitisation of loans with assignees, wherein it has assigned/securitised a part of its secured and unsecured loan portfolio amounting to Rs. 37,705,716,297 (Previous Year Rs. 36,668,236,257) upto March 31, 2010, being the principal value outstanding. The Company's subsidiaries Indiabulls Infrastructure Credit Limited (formerly Indiabulls Commercial Credit Limited) and

Indiabulls Housing Finance Limited have issued corporate guarantees aggregating to Rs. NIL 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.

The Company assigned/securitised various loan portfolios to banks and/or other institutions which are derecognised in the books of accounts of the Company in terms of accounting policy mentioned at Schedule 18 A (v) above and the purchase consideration not received upfront is recognised as deferred purchase consideration under loans and advances. Due to foreclosures and repurchase transactions with different assignees during the year, the Company has reinstated the repurchased loan balances in the books of account aggregating to Rs. 2,524,013,972 (Previous Year Rs. 1,409,145,384) 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. 139,908,779 (Previous Year Rs. 557,960,054) in the Profit & Loss Account.

13. Secured loans from banks and others include:

Vehicle Loans amounting to Rs. 6,535,522 (Previous Year Rs. 7,699,535) from Banks which are secured against hypothecation of vehicles and Secured loans from Banks / others amounting to Rs. 30,682,172,212 (Previous Year Rs. 40,617,940,040) which are secured against book debts and balances of receivables included in loans and other credit facilities.

Secured Non-Convertible Debentures amounting to Rs. 5,450,000,000 (Previous Year Rs. Nil) are secured by an equitable charge against immovable property and specific pool of receivables. As at the year end, the Company is in the process of creating the charges on such assets.

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

14. During the year, the Company has issued, Secured and Unsecured Redeemable Non-Convertible Debentures, the salient features of the same are given below:

Party	Date of Issue	Date of Maturity	Rate of Interest P.A.	Face Value (Rs.)	Amount (Rs.)
Yes Bank Ltd#	24-Sep-09	24-Sep-14	10.75%	1,000,000	1,000,000,000
Reliance Mutual Fund*	18-Dec-09	24-Dec-09	MIBOR + 0.50	1,000,000	1,000,000,000
Reliance Mutual Fund ⁽¹⁾	24-Dec-09	23-Mar-10	MIBOR + 0.50	1,000,000	1,000,000,000
Canara Robeco Mutual Fund ⁽²⁾	25-Jan-10	23-Apr-10	MIBOR + 0.75	1,000,000	750,000,000
UTI Mutual Fund ⁽³⁾	29-Jan-10	28-Apr-10	MIBOR + 0.25	1,000,000	2,000,000,000
Reliance Mutual Fund ⁽⁴⁾	2-Feb-10	30-Apr-10	MIBOR + 0.50	1,000,000	2,000,000,000
Taurus Mutual Fund ⁽⁵⁾	4-Feb-10	4-May-10	MIBOR + 0.25	1,000,000	500,000,000
Axis Mutual Fund ⁽⁶⁾	17-Feb-10	17-May-10	MIBOR + 0.50	1,000,000	1,000,000,000
Canara Robeco Mutual Fund ⁽⁷⁾	17-Feb-10	17-May-10	MIBOR + 0.45	1,000,000	500,000,000
Canara Robeco Mutual Fund ⁽⁸⁾	5-Mar-10	2-Jun-10	MIBOR + 0.10	1,000,000	1,000,000,000
Religare Mutual Fund#	19-Mar-10	19-Mar-12	8.40%	1,000,000	750,000,000
ICICI Pru Mutual Fund#	23-Mar-10	26-Aug-11	8.50%	1,000,000	750,000,000
ICICI Pru Mutual Fund #	30-Mar-10	4-May-11	7.25%	1,000,000	1,400,000,000
UTI Mutual Fund#	30-Mar-10	22-Apr-11	7.35%	1,000,000	750,000,000
Reliance Mutual Fund#	30-Mar-10	28-May-12	8.40%	1,000,000	300,000,000
ICICI Pru Mutual Fund#	31-Mar-10	4-May-11	7.25%	1,000,000	200,000,000
ICICI Pru Mutual Fund#	31-Mar-10	31-Mar-13	9.00%	1,000,000	300,000,000

* Redeemed on respective maturity dates given above.

(1) Call option exercised and redeemed before the due date on December 30, 2009.

(2) Call option exercised and redeemed before the due date on January 28, 2010.

(3) Call option exercised and redeemed before the due date on March 11, 2010 and interest rate reset during the outstanding tenure.

(4) Call option exercised and redeemed before the due date on March 11, 2010.

(5) Call option exercised and redeemed before the due date on February 8, 2010. and interest rate reset during the outstanding tenure

(6) Call option exercised and redeemed before the due date on February 19, 2010.

(7) Call option exercised and redeemed before the due date on February 25, 2010.

(8) Call option exercised and redeemed before the due date on March 9, 2010.

Secured Non convertible debenture.

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

15. (a) Secured Loans and Other Credit Facilities given to customers amounting to Rs. 65,152,710,003 are secured against securities both tradable and listed, Commercial Vehicles, Farm Equipments, Two Wheelers, Gold 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, Two Wheeler 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, Big Ticket Unsecured Loans given to customers aggregating to Rs. 30,140,205,683.
- (e) Provision for Loans and Other Credit Facilities in respect of Unsecured and Secured Loans granted is made as per the Prudential Norms applicable to Non-Banking Finance Companies. The Company has made additional provision based on the underlying risk factors and on the best estimates of the management taking into consideration the outstanding balances / ageing of the loans
16. The Company has taken office premises on Lease and Leave & License basis at various locations. Lease rent / License fees amounting to Rs. 91,466,860 (Previous Year: License Fees Rs. 140,586,799) in respect of the same have been charged to Profit and Loss account. The agreements have been executed for a period ranging from 11 months to 10 years with a renewable clause and also provide for termination at will by either party giving a prior notice period between 30 to 90 days.

The minimum lease rentals outstanding as at March 31, 2010, are as under:

	Minimum lease rentals	
	As at March 31, 2010	As at March 31, 2009
	(Rs.)	(Rs.)
Within one year	74,649,023	57,741,987
One to Five years	158,940,701	155,343,521
Above Five Years	2,294,431	5,796,797

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

Contributions are made to Government Provident Fund and Family Pension Fund, ESIC and other statutory funds which cover all regular employees eligible under applicable Acts. Both the employees and the Company make predetermined contributions to the Provident Fund and ESIC. The contributions are normally based on a certain proportion of the employee's salary. The Company has recognised an amount of Rs. 2,105,827 (Previous year Rs. 6,143,014) 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 Director on retirement is based upon actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. After the issuance of the Accounting Standard (AS) 15 (Revised) on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

Disclosures in respect of Gratuity, Compensated Absences and Superannuation:

