

**Independent Auditor's Report
To The Members of
Indiabulls Life Insurance Company Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Indiabulls Life Insurance Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2016 ("The Order") issued by the Central Government of India in terms of subsection 11 of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on management representations, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management – Refer Note 25 to the Financial Statements.

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N

Sd/-
Ajay Sardana
Partner
Membership No.089011
New Delhi, April 22, 2017

Annexure A To The Independent Auditor's Report of Even Date on The Financial Statements of Indiabulls Life Insurance Company Limited for the year ended March 31, 2017

Report on the statement of matters specified in paragraphs 3 and 4 of the Order.

- (i) The Company does not have any fixed assets; accordingly, the provisions of clause 3 (i) of the Order are not applicable to the Company.
- (ii) The Company does not have any inventories; accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) According to information and explanations given to us, the Company has not entered into transactions in respect of loans, investments, guarantees and security, covered under section 185 and 186 of the Companies Act, 2013.
- (v) According to information and explanations given to us, the Company has not accepted any deposits during the year. Accordingly, the provisions of clause 3 (v) are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 Companies Act, 2013 to the products/services of the Company. Accordingly, the provisions of clause 3 (vi) are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities, to the extent applicable to it. There are no arrears of outstanding statutory dues as at March 31, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the Company did not have any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company did not have any dues in respect of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given to us, the Company has not raised moneys raised by way of public issue, follow-on offer (including debt instruments) and term loans, during the year under audit.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers/ employees has been noticed or reported during the year.

- (xi) According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 to the extent applicable and the details have been disclosed in Note 23 to the Financial Statements as required by the accounting standards and Companies Act, 2013.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For A Sardana & Co.
Chartered Accountants
Firm's Registration No. 021890N

Sd/-
Ajay Sardana
Partner
Membership No.089011
New Delhi, April 22, 2017

Annexure B to the Independent Auditor's Report of even date on the Financial Statements of Indiabulls Life Insurance Company Limited for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Indiabulls Life Insurance Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N

Sd/-
Ajay Sardana
Partner
Membership No.089011
New Delhi, April 22, 2017

Indiabulls Life Insurance Company Limited
Balance Sheet as at March 31, 2017

Particulars	Note No.	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
I. Equity and liabilities			
Shareholders funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	<u>(48,352,917)</u>	<u>(48,368,236)</u>
		(47,852,917)	(47,868,236)
Non - current liabilities			
Long-term borrowings	5	<u>49,400,000</u>	<u>49,400,000</u>
		49,400,000	49,400,000
Current liabilities			
(a) Other current liabilities	6	32,152	62,152
(b) Short-term provisions	7	<u>30,620</u>	<u>49,940</u>
		62,772	112,092
Total		<u>1,609,855</u>	<u>1,643,856</u>
II.Assets			
Current assets			
(a) Cash and cash equivalents	8	1,508,055	1,628,716
(b) Short-term loans and advances	9	12,150	15,140
(c) Other current assets	10	<u>89,650</u>	<u>-</u>
		1,609,855	1,643,856
Total		<u>1,609,855</u>	<u>1,643,856</u>

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No.021890N

For and on behalf of the Board of Directors of
Indiabulls Life Insurance Company Limited

Sd/-
Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 22, 2017

Sd/-
Anil Mittal
Director
DIN : 01931203
New Delhi, April 22, 2017

Sd/-
Sachin Chaudhary
Director
DIN : 02016992

Indiabulls Life Insurance Company Limited
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
I. Other income	11	135,857	161,625
II. Total revenue		135,857	161,625
III. Expenses:			
Financial costs	12	5,509	-
Other expenses	13	74,448	71,508
IV. Total expenses		79,957	71,508
V. Profit/(Loss) before exceptional and extraordinary items and tax (II - IV)		55,900	90,117
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		55,900	90,117
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		55,900	90,117
X. Tax expense:			
Current tax		40,581	49,940
		40,581	49,940
XI. Profit/(Loss) from the year from continuing		15,319	40,177
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations after tax		-	-
XV. Profit/(Loss) for the year (XI + XIV)		15,319	40,177
XVI. Earnings per equity share:	24		
(1) Basic		0.31	0.80
(2) Diluted		0.31	0.80
(3) Nominal value per Equity Share		10.00	10.00
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No.021890N

For and on behalf of the Board of Directors of
Indiabulls Life Insurance Company Limited