	(All Amounts in Rs.)					
	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reconciliation of liability recognised in the Balance Sheet:						
Present Value of commitments (as per Actuarial valuation)	25,897,263	23,736,716	12,872,093	12,824,850	88,215,795	63,049,049
Fair value of plan assets	-	-	-	-	-	-
Net liability in the Balance sheet (as per Actuarial valuation)	25,897,263	23,736,716	12,872,093	12,824,850	88,215,795	63,049,049
Movement in net liability recognised in the Balance Sheet:						
Net liability as at the beginning of the year	23,736,716	19,512,932	12,824,850	12,473,314	63,049,049	57,400,000
Amount paid during the year	-	-	-	-	-	-
Net expenses recognised / (reversed) in the Profit and Loss Account	2,160,547	4,674,642	47,243	368,696	25,166,746	55,729,352
Contribution during the year	-	(450,858)	-	(17,160)	-	(50,080,303)
Net liability as at the end of the year	25,897,263	23,736,716	12,872,093	12,824,850	88,215,795	63,049,049
Expenses recognised in the Profit and Loss Account:						
Current service cost	9,759,024	11,482,413	5,549,901	6,287,925	11,030,749	10,490,918
Past service cost	1,709,987	-	-	-	-	-
Interest Cost	1,780,254	1,329,132	961,864	757,810	4,728,679	3,815,060
Expected return on plan assets	-	-	-	-	-	-
Actuarial (gains) / Losses	(11,088,718)	(8,136,903)	(6,464,522)	(6,677,039)	9,407,318	41,423,374
Expenses charged / (reversal) to the Profit and Loss Account	2,160,547	4,674,642	47,243	368,696	25,166,746	55,729,352
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	23,736,716	19,512,932	12,824,850	12,473,314	63,049,049	57,400,000
Current service cost	9,759,024	11,482,413	5,549,901	6,287,925	11,030,749	10,490,918
Past service cost	1,709,987	-	-	-	-	-
Interest cost	1,780,254	1,329,132	961,864	757,810	4,728,679	3,815,060
Paid benefits	-	(450,858)	-	(17,160)	-	(50,080,303)
Actuarial (gains) / losses	(11,088,718)	(8,136,903)	(6,464,522)	(6,677,039)	9,407,318	41,423,374
Commitments as at the end of the year	25,897,263	23,736,716	12,872,093	12,824,850	88,215,795	63,049,049
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.

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

	Gratuity (Unfunded)			Compensated Absences (Unfunded)			Superannuation (Unfunded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Experience adjustment									
On plan liabilities	7,745,174	10,338,978	-#	5,770,664	8,009,381	-#	(15,787,788)	11,876,419	-#
On plan assets	-	-	-	-	-	-	-	-	-
Present value of benefit obligation	25,897,263	23,736,716	19,512,932	12,872,093	12,824,850	12,473,314	88,215,795	63,049,049	57,400,000
Fair value of plan assets	-	-	-	-	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	25,897,263	23,736,716	19,512,932	12,872,093	12,824,850	12,473,314	88,215,795	63,049,049	57,400,000

#Not Available

(N.A. means not applicable)

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

	Gratuity (Unfunded)		Compensated Absences (Unfunded)		Superannuation (Unfunded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Discount rate - Gratuity and Compensated Absences	7.50%	7.00%	7.50%	7.00%	7.50%	7.00%
Expected return on plan assets	NA	NA	NA	NA	NA	NA
Expected rate of salary increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96) Duly Modified	LIC (1994-96)	LIC (1994-96) Duly Modified	LIC (1994-96)	LIC (1994-96) Duly Modified
Retirement Age	60	60	60	60	60	60

The employer's best estimate of contributions expected to be paid during the annual period beginning after the balance sheet date, towards Gratuity, Compensated Absences and Superannuation is Rs. 16,267,619, Rs. 6,255,215 and Rs. 95,67,282 respectively.

As, this is the Third 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.

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

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

Particulars	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Salary & Incentives	71,286,072	70,058,080
Liability towards actuarially valued Employee Benefits	25,974,971	57,338,970
Total	97,261,043	127,397,050

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

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

b) Expenditure in Foreign Currency:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Professional Expenses	--	1,112,873
GDRs listing / Issue related expense	778,200	160,912
Travelling Expense*	3,696,076	915,033
Others	--	228,221

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

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

Final Dividend (Year End March 31, 2009)

Number of Shareholders: 2

Equity Shares held on which dividend is remitted: – 17,151,479 Equity Shares

Amount Remitted- Rs. 34,302,958

Preference Dividend (From April 1, 2009 to September 30, 2009)

Number of Shareholders: 1

Preference Shares held on which dividend is remitted: – 9,966,667 Preference Shares

Amount Remitted- Rs. 78,217,802

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

d) Remittances during the year in foreign currency on account of redemption of Preference Share capital:

Number of Shareholders: 1

Preference Shares which are redeemed: – 9,966,667 Preference Shares

Amount Remitted- Rs. 1,568,653,719

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

19. Segment Reporting:

Segment information for the year ended March 31, 2010

(a) Primary segment information (by business segments)

(All Amounts in Rs.)				
	Investing and financing related activities	Fee Income	Others	Total
(i) Segment Revenue	14,045,631,180	161,758,684	700,902	14,208,090,766
	<i>17,577,912,754</i>	<i>231,039,937</i>	-	<i>17,808,952,691</i>
(ii) Segment Result	3,869,946,310	161,067,773	700,902	4,031,714,984
	<i>2,427,171,536</i>	<i>230,312,554</i>	<i>(22,545,699)</i>	<i>2,634,938,391</i>
Add: Unallocated income net of other unallocated expenditure				-
				-
Less: Unallocated expenditure net of other unallocated income				89,229,914
				<i>165,977,818</i>
Less: Income taxes, Deferred tax (credit) and Fringe benefits tax				1,300,882,293
				<i>567,239,705</i>
Total Profit after tax				2,641,602,777
				<i>1,901,720,868</i>
(iii) Segment Assets	116,379,595,567	138,406,153	-	116,518,001,720
	<i>98,601,997,603</i>	<i>8,532,190</i>	-	<i>98,610,529,793</i>
Unallocated Corporate Assets				4,323,121,160
				<i>1,163,104,453</i>
Total Assets				120,841,122,880
				<i>99,773,634,246</i>
(iv) Segment Liabilities	77,395,499,068	6,158,309	-	77,401,657,377
	<i>66,947,883,323</i>	<i>3,660,800</i>	-	<i>66,951,544,123</i>
Unallocated Corporate Liabilities				2,897,445,706
				<i>752,051,263</i>
Total Liabilities				80,299,103,083
				<i>67,703,595,386</i>
Capital Expenditure (including Capital Work- in-progress Rs. 2,879,803, Previous Year Rs. 10,445,558)	87,573,209	-	-	87,573,209
	<i>61,436,380</i>	-	-	<i>61,436,380</i>
(vi) Depreciation	69,032,338	25,288	-	69,057,626
	<i>64,508,703</i>	<i>11,124</i>	-	<i>64,519,827</i>
Unallocated Depreciation				4,651,144
				<i>3,568,676</i>
Total Depreciation				73,708,770
				<i>68,088,503</i>
(vii) Non-Cash expenditure other than depreciation	36,543,190	-	-	36,543,190
	<i>213,870,015</i>	-	-	<i>213,870,015</i>

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

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

20. Disclosures in respect of Related Parties:

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

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

d) Significant Transactions with Related Parties during the period from April 01, 2009 to March 31, 2010:

(All Amounts in Rs.)