Sd/-
Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 22, 2017

Sd/-
Anil Mittal
Director
DIN : 01931203
New Delhi, April 22, 2017

Sd/-
Sachin Chaudhary
Director
DIN : 02016992

Indiabulls Life Insurance Company Limited
Cash flow statement for the year ended March 31,2017

	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
A Cash flow from operating activities :		
Net Profit/(Loss) before tax	55,900	90,117
Adjustment for		
Interest on fixed deposits	(105,857)	-
Sundry credit balances written back	(30,000)	-
Operating Profit/(Loss) before working capital changes	(79,957)	90,117
Changes in working capital:		
Other current liabilities	-	15,535
Short-term loans and advances	2,990	(3,853)
Cash generated from/(used in) operations	(76,967)	101,799
Direct taxes refund	(59,901)	1,293,045
Net cash generated from/(used in) operating activities	(136,868)	1,394,844
B Cash flow from investing activities		
Interest received on fixed deposits	16,207	-
Net cash generated from/(used in) investing activities	16,207	-
C Cash flow from financing activities		
Net cash generated from/(used in) financing activities	-	-
D Net increase / (decrease) in cash and cash equivalents (A+B+C)	(120,661)	1,394,844
E Cash and cash equivalents at the beginning of the year	1,628,716	233,872
F Cash and cash equivalents at the close of the year (D + E)	1,508,055	1,628,716

Note :

- Figures for the previous year have been regrouped wherever considered necessary.
The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard (AS) - 3
- 'Cash Flow Statements' as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
- Cash and Cash equivalents as at the close of the year:

	As at March 31, 2017	As at March 31, 2016
Cash on hand	5,147	1,691
Balances with scheduled banks		
In current accounts	102,908	1,627,025
In deposit accounts	1,400,000	
Cash and cash equivalents at the end of the year	1,508,055	1,628,716

The accompanying notes are an integral part of the financial statements

As per our report on even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No.021890N

For and on behalf of the Board of Directors of
Indiabulls Life Insurance Company Limited

Sd/-
Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 22, 2017

Sd/-
Anil Mittal
Director
DIN : 01931203
New Delhi, April 22, 2017

Sd/-
Sachin Chaudhary
Director
DIN : 02016992

Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

Note - 1

Corporate information:

Indiabulls Life Insurance Company Limited ("the Company") was incorporated on December 03, 2007 with the object of engaging in the life insurance business as permitted under the Insurance Act, 1938 and by the Insurance Regulatory and Development Authority (IRDA). On receipt of all applicable statutory and regulatory approvals, the Company will commence its life insurance business. Accordingly, the financial statements have not been prepared in accordance with the statutory requirements prescribed under The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

Note - 2

Summary of significant accounting policies:

i) Basis of accounting:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and Accounting Standards (AS) under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii) Use of estimates:

The presentation of financial statements in conformity with GAAP 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. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

iii) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iv) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

v) Revenue recognition:

Income and expenditure are recognized on accrual basis, as incurred.

vi) Investments:

Investments are classified as non-current and current investments. Non-current investments are carried at cost less provision, if any, for any diminution other than temporary in their value. Current investments are valued at lower of cost and fair value.

vii) Borrowing cost:

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

viii) 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.

ix) Employee benefits:

The Company's contribution to Provident Fund is charged to Statement of Profit and Loss. The Company has defined benefit plans namely compensated absences and gratuity for its employees. As permitted under Accounting Standard 15 (Revised 2005) - Employee Benefits (Revised), as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, in respect of companies with few employees, retirement benefits in the form of Gratuity and Compensated Absences payable to employees is provided for on the accrual basis under the assumption that such benefits are payable at year end.

Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

x) Fixed assets:

(a) Tangible assets:

Tangible fixed assets are stated at cost, 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, less accumulated amortisation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

xi) Depreciation / Amortisation:

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule II to the Companies Act, 2013.

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

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

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

xiii) 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 the relevant tax regulations.

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

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

xiv) Preliminary expenses:

Preliminary Expenses are adjusted (net of tax) against Securities Premium Account to the extent of balance available and thereafter the balance portion is charged off to the Statement of Profit and Loss, as incurred.

xv) 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 Statement of Profit and Loss, as incurred.

xvi) 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 liabilities are 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 realized.

Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

xvii) Segment reporting:

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

xviii) Earnings per share:

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year except where the results would be anti-dilutive.

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Indiabulls Life Insurance Company Limited
Notes to financial statements as at March 31,2017

Note - 3

Share capital:

	<u>As at March 31, 2017</u>		<u>As at March 31, 2016</u>	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Authorised:				
Equity Shares of face value of Rs. 10 each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Issued, subscribed and paid up:				
Equity Shares of face value of Rs. 10 each fully paid up	50,000	500,000	50,000	500,000
As per Balance Sheet		<u>500,000</u>		<u>500,000</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Equity Shares	<u>As at March 31, 2017</u>		<u>As at March 31, 2016</u>	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Shares outstanding at beginning of the reporting year	50,000	500,000	50,000	500,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at end of the reporting year	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

b. Terms/ rights attached to equity shares:

The Company has only class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Detail of shareholders holding 5% or more shares:

Name of shareholders	<u>As at March 31, 2017</u>		<u>As at March 31, 2016</u>	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of face value of Rs. 10 each fully paid up				
The entire share capital is held by Indiabulls Housing Finance Limited ("the holding Company") and its nominees	50,000	100%	50,000	100%

As per records of the Company, including its register of members/shareholders, and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d. Employee stock option plans: [Refer Note: 26]

	<u>As at March 31,2017</u>	<u>As at March 31,2016</u>
	Amount (Rs.)	Amount (Rs.)
Note - 4		
Reserves and surplus:		
Surplus/(Deficit) in the Statement of Profit and Loss		
Opening balance	(48,368,236)	(48,408,413)
Add : Profit /(Loss) during the year	15,319	40,177
As per Balance Sheet	<u>(48,352,917)</u>	<u>(48,368,236)</u>

Indiabulls Life Insurance Company Limited
Notes to financial statements as at March 31,2017

	As at March 31,2017 Amount (Rs.)	As at March 31,2016 Amount (Rs.)
Note - 5		
Long term borrowings:		
Unsecured		
Loan taken from holding company	49,400,000	49,400,000
As per Balance Sheet	49,400,000	49,400,000

(a) The Company may at its option, repay such amount 60 (sixty) months from the date of disbursement of the loan or any part thereof, whichever is earlier under this agreement.

(b) The loan taken is interest free.

(c) There is no continuing default in the repayment of the aforesaid loans or interest thereon as at the balance sheet date.

	As at March 31,2017 Amount (Rs.)	As at March 31,2016 Amount (Rs.)
Note - 6		
Other current liabilities:		
Expenses payables	32,152	62,152
As per Balance Sheet	32,152	62,152

	As at March 31,2017 Amount (Rs.)	As at March 31,2016 Amount (Rs.)
Note - 7		
Short-term provisions:		
Provision for tax	30,620	49,940
[Net of tax deducted at source Rs. 9,961 (Previous year Rs. Nil)]		
As per Balance Sheet	30,620	49,940

	As at March 31,2017 Amount (Rs.)	As at March 31,2016 Amount (Rs.)
Note - 8		
Cash and cash equivalents:		
(a) Balances with scheduled banks		
In current accounts	102,908	1,627,025
In deposit accounts	1,400,000	-
(b) Cash on hand [Refer Note: 25]	5,147	1,691
As per Balance Sheet	1,508,055	1,628,716

	As at March 31,2017 Amount (Rs.)	As at March 31,2016 Amount (Rs.)
Note - 9		
Short term loans and advances:		
(Unsecured, considered good)		
Other loan and advances		
Advances recoverable in cash or in kind or for value to be received	12,150	15,140
As per Balance Sheet	12,150	15,140

	As at March 31,2017 Amount (Rs.)	As at March 31,2016 Amount (Rs.)
Note - 10		
Other current assets:		
Interest accrued on fixed deposits	89,650	-
As per Balance Sheet	89,650	-

Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31,2017

	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
Note - 11		
Other income:		
Interest on income tax refund	-	161,625
Sundry credit balances written back	30,000	-
Interest on fixed deposits	105,857	-
As per Statement of Profit and Loss	135,857	161,625
	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
Note - 12		
Financial costs:		
Interest on taxes	5,509	-
As per Statement of Profit and Loss	5,509	-
	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
Note - 13		
Other expenses:		
Statutory fees	13,944	6,140
Legal and professional fees	-	16,405
Printing and stationary	-	99
Auditor's remuneration (Including service tax)	28,625	28,625
Repair and maintenance	17,936	11,921
Miscellaneous expenses	13,943	8,318
As per Statement of Profit and Loss	74,448	71,508

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Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

Note - 14

As per the best estimate of the management, no provision is required to be made as per Accounting Standard 29 (AS 29) -- Provisions, Contingent Liabilities and Contingent Assets as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, 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.