Nature of Transaction	Subsidiary Companies	Associate	Others	Key Management Personnel	Total
Finance					
Intercompany Deposit received (maximum balance outstanding during the year)	720,000,000	--	--	--	720,000,000
	<i>679,500,000</i>	--	--	--	<i>679,500,000</i>
Intercompany Deposit given (maximum balance outstanding during the year)	3,230,600,000	--	--	--	3,230,600,000
	<i>8,157,300,000</i>	--	--	--	<i>8,157,300,000</i>
Interest Expense	59,465,459	--	--	--	59,465,459
	<i>16,256,389</i>	--	--	--	<i>16,256,389</i>
Investments					
Investments in Equity Shares	1,000,000	399,500,000	--	--	400,500,000
	<i>180,500,000</i>	--	--	--	<i>180,500,000</i>
Investments in Preference Shares	4,000,000,000	--	--	--	4,000,000,000
	<i>2,500,000,000</i>	--	--	--	<i>2,500,000,000</i>
Redemption of Preference Shares	--	--	--	--	--
	<i>500,000,000</i>	--	--	--	<i>500,000,000</i>
Share Application Money Paid (pending allotment)	--	--	--	--	--
	<i>153,840,000</i>	--	--	--	<i>153,840,000</i>
Income					
Interest Income	55,509,287	--	--	--	55,509,287
	<i>165,666,232</i>	--	--	--	<i>165,666,232</i>
Expenses					
Remuneration paid	--	--	--	97,261,043	97,261,043
	--	--	--	<i>127,397,050</i>	<i>127,397,050</i>
Reimbursement of Expenses to Subsidiaries (paid)	10,75,692	--	--	--	10,75,692
	<i>20,200</i>	--	--	--	<i>20,200</i>
Reimbursement of Expenses from Subsidiaries / Associate	654,327	13,097	--	--	667,424
	<i>7,864,346</i>	--	--	--	<i>7,864,346</i>
Other					
Sale of Loan Receivables	1,117,591,929	--	--	--	1,117,591,929
	<i>1,607,968,841</i>	--	--	--	<i>1,607,968,841</i>
Purchase of Loan Receivables	1,979,897,060	--	--	--	1,979,897,060
	<i>1,254,203,276</i>	--	--	--	<i>1,254,203,276</i>

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

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

e) Outstanding balances as on March 31, 2010:

Nature of Transaction	Subsidiary Companies	Associate	Others	Key Management Personnel	Total
Intercorporate Deposit given	236,070,000	--	--	--	236,070,000
	<i>831,548,000</i>	--	--	--	<i>831,548,000</i>
Intercorporate Deposit Taken	320,000,000	--	--	--	320,000,000
	<i>230,000,000</i>	--	--	--	<i>230,000,000</i>
Corporate Counter guarantees provided to third parties	2,124,787,782	--	--	--	2,124,787,782
	<i>5,524,509,017</i>	--	--	--	<i>5,524,509,017</i>
Assignment Payable/ (Receivable) (Net)	25,158,152	--	--	--	25,158,152
	<i>(2,490,011)</i>	--	--	--	<i>(2,490,011)</i>

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

f) Statement of Material transactions:

	(All amounts in Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Intercorporate Deposit received (maximum balance outstanding)		
Subsidiaries		
- Indiabulls Finance Company Private Limited	320,000,000	320,000,000
- Indiabulls Capital Services Limited	--	285,000,000
- Indiabulls Housing Finance Limited	400,000,000	--
- Indiabulls Insurance Advisors Limited	--	454,500,000
Intercorporate Deposit given (maximum balance outstanding)		
Subsidiaries		
- Indiabulls Finance Company Private. Limited	--	50,000,000
- Indiabulls Housing Finance Limited	2,788,000,000	1,309,500,000
- Indiabulls Capital Services Limited	180,000,000	3,510,000,000
- Indiabulls Insurance Advisors Limited	--	4,355,000,000
- Indiabulls Advisory Services Limited (Formerly known as Divya Shakti Trading Services Limited.	139,500,000	663,500,000
- Nilgiri Financial Consultants Limited	7,000,000	10,000,000
- Indiabulls Life Insurance Company Limited	100,000,000	108,900,000
- Indiabulls Infrastructure Credit Limited	100,000	--
- Indiabulls Assets Holding Company Limited	100,000	--
- Bulls Sales Limited (Formerly known as Fast Loan Services Ltd.)	14,400,000	--
- Indiabulls Assets Management Company Limited	1,500,000	--
- Indian Commodity Exchange Limited (Formerly Known as International Multi Commodity Exchange Limited) (erstwhile subsidiary)	--	3,700,000
Counter Guarantee to third parties		
Subsidiaries		
- Indiabulls Housing Finance Limited	1,868,625,530	--
Interest Received		
Subsidiaries		
- Indiabulls Finance Company Private. Limited	--	75,340
- Indiabulls Housing Finance Limited	50,941,585	21,784,150
- Nilgiri Financial Consultants Limited	85,275	82,976
- Indiabulls Life Insurance Company Limited	3,786,529	5,399,956

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

(All amounts in Rs.)

	Year ended March 31,2010	Year ended March 31,2009
- Indiabulls Insurance Advisors Limited	--	73,301,077
- Indiabulls Capital Services Limited	--	65,022,733
- Ibulls Sales Limited(Formerly known as Fast Loan Services Ltd.)	695,898	--
Investment in Equity Shares		
Subsidiaries		
- Indiabulls Venture Capital Management Company Limited	500,000	--
- Indiabulls Venture Capital Trustee Company Limited	500,000	--
- Indiabulls Advisory Services Limited(Formerly known as Divya Shakti Trading Services Limited)	--	25,000,000
- Indiabulls Asset Management Company Limited.	--	150,000,000
- Indiabulls Trustee Company Limited	--	5,000,000
- Indian Commodity Exchange Limited(Formerly Known as International Multi Commodity Exchange Limited)(erstwhile subsidiary)	--	500,000
Associates		
- Indian Commodity Exchange Limited(Formerly Known as International Multi Commodity Exchange Limited)(erstwhile subsidiary)	399,500,000	--
Investment in Preference Shares		
Subsidiaries		
- Indiabulls Advisory Services Limited(Formerly known as Divya Shakti Trading Services Limited)	--	2,500,000,000
- Indiabulls Infrastructure Credit Limited	4,000,000,000	--
Redemption of Preference Shares		
Subsidiaries		
- Indiabulls Advisory Services Limited (Formerly known as Divya Shakti Trading Services Limited)	--	500,000,000
Share Application Money Pending allotment		
Subsidiaries		
- Indian Commodity Exchange Limited(Formerly Known as International Multi Commodity Exchange Limited)(erstwhile subsidiary)	--	153,840,000
Interest Expense		
Subsidiaries		
- Indiabulls Finance Company Private Limited	56,635,606	6,076,387
- Indiabulls Insurance Advisors Limited	--	5,757,539
- Indiabulls Capital Services Limited	--	4,422,463
- Indiabulls Housing Finance Limited	2,829,853	--
Remuneration		
- Mr. Rajiv Rattan(upto August 2008)	--	37,091,193
- Mr. Sameer Gehlaut	80,190,813	75,277,005
- Mr. Gagan Banga	17,070,230	15,028,852
Reimbursement of Expenses received		
Subsidiaries		
- Indiabulls Assets Management Company Limited	59,517	12,544
- Indiabulls Capital Services Limited	--	501
- Indiabulls Finance Company Private Limited	--	1,001
- Indiabulls Housing Finance Limited	453,047	21,925