Note - 15

In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2017 have a value on realization in the ordinary course of the Company's business at least equal to the amount at which they are stated in the balance sheet and no provision is required to be made against the recoverability of these balances.

Note - 16

The company has not entered into any derivative instruments during the year. The Company does not have any foreign currency exposures as at March 31, 2017 (Previous year Rs. Nil).

Note - 17

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(iv) The amount of interest due and payable for the year	Nil	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil

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

Note - 18

There are no borrowing costs to be capitalised as at March 31, 2017 (Previous year Rs. Nil).

Note - 19

The provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952, are not applicable to the Company and accordingly, there are no dues payable in respect of the said statutes as at the March 31, 2017 (Previous year Rs. Nil).

Note - 20

(a) There are no contingent liabilities to be reported as at March 31, 2017 (Previous year Rs. Nil).

(b) There are no capital and other commitments to be reported as at March 31, 2017 (Previous year Rs. Nil).

Note - 21

Segment reporting:

Considering the nature of Company's business and operations and based on the information available with the management, there are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard (AS) – 17 on Segment Reporting as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.

Note - 22

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, 2017 (Previous year Rs. Nil).

Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

Note - 23

Disclosures in respect of AS - 18 'Related Party Disclosures' as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended:

(a) Details of related parties:

Description of relationship	Names of related parties
(i) Where control exists	
Holding Company	Indiabulls Housing Finance Limited
(ii) Other related parties	
Fellow Subsidiary Companies (including step-down subsidiaries)	Indiabulls Advisory Services Limited
	Nilgiri Financial Consultants Limited (Subsidiary of Indiabulls Insurance Advisors Limited)
	Indiabulls Insurance Advisors Limited
	Indiabulls Asset Holding Company Limited
	Indiabulls Capital Services Limited
	Indiabulls Asset Reconstruction Company Limited (up to October 2,2016) (Subsidiary of Indiabulls Advisory Services Limited)
	Indiabulls Collection Agency Limited
	Indiabulls Commercial Credit Limited (Formerly known as Indiabulls Infrastructure Credit Limited)
	Indiabulls Asset Management Mauritius (w.e.f.July 18,2016) (Subsidiary of Indiabulls Commercial Credit Limited)
	Ibulls Sales Limited
	Indiabulls Trustee Company Limited
	Indiabulls Asset Management Company Limited
	Indiabulls Venture Capital Management Company Limited (Subsidiary of Indiabulls Holdings Limited)
	Indiabulls Venture Capital Trustee Company Limited (Subsidiary of Indiabulls Holdings Limited)
	Indiabulls Holdings Limited
Associate of Holding Company	Oaknorth Holdings Ltd. (w.e.f.November 13,2015)
Key Management Personnel	Mr. Anil Mittal – Director
	Mr. Sachin Chaudhary – Director
	Mr. Kuber Kheira – Director

#The Board of Directors of Indiabulls Finance Company Private Limited (“IFCPL”) and Indiabulls Commercial Credit Limited (“ICCL”) (formerly Indiabulls Infrastructure Credit Limited) at their meeting held on April 16, 2015 had approved, the merger of IFCPL, on an ongoing basis, into ICCL, pursuant to and in terms of the provisions of Section 391 – 394 of the Companies Act, 1956, as amended from time to time. The appointed date of the proposed merger fixed under the Scheme was April 01, 2015. The Hon’ble High Court of Delhi, vide its order dated March 15, 2016, received by ICCL on March 31, 2016, approved the Scheme (Order). In terms of the court approved Scheme, with the filing of the copy of the Order, on March 31, 2016 with the office of ROC, NCT of Delhi & Haryana (the Effective Date), the Scheme came into effect and IFCPL, as a going concern, stands amalgamated with ICCL with effect from the Appointed Date, being April 01, 2015. Subsequently the Board of Directors of ICCL, on March 31, 2016, issued and allotted Equity Shares of ICCL to the holders of Equity Shares of IFCPL, in the ratio of 3:1 i.e the Share Exchange Ratio, fixed under the Scheme.

(b) Significant transactions with related parties:

Amount (Rs.)

Nature of Transaction	Amount (Rs.)	
	Holding Company	Total
Finance		
Loan taken	49,400,000	49,400,000
(Maximum balance outstanding at any time during the year)	<i>49,400,000</i>	<i>49,400,000</i>

(Previous year's figures are stated in italics)

(c) Statement of material transactions:

Amount (Rs.)