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

	(All amounts in Rs.)	
	Year ended March 31,2010	Year ended March 31,2009
- Indiabulls Life Insurance Company Limited	101,739	7,003
- Indiabulls Infrastructure Credit Limited	--	501
- Indiabulls Trustee Company Limited	39,524	2,906
- Nilgiri Financial Consultants Limited	--	1,665
- Indiabulls Advisory Services Limited (Formerly known as Divya Shakti Trading Services Limited)	500	--
Associate		
- Indian Commodity Exchange Limited (Formerly Known as International Multi Commodity Exchange Limited)	13,097	--
Reimbursement of Expenses paid		
Subsidiaries		
- Indiabulls Housing Finance Limited	1,075,692	--
- Indiabulls Insurance Advisors Limited	--	20,200
Expenses Paid on Behalf of Subsidiaries		
- Indiabulls Trustee Company Limited	--	117,550
- Indian Commodity Exchange Limited (Formerly International Multi Commodity Exchange Limited) (erstwhile subsidiary)	--	6,613,875
- Indiabulls Assets Management Company Limited	--	1,084,875
Sale of Loan Receivables		
Subsidiary		
- Indiabulls Housing Finance Limited	517,591,929	1,607,968,841
- Indiabulls Infrastructure Credit Limited	600,000,000	--
Purchase of Loan Receivables		
Subsidiary		
- Indiabulls Housing Finance Limited	1,979,897,060	1,254,203,276

	(All amounts in Rs.)	
	As at March 31,2010	As at March 31,2009
Outstanding Balances		
Intercorporate Deposit Given		
- Indiabulls Housing Finance Limited	--	405,048,000
- Indiabulls Capital Services Limited	180,000,000	180,000,000
- Indiabulls Advisory Services Limited (Formerly known as Divya Shakti Trading Services Limited).	--	139,500,000
- Nilgiri Financial Consultants Limited	--	7,000,000
- Indiabulls Life Insurance Company Limited	41,570,000	100,000,000
- Indiabulls Assets Holding Company Limited	100,000	--
- Bulls Sales Limited (Formerly known as Fast Loan Services Ltd.)	14,400,000	--
Intercorporate Deposit Taken		
- Indiabulls Finance Company Private Limited	320,000,000	230,000,000
Assignment Payable / (Receivable) (Net)		
- Indiabulls Housing Finance Limited	25,158,152	(2,490,011)
Corporate Counter Guarantee to third parties		
Subsidiaries		
- Indiabulls Housing Finance Limited	2,124,787,782	5,524,509,017

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

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

21. Earnings Per Share (EPS):

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

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

	Year ended March 31, 2010	Year ended March 31, 2009
Profit after tax and prior period adjustments (Rs.)	2,641,602,777	1,901,720,868
Less: Preference dividends paid / proposed for the year (Rs.)	78,217,802	156,865,372
Less: Corporate Dividend tax thereon (Rs.)	13,293,116	26,659,271
Profit available for Equity Shareholders (Rs.)	2,550,091,859	1,718,196,225
Weighted average number of Shares used in computing Basic earnings per share	292,304,222	253,535,879
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options / Share Warrants	2,913,626	2,001,935
Weighted average number of Shares used in computing Diluted earnings per share	295,217,848	255,537,814
Face Value of Equity Shares (Rs.)	2.00	2.00
Basic Earnings Per Share (Rs.)	8.72	6.78
Diluted Earnings Per Share (Rs.)	8.64	6.72

22. Deferred Tax:

In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has credited an amount of Rs. 42,724,671 (Previous Year Rs. 535,110,043) as deferred tax credit to the profit and loss account.

The breakup of deferred tax into major components as at March 31, 2010 is as under:

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
Deferred tax Liabilities		
Depreciation	(31,826,247)	(33,518,816)
Retained interest on securitisation / assignment of loans	(16,247,737)	(194,339,373)
Deferred tax Assets		
Provision for doubtful assets	331,617,419	476,996,502
Disallowance under section 43 B of the Income-Tax Act, 1961	42,181,296	33,857,653
Preliminary expenses	-	4,094
Net Deferred Tax (Liabilities) / Assets	325,724,731	283,000,060

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Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

23. Personnel Costs:

Personnel Costs include an amount of Rs. 13,035,772 (Previous Year Rs. 10,713,577) being cost of employees on deputation from other Group / erstwhile Group companies on specific job basis. The above has been apportioned from Indiabulls Securities Limited – the erstwhile subsidiary company, amounting to Rs.13,035,772 (Previous Year Rs. 10,713,577).

24. No borrowing costs have been capitalised during the year.

25. Details of Purchase and Sale of long term, non-trade investments during the year ended March 31, 2010:

The Company invested in the following Subsidiaries during the year:

Investment in Shares of Subsidiaries		Purchase	
Name of the Company	Shares (Nos.)	Amount (Rs.)	
Indiabulls Infrastructure Credit Limited (Preference Shares)	4,000,000	4,000,000,000	
Indiabulls Venture Capital Management Company Limited	50,000	500,000	
Indiabulls Venture Capital Trustee Company Limited	50,000	500,000	
Investment in Shares of Associate		Purchase	
Name of the Company	Shares (Nos.)	Amount (Rs.)	
Indian Commodity Exchange Limited (formerly International Multi Commodity Exchange Limited) (erstwhile subsidiary)	39,950,000	399,500,000	

26. Investments

(a) Additional information in respect of Non Trade, Unquoted (Mutual Funds) / Quoted (Equity Shares) Current investments / dealing in securities:

	March 31, 2010		March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Investments at the beginning of the year				
Equity Shares	--	--	--	--
Pass Through Certificates	130	1,309,535,287	--	--
Bonds	50	50,000,000	--	--
Mutual Funds	671,183,021	7,091,308,287	--	--
Total (A)	671,183,201	8,450,843,574	--	--
Investments made during the Year				
Equity Shares	--	--	4,500,000	2,258,886,551
Pass Through Certificates	--	--	760	7,611,986,397
Bonds	--	--	50	50,000,000
Mutual Funds	39,355,701,293	450,629,605,632	83,421,098,802	972,000,298,658
Total (B)	39,355,701,293	450,629,605,632	83,425,599,612	981,921,171,606
Investments redeemed / sold during the Year				
Equity Shares	--	--	4,500,000	2,186,095,673
Pass Through Certificates	100	1,104,583,769	630	6,302,451,110
Bonds	--	--	--	--
Mutual Funds	40,022,969,769	457,641,603,858	82,749,915,781	964,887,037,701
Total (C)	40,022,969,869	458,746,187,627	82,754,416,411	973,375,584,484
Investments as at the year end				
Equity Shares	--	--	--	--
Pass Through Certificates	30	204,951,518	130	1,309,535,287
Bonds	50	50,000,000	50	50,000,000
Mutual Funds	3,914,545	80,010,961	671,183,021	7,091,308,287
Total (D)	3,914,625	334,962,479	671,183,201	8,450,843,574
Profit / (Loss) on Derivative trading (E)	--	--	--	50,245,179
Profit / (Loss) (C+D+E-A-B)		700,902		(44,498,369)

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

(b) Detailed Quantitative information in respect of Non Trade, Unquoted, Current Investments / dealing in securities :

	Type	Investment		Sales / Redemption	
		No. of units	Rupees	No. of units	Rupees
In units of Mutual Funds – Unquoted					
Axis Treasury Advantage Fund	Growth	680,000	680,000,000	680,000	680,599,352
		-	-	-	-
Axis Treasury Advantage Fund	Daily Dividend	680,917	680,916,882	680,917	680,916,882
		-	-	-	-
Bharti AXA Liquid Fund - Institutional Plan	Daily Dividend	400,192	400,192,152	400,192	400,192,152
		-	-	-	-
Birla Cash Plus-Instl.Prem.	Daily Dividend	1,622,141,430	16,253,046,057	1,622,141,430	16,253,046,057
		8,494,379,610	85,109,436,503	8,494,379,610	85,109,436,503
Birla Sun Life Liquid Plus	Daily Dividend	-	-	-	-
		1,527,129,230	15,281,676,777	1,527,129,230	15,281,676,777
Birla Sun Life Savings Fund	Daily Dividend	220,096,161	2,202,458,264	220,096,161	2,202,458,264
		-	-	-	-
DBS CHOLA LIQUID INST	Daily Dividend	148,331,419	1,500,565,134	148,331,419	1,500,565,134
		-	-	-	-
9.25% Dena Bank Lower Tier II Bond Series IX	Annual Interest	-	-	-	-
		50	50,000,000	-	-
DWS Cash Plus Fund	Daily Dividend	-	-	-	-
		274,585,910	2,751,213,526	274,585,910	2,751,213,526
DWS Insta Cash Plus Fund	Daily Dividend	24,926,293	250,020,685	24,926,293	250,020,685
		439,423,320	4,403,021,668	439,423,320	4,403,021,668
DWS Liquid Plus	Daily Dividend	-	-	-	-
		271,648,407	2,734,273,842	271,648,407	2,734,702,437
Franklin - Templeton Floating Rate Income Fund	Daily Dividend	-	-	-	-
		360,013,180	3,604,019,938	360,013,180	3,604,019,938
Franklin - Templeton India Treasury Management A/c	Daily Dividend	-	-	-	-
		8,899,240	8,902,377,144	8,899,240	8,902,377,145
IDFC Floating Rate Fund	Daily Dividend	-	-	-	-
		400,069,235	4,002,892,731	400,069,235	4,002,892,731
IDFC Liquidity Manager – Plus	Daily Dividend	-	-	-	-
		71,841,646	71,856,733,008	71,841,646	71,856,733,004
HDFC Cash Management Fund	Daily Dividend	473,180,303	4,746,708,213	473,180,303	4,746,708,213
		5,966,334,346	63,460,318,639	5,966,334,346	63,460,318,639
HDFC Floating Rate Fund	Daily Dividend	-	-	-	-
		2,644,288,171	26,656,804,618	2,644,288,171	26,656,804,618
HDFC Liquid Fund Premium Plan	Daily Dividend	1,478,631,531	18,127,726,850	1,478,631,531	18,127,726,850
		-	-	-	-
HSBC Mutual Fund	Daily Dividend	-	-	-	-
		358,087,711	3,582,882,405	358,087,711	3,582,882,405
ICICI Pass Through Certificates	Annual Interest	-	-	-	-
		100	1,000,000,000	100	1,000,000,000
ICICI Flexible Income Plan	Daily Dividend	350,100,012	3,701,782,479	350,100,012	3,701,782,479
		1,629,859,995	17,233,324,662	1,629,859,995	17,233,318,474
ICICI Prudential Institutional Liquid Plan	Daily Dividend	933,474,379	9,336,777,638	933,474,379	9,336,777,638
		15,126,033,666	151,267,899,680	15,126,033,666	151,267,899,680
ICICI Prudential Liquid Super Institutional Plan	Daily Dividend	63,893,518	6,390,763,800	63,893,518	6,390,763,800
		-	-	-	-

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

	Type	Investment		Sales / Redemption	
		No. of units	Rupees	No. of units	Rupees
In units of Mutual Funds – Unquoted					
ICICI Prudential Ultra Short Term Plan Super Premium	Daily Dividend	400,039,808	4,008,798,915	400,039,808	4,008,798,915
		-	-	-	-
JM High Liquidity Fund	Daily Dividend	-	-	-	-
		705,152,811	7,063,163,127	705,152,811	7,063,163,127
JM Money Manager Fund	Daily Dividend	-	-	-	-
		679,103,766	6,793,821,983	679,103,766	6,793,821,983
JM Pass Through Certificates	Annual Interest	-	-	-	-
		50	500,000,000	50	500,000,000
Kotak Flexi Debt Scheme	Daily Dividend	-	-	-	-
		49,987,789	501,432,510	49,987,789	501,432,510
Kotak Liquid (Institutional Premium)	Daily Dividend	-	-	-	-
		40,896,088	500,081,452	40,896,088	500,081,452
Kotak Prime Pass Through Certificates	Annual Interest	-	-	-	-
		325	3,250,000,000	325	3,250,000,000
LICMF Income Plus Fund	Daily Dividend	300,472,366	3,004,723,656	300,472,366	3,004,723,656
		450,583,380	4,505,833,798	450,583,380	4,505,833,798
LICMF Liquid Fund	Daily Dividend	4,683,535,378	51,425,686,802	5,070,718,399	55,676,995,088
		11,652,452,160	127,945,089,965	11,265,269,139	123,693,781,678
LICMF Saving Plus Fund	Monthly Dividend	-	-	-	-
		49,907,013	524,115,235	49,907,013	501,740,159
LICMF Saving Plus Fund	Daily Dividend	1,341,885,285	13,418,852,850	1,625,885,285	16,258,852,850
		484,390,089	4,843,900,893	200,390,089	2,003,900,893
Lotus India Liquid Fund	Daily Dividend	-	-	-	-
		4,428,939,640	44,303,863,858	4,428,939,640	44,303,863,858
Lotus India Liquid Plus Fund	Daily Dividend	-	-	-	-
		1,153,517,473	11,553,284,958	1,153,517,473	11,553,284,958
MIRAE Asset Liquid Fund	Daily Dividend	-	-	-	-
		5,204,657	5,208,376,198	5,204,657	5,208,376,198
MIRAE Asset Liquid Plus Fund	Daily Dividend	-	-	-	-
		2,000,018	2,002,814,810	2,000,018	2,002,814,810
NLFSD Canara Robeco Liquid Super Instt.	Daily Dividend	-	-	-	-
		100,274,568	1,006,856,938	100,274,568	1,006,856,938
Peerless Ultra Short Term	Daily Dividend	100,120,142	1,001,201,415	100,120,142	1,001,201,415
		-	-	-	-
Principal Cash Management Fund	Daily Dividend	-	-	-	-
		150,393,699	1,504,042,267	150,393,699	1,504,042,267
Principal Floating Rate Fund	Daily Dividend	-	-	-	-
		727,525,540	7,284,203,959	727,525,540	7,284,203,959
Reliance Liquid Plus Fund	Daily Dividend	-	-	-	-
		17,880,367	17,900,685,873	17,880,367	17,900,685,875
Reliance Liquidity Fund	Daily Dividend	25,810,776,191	258,187,875,406	25,810,776,191	258,187,965,994
		19,277,785,565	192,837,616,786	19,277,785,565	192,837,616,786
Reliance Medium Term Fund	Daily Dividend	732,013,274	12,514,132,924	732,013,274	12,514,132,924
		675,858,933	11,554,146,388	675,858,933	11,554,146,388
Reliance Money Manager	Daily Dividend	33,228,439	33,266,199,978	33,228,439	33,266,199,978
		-	-	-	-
Reliance Money Manager – Retail Option	Daily Dividend	197,892	198,067,649	197,892	198,067,649
		-	-	-	-
Relaince PTC Deal	Monthly Interest	-	-	-	104,583,769
		30	311,986,397	-	2,451,110

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

	Type	Investment		Sales / Redemption	
		No. of units	Rupees	No. of units	Rupees
In units of Mutual Funds – Unquoted					
SBI Ultra Short Term	Daily Dividend	200,098,966	2,002,190,251	200,098,966	2,002,190,251
		-	-	-	-
SBI –Magnum Insta Cash Fund	Growth	3,914,545	80,000,000	-	-
		<i>3,199,520,240</i>	<i>32,099,186,806</i>	<i>3,199,520,240</i>	<i>32,099,186,806</i>
SBI SHF Liquid Plus - Institutional Plan	Daily Dividend	-	-	-	-
		<i>676,661,664</i>	<i>6,769,999,944</i>	<i>676,661,664</i>	<i>6,769,999,944</i>
SBI Magnum Insta Cash Fund	Daily Dividend	432,882,852	7,250,917,632	432,882,852	7,250,917,632
		<i>1,217,531,947</i>	<i>20,394,025,365</i>	<i>1,217,531,947</i>	<i>20,394,025,365</i>
Standard Chartered Bank Pass Through Certificates	Annual Interest	-	-	100	1,000,000,000
		<i>190</i>	<i>1,900,000,000</i>	<i>90</i>	<i>900,000,000</i>
Tata Floater Fund	Daily Dividend	-	-	-	-
		<i>100,199,945</i>	<i>1,005,566,564</i>	<i>100,199,945</i>	<i>1,005,566,564</i>
Tata Liquid Super High Investment fund	Daily Dividend	-	-	-	-
		<i>2,737,783</i>	<i>3,051,313,840</i>	<i>2,737,783</i>	<i>3,051,313,840</i>
Yes Bank Pass Through Certificates	Annual Interest	-	-	-	-
		<i>65</i>	<i>650,000,000</i>	<i>65</i>	<i>650,000,000</i>
In Equity Shares – Quoted					
Ranbaxy Laboratories Limited		-	-	-	-
		<i>4,500,000</i>	<i>2,258,886,551</i>	<i>4,500,000</i>	<i>2,186,095,673</i>
Total		39,355,701,293	450,629,605,632	40,022,969,869	458,746,187,627
		<i>83,425,599,612</i>	<i>981,921,171,606</i>	<i>82,754,416,411</i>	<i>973,375,584,484</i>

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

- (c) During the year March 31, 2010 the Company did not enter/ settle into any Futures and Options contracts. Details of Futures and Option contracts entered / settled for the year ended March 31, 2009 is as stated below:

In Futures and Options – Trade Quoted	Expiry Date	Lot Size	No. of contracts	Purchase	Sales
				Quantity	Quantity
FUTSTK RANBAXY 25-SEP-08	25/09/2008	800	2,750	2,200,000	2,200,000

Futures - FUTSTK RANBAXY 25-SEP-08							
Date	Quantity	Rate	Purchase Value (Rs.)	Date	Quantity	Rate	Sale Value (Rs.)
18-Sep-08	708,800	340.66	241,456,557	12-Aug-08	500,000	385.14	192,570,726
19-Sep-08	478,400	350.83	167,838,537	13-Aug-08	177,600	379.44	67,389,257
22-Sep-08	1,012,800	350.34	354,822,331	14-Aug-08	583,200	369.81	215,670,288
				18-Aug-08	58,400	360.87	21,074,864
				19-Aug-08	180,800	357.96	64,719,166
				20-Aug-08	700,000	361.34	252,938,302
Total	2,200,000		764,117,425		2,200,000		814,362,603

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

27. Schedule in terms of Paragraph 13 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Particulars	(Amount in Rs.)	
Liabilities side :	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	5,450,000,000	NIL
: Unsecured	NIL	NIL
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	25,811,768,867	NIL
(d) Inter-corporate loans and borrowing	320,000,000	NIL
(e) Commercial Paper	32,000,000,000	NIL
(f) Other Loans –	NIL	NIL
Working Capital Loans	5,876,938,867	NIL
Assets side :		Amount Outstanding in Rs.
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured (net of provisions)		64,759,305,785
(b) Unsecured (net of provisions)		31,412,640,408
(3) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL / HP activities (net of provision)		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease		NIL
(b) Operating lease		NIL
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire		NIL
(b) Repossessed Assets		NIL
(iii) Hypothecation loans counting towards EL / HP activities		
(a) Loans where assets have been repossessed		NIL
(b) Loans other than (a) above		NIL
(4) Break-up of Investments :		
Current 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 (please specify)		NIL
2. Unquoted :		
(i) Shares : (a) Equity		NIL
(b) Preference		NIL

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

Assets side :	Amount Outstanding in Rs.
(ii) Debentures and Bonds	50,000,000
(iii) Units of mutual funds	80,010,961
(iv) Government Securities	NIL
(v) Others (Mutual Fund Pass Through Certificates)	204,951,518
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	3,274,875,000
Equity shares in associate companies	412,250,000
(b) Preference shares of subsidiary companies	6,000,000,000
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

1) Borrower group-wise classification of all leased assets, stock-on hire and loans and advances:

Category	Amount net of provisions (Rs.)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	--	236,070,000	236,070,000
(b) Companies in the same group	--	--	--
(c) Other related parties	--	--	--
2. Other than related parties	64,759,305,785	31,176,570,408	95,935,876,193
Total	64,759,305,785	31,412,640,408	96,171,946,193

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

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

Category	Break up value per share (Rs.)	Book Value (Net of Provision) (Rs.)
1. Related Parties		
(a) Subsidiaries		
i. Indiabulls Insurance Advisors Limited (formerly Indiabulls Insurance Advisors Private Limited)	(21,004.78)	500,000
ii. Indiabulls Finance Company Private Limited.	342.87	437,500,000
iii. Indiabulls Capital Services Limited.	(21.46)	50,000,000
iv. Indiabulls Housing Finance Limited.	26.24	2,253,375,000
v.(a) Indiabulls Infrastructure Credit Limited (formerly Indiabulls Commercial Credit Limited)	36.55	250,000,000
v. (b) Indiabulls Infrastructure Credit Limited (formerly Indiabulls Commercial Credit Limited) (Preference Shares)	1000.00	4,000,000,000
vi.(a) Indiabulls Advisory Services Limited(formerly Divya Shakti Trading Services Limited)	17.04	25,500,000
vi(b). Indiabulls Advisory Services Limited(formerly Divya Shakti Trading Services Limited) (Preference Shares)	1000.00	2,000,000,000
vii. Indiabulls Asset Holding Company Limited	(2.61)	500,000
viii. Indiabulls Life Insurance Company Limited	(695.70)	500,000
ix. Indiabulls Collection Agency limited	819.31	100,500,000
x. Bulls Sales Limited(formerly Fast Loan Services Limited)	5.27	500,000
xi. Indiabulls Asset Management Company Limited	9.61	150,000,000
xii. Indiabulls Trustee Company Limited	10.25	5,000,000
xiii. Indiabulls Venture Capital Management Company Limited	7.17	500,000
xiv. Indiabulls Venture Capital Trustee Company Limited	7.16	500,000
(b) Companies in the same group		
i. Indiabulls Asset Reconstruction Company Limited	11.41	12,250,000
ii. Indian Commodity Exchange Limited(Formerly International Multi Commodity Exchange Limited)	4.66	400,000,000
(c) Other related parties	--	--
2. Other than related parties	--	--
Units of Mutual Funds	20.04394	80,010,961
Mutual Fund Pass Through Certificates	20.49515	204,951,518
Bonds	1,000,000.00	50,000,000
Total		10,022,087,479
Other Information:		
Particulars		Amount (Rs.)
(I) Gross Non-Performing Assets		
(a) Related parties		--
(b) Other than related parties		1,773,769,549
(II) Net Non-Performing Assets		
(a) Related parties		--
(b) Other than related parties		775,448,126
(III) Assets acquired in satisfaction of debt		--

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

28. Disclosures in terms of Paragraph 10 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(i) Disclosure for CRAR:-

CRAR	Items	As on March 31, 2010	As on March 31, 2009
i)	CRAR (%)	32.42%	36.01%
ii)	CRAR - Tier I capital (%)	32.42%	34.04%
iii)	CRAR - Tier II Capital (%)	0.00%	1.97%

(ii) Exposure to Real Estate Sector:-

Category	As at March 31, 2010	(Amount in Rs.) As at March 31, 2009
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lacs may be shown separately)	25,494,027,263	6,177,666,530
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (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;	23,783,331,020	7,251,807,691
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	1,854,788,236	568,301,766
b. Commercial Real Estate	894,650,092	438,247,571
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	2,509,537,252	3,182,932,017

Note:

1. The above classification is as identified by the Company and relied upon by the auditors.

(iii) Maturity Pattern of Assets and Liabilities as at March 31, 2010:-

	Amount Rs. in crores								
	1 day to 30/31 days(one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 yrs	Over 3 to 5 yrs	Over 5 years	Total
Liabilities									
Borrowing from banks	113.94	13.15	230.68	390.61	1,265.13	1,112.65	75.00	-	3,201.16
	<i>13.53</i>	<i>212.71</i>	<i>159.47</i>	<i>343.44</i>	<i>1,522.51</i>	<i>1,551.42</i>	<i>5.00</i>	-	<i>3,809.02</i>
Market borrowings	300.00	550.00	350.00	300.00	1,699.71	545.00	-	-	3,744.71
	<i>20.00</i>	<i>729.00</i>	<i>50.00</i>	<i>884.55</i>	<i>778.00</i>	-	-	-	<i>2,461.55</i>
Assets									
Advances	487.54	620.81	556.06	733.23	2,758.31	1,744.99	529.81	2,365.43	9,796.17
	<i>252.32</i>	<i>394.59</i>	<i>318.17</i>	<i>1,005.47</i>	<i>1,330.20</i>	<i>1,877.83</i>	<i>251.78</i>	<i>697.29</i>	<i>6,127.65</i>
Investments	79.55	71.57	2.31	237.13	110.54	281.73	-	973.71	1,756.54
	<i>989.13</i>	-	<i>600.44</i>	<i>689.14</i>	<i>449.65</i>	<i>192.66</i>	-	<i>533.66</i>	<i>3,454.68</i>

Note: The above maturity pattern is as classified by the Company and relied upon by the auditors.

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

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

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

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

The above information and that given in Schedule 11 - "Current Liabilities and Provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

30. The Company does not have any derivative instruments that are outstanding as at March 31, 2010. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged

31. Other Operating Charges includes:

Particulars	(Amount in Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Processing and Renewal Fees	1,255,688,172	787,046,779
Other fees and charges	192,371,075	81,786,113
Web Portal fees	2,966,655	2,966,655
Total	1,451,025,902	871,799,547

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

33. During the financial year 2008-09, the Company had entered into a Memorandum of Understanding with MMTC Limited, to establish a Commodities Exchange with 26% ownership with MMTC and had advanced an amount of Rs. 153,840,000 as share application money pending allotment. As on March 31, 2009 the Company held 50,000 equity Shares (Face value of Rs. 10/- each) in Indian Commodity Exchange Limited. Subsequent to March 31, 2009, in line with the Government of India ownership guidelines, Indian Commodity Exchange Limited (ICEX) (earlier known as International Multi Commodity Exchange Limited) has received its entire capital contribution of Rs. 10,000 lacs from Indiabulls Financial Services Ltd (40%), MMTC Ltd (26%), Indian Potash Ltd (10%), Infrastructure Development Finance Company Limited (5%), Krishak Bharati Cooperative Limited (5%) and Abhinay Trading Private Ltd (14%). Consequently during the current financial year ICEX issued 99,950,000 Equity shares (Face value of Rs. 10/- each) 39,950,000 to IFSL, 26,000,000 to MMTC Limited, 5,000,000 to Infrastructure Development Finance

Company Limited, 5,000,000 to Krishak Bharati Cooperative Limited, 10,000,000 to Indian Potash Limited and 14,000,000 to Abhinay Trading Private Limited. After the allotment process the shareholding of the Company has been reduced to 40% from the earlier 100%. Consequently ICEX has been classified as an Associate company from the previous status of subsidiary company as IBFSL control does not exist. During the year, in compliance with the directions of Forward Market Commission, ICEX also refunded Rs. 1,000 lacs received earlier from United Stock Exchange of India Ltd in the form of Share application money. ICEX passed a resolution in the general meeting of shareholders held on September 29, 2009 for increase in the authorised share capital from Rs.100 crore to Rs. 110 crore and for sub-division of equity share of nominal value Rs. 10/- each into two equity shares of nominal value of Rs. 5 each. As a result of above, the authorised share capital of ICEX increased from Rs. 100 crore comprising of 100,000,000 equity shares having nominal value of Rs. 10/- each to Rs. 110 crore comprising 220,000,000 equity shares having nominal value of Rs. 5/- each. ICEX has gone live effective November 27, 2009. As on March 31, 2010 the Company held 80,000,000 equity shares (Face value of Rs. 5/- each) in ICEX.

34. The Company had, during 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

Schedules

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the Year ended March 31, 2010. (Contd.)

capital in the Joint Venture. During the current financial year, the Company and Sogecap, have mutually agreed not to pursue the life insurance joint venture in India. The Company had also earlier received Reserve Bank of India's (RBI) approved to hold up to 74% in its life insurance venture. The life insurance company has already received the R1 approval from Insurance Regulatory and Development Authority (IRDA). The Company intends to pursue its insurance venture.

35. 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. The regulatory approvals for commencing operations of Indiabulls Trustee Company Limited and Indiabulls Asset Management Company Limited (wholly owned subsidiaries of the Company) are under process.

36. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2010.
37. Previous year's figures have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

Signature for Schedules 1 to 18.

For and on behalf of the Board

Sameer Gehlaut
Whole-Time Director

Gagan Banga
Whole-Time Director

Amit Jain
Company Secretary

Mumbai, April 26, 2010

Statement Pursuant to Section 212 (1)(e)

of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies of the Financial Year 2009-10

Sr. No.	Name of the Subsidiary Company	Financial year / period ending of the Subsidiary Companies	Date from which they became Subsidiary Companies	Holding Company's interest Number of shares held (Equity Shares of Rs. 10 each stated otherwise)	Extent of Holding (%)	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company			ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries
						a. Not dealt with in the Holding Company Accounts		i) For the Financial Year ended 31st March 2010	
						b. Dealt with in the Holding Company Accounts			
1	Indiabulls Insurance Advisors Limited	31-Mar-10	27-Dec-03	50,000 Equity shares of face value of Rs. 10 each fully paid up	100	(1,886,951)	(1,048,851,858)	NIL	NIL
2	Indiabulls Finance Company Private Limited	31-Mar-10	18-Mar-05	4,375,000 Equity shares of face value of Rs. 10 each fully paid up	57.50	83,596,276	312,700,416	NIL	NIL
3	Indiabulls Capital Services Limited	31-Mar-10	13-Apr-05	5,000,000 Equity shares of face value of Rs. 10 each fully paid up	100	1,744,013	(159,048,175)	NIL	NIL
4	Indiabulls Housing Finance Limited	31-Mar-10	10-May-05	135,000,000 Equity shares of face value of Rs. 10 each fully paid up	100	147,251,338	1,077,466,310	NIL	NIL
5	Nilgiri Financial Consultants Limited	31-Mar-10	14-Dec-05	50,000 Equity shares of face value of Rs. 10 each fully paid up	100	590,557	48,413,268	NIL	NIL
6	Indiabulls Collection Agency Limited	31-Mar-10	1-Jun-06	150,000 Equity shares of face value of Rs. 10 each fully paid up	100	7,863,692	14,660,925	NIL	NIL
7	Ibills Sales Limited (Formerly Fast Loans Services Limited) ¹	31-Mar-10	9-Oct-06	50,000 Equity shares of face value of Rs. 10 each fully paid up	100	(95,520)	(140,792)	NIL	NIL
8	Indiabulls Infrastructure Credit Limited	31-Mar-10	7-Jul-06	10,000,000 Equity shares of face value of Rs. 10 each fully paid up	100	56,036,598	39,523,478	NIL	NIL
9	Indiabulls Advisory Services Limited (Formerly Divya Shakti Trading Services Limited) ²	31-Mar-10	2-Nov-06	2,550,000 Equity shares of face value of Rs. 10 each fully paid up	100	16,341,006	1,604,085	NIL	NIL
10	Indiabulls Asset Holding Company Limited	31-Mar-10	14-Jun-07	50,000 Equity Shares of face value of Rs. 10 each fully paid up	100	(87,885)	(542,787)	NIL	NIL
11	Indiabulls Life Insurance Company Limited	31-Mar-10	3-Dec-07	50,000 Equity Shares of face value of Rs. 10 each fully paid up	100	1,183,546	(36,468,572)	NIL	NIL
12	Indiabulls Asset Management Company Limited	31-Mar-10	10-Apr-08	15,000,000 Equity Shares of face value of Rs. 10 each fully paid up	100	(7,618,048)	1,793,172	NIL	NIL
13	Indiabulls Trustee Company Limited	31-Mar-10	10-Apr-08	500,000 Equity Shares of face value of Rs. 10 each fully paid up	100	111,262	13,100	NIL	NIL
14	Indiabulls Venture Capital Management Company Limited ³	For the period from March 03, 2010 to March 31, 2010	3-Mar-10	50,000 Equity Shares of face value of Rs. 10 each fully paid up	100	(141,630)	NIL	NIL	NIL
15	Indiabulls Venture Capital Trustee Company Limited ⁴	For the period from March 03, 2010 to March 31, 2010	3-Mar-10	50,000 Equity Shares of face value of Rs. 10 each fully paid up	100	(142,130)	NIL	NIL	NIL

Notes:

1. Name of the Company Fast Loan Services Limited has been changed to Ibills Sales Limited w.e.f. 16.03.2010
2. Name of the Company Divya Shakti Trading Services Limited has been changed to Indiabulls Advisory Services Limited w.e.f. 24.11.2009
3. Incorporated on March 03, 2010
4. Incorporated on March 03, 2010

For and on behalf of the Board

Sameer Gehlaut

Whole-Time Director

Mumbai, April 26, 2010

Gagan Banga

Whole-Time Director

Details of Subsidiary Companies

(Amount in Rs.)

Particulars	Indiabulls Collection Agency Limited	Ibuls Sales Limited*	Indiabulls Insurance Advisors Limited	Nilgiri Financial Consultants Limited	Indiabulls Finance Company Private Limited	Indiabulls Housing Finance Limited	Indiabulls Capital Services Limited	Indiabulls Infrastructure Credit Limited	Indiabulls Advisory Services Limited**	Indiabulls Asset Holding Company Limited	Indiabulls Life Insurance Company Limited	Indiabulls Asset Management Company Limited	Indiabulls Trustee Company Limited	Indiabulls Venture Capital Management Company Limited	Indiabulls Venture Capital Trustee Company Limited
Share Capital	1,500,000	500,000	500,000	500,000	76,086,960	1,350,000,000	50,000,000	140,000,000	45,500,000	500,000	500,000	150,000,000	5,000,000	500,000	500,000
Reserves & Surplus	121,396,657	(236,312)	(1,050,738,809)	49,003,825	2,532,707,201	2,196,767,712	(157,304,162)	4,225,475,912	1,997,945,091	(630,672)	(35,285,025)	(5,824,876)	124,362	(141,630)	(142,130)
Total Assets	124,858,524	15,144,898	45,291,044	57,713,197	2,615,127,372	14,359,062,057	272,029,078	4,906,322,681	2,048,277,588	24,478	8,077,572	147,364,618	5,252,649	380,430	379,930
Total Liabilities	124,858,524	15,144,898	45,291,044	57,713,197	2,615,127,372	14,359,062,057	272,029,078	4,906,322,681	2,048,277,588	24,478	8,077,572	147,364,618	5,252,649	380,430	379,930
Investments	112,500,000	-	500,000	-	1,277,183,175	3,730,517,256	82,266,525	3,573,570,046	2,041,000,000	-	-	144,500,000	-	-	-
Revenue	9,829,460	753,963	-	1,728,653	265,588,303	1,791,468,820	2,981,518	105,141,333	23,914,286	-	8,065,669	10,321,621	316,800	-	-
Profit Before Taxation	9,653,204	(95,520)	(2,608,744)	948,790	261,776,022	254,159,039	1,928,234	104,127,158	23,570,515	(87,885)	1,183,546	(4,669,363)	217,289	(141,630)	(142,130)
Provision For Taxation	1,789,512	-	(7,21,793)	358,233	80,044,987	70,094,866	184,221	34,081,411	7,229,509	-	-	2,948,685	106,027	-	-
Profit After Tax	7,863,692	(95,520)	(1,886,951)	590,557	181,731,035	184,064,173	1,744,013	70,045,747	16,341,006	(87,885)	1,183,546	(7,618,048)	111,262	(141,630)	(142,130)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Name of the Company "Fast Loan Services Limited" has been changed to Ibuls Sales Limited w.e.f. 16.03.2010

**Name of the Company "Divya Shakti Trading Services Limited" has been changed to Indiabulls Advisory Services Limited w.e.f. 24.11.2009

Balance Sheet Abstract

and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement
 Global Depository Receipt Employees Stock Options Plan

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities Total Assets
 Sources of Funds
 Paid-up Capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability (Net)
 Application of Funds
 Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses Deferred Tax Assets (Net)

IV. PERFORMANCE OF COMPANY (Amounts in Rs. Thousands)

Turnover Total Expenditure
 Profit/Loss before tax Profit/Loss after tax

(Please tick Appropriate Box + for Profit, - for Loss)

Earnings per Share (in Rs.) (BASIC) Diluted Dividend Rate (%)

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (as per monetary terms)

Item Code No.
 (NIC Code)
 Product
 Description
 Item Code No.
 (NIC Code)
 Product
 Description
 Item Code No.
 (NIC Code)
 Product
 Description

Indiabulls

Indiabulls Financial Services Limited

Registered Office

F-60, Malhotra Building
2nd Floor, Connaught Place
New Delhi - 110001

Corporate Office

"Indiabulls House"
448-451, Udyog Vihar, Phase V
Gurgaon - 122001

One Indiabulls Center
Tower 2/B, 841, Senapati
Bapat Marg, Elphinstone
Road, Mumbai - 400013.

www.indiabulls.com/financial