Particulars	Amount (Rs.)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Loan taken		
(Maximum balance outstanding at any time during the year)		
- Indiabulls Housing Finance Limited	49,400,000	49,400,000

Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

Note - 23

Disclosures in respect of AS - 18 'Related Party Disclosures' as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended: (Continued)

(d) Outstanding at year ended March 31, 2017:

Nature of Transaction	Holding Company	Amount (Rs.)
		Total
Loan taken	49,400,000	49,400,000
	<i>49,400,000</i>	<i>49,400,000</i>

(Previous year's figures are stated in italics)

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which such relationships existed. Related Party relationships are given above as identified by the Company and relied upon by the auditors.

Note - 24

Earnings per share:

Basic earnings per share is computed by dividing the net profit/(loss) attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. 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. 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 period, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split and bonus shares as appropriate.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net Profit/(Loss) available for equity shareholders (Rs.)	15,319	40,177
Weighted average number of equity shares used for computing Basic and Diluted earnings per share	50,000	50,000
Nominal value of equity shares – (Rs. Per Share)	10.00	10.00
Earnings per share – Basic and Diluted (Rs. Per Share)	0.31	0.80

Note - 25

Disclosures in respect of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required vide Notification No. G.S.R. 308(E) dated 30th March, 2017 issued by the Ministry of Corporate Affairs:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,500	191	1,691
(+) Permitted receipts	-	5,000*	5,000
(-) Permitted payments	-	44	44
(-) Amount deposited in Banks	1,500	-	1,500
Closing cash in hand as on 30.12.2016	-	5,147	5,147

*withdrawn from Bank.

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Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

Note - 26

Employees Stock Options Schemes of Indiabulls Housing Finance Limited ("the Holding Company" "IHFL"):

(a) Stock option schemes of Indiabulls Financial Services Limited (IBFSL) ("the erstwhile Holding Company") including schemes in lieu of stock options schemes of its erstwhile subsidiary Indiabulls Credit Services Limited transferred under the Court approved Scheme of Arrangement :

S. No.	Erstwhile Plans	New Plans*
1	IBFSL – ICSL Employees Stock Option Plan 2006	IHFL- IBFSL Employees Stock Option Plan 2006
2	IBFSL - ICSL Employees Stock Option Plan II – 2006	IHFL - IBFSL Employees Stock Option Plan II – 2006
3	Employees Stock Option 2008	IHFL - IBFSL Employees Stock Option -2008

*The name of the plans has been revised by the approval of the Shareholders of the Holding Company in the 8th Annual General Meeting held on July 1, 2013.

(b) IHFL ESOS - 2013

The members of IHFL at their Meeting dated March 6, 2013 approved the IHFL ESOS - 2013 plan consisting of 39,000,000 stock options representing 39,000,000 fully paid up Equity Shares of Rs. 2 each of IHFL to be issued in one or more tranches to its eligible employees or to eligible employees of its subsidiaries / step down subsidiaries . The Compensation Committee constituted by the Board of Directors of IHFL has, at its meeting held on October 11, 2014, granted, 10,500,000 Stock Options representing an equal number of equity shares of face value of Rs. 2 each at an exercise price of Rs. 394.75, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on October 10, 2014 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines"). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options vest with effect from the first vesting date i.e. October 11, 2015, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

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

Particulars	IHFL-IBFSL Employees Stock Option Plan – 2006	IHFL-IBFSL Employees Stock Option Plan II – 2006	IHFL-IBFSL Employees Stock Option – 2008	IHFL ESOS - 2013	IHFL-IBFSL Employees Stock Option – 2008 -Regrant	IHFL-IBFSL Employees Stock Option – 2008-Regrant	IHFL-IBFSL Employees Stock Option Plan – 2006 - Regrant	IHFL-IBFSL Employees Stock Option – 2008 - Regrant	IHFL-IBFSL Employees Stock Option Plan II – 2006 - Regrant
Total Options under the Scheme	1,440,000	720,000	7,500,000	39,000,000	N.A.	N.A.	N.A.	N.A.	N.A.
Options issued	1,440,000	720,000	7,500,000	10,500,000	N.A.	N.A.	N.A.	N.A.	N.A.
Vesting Period and Percentage	Four years, 25% each year	Four years, 25% each year	Ten years, 15% First year, 10% for next eight years and 5% in last year	Five years, 20% each year	N.A.	N.A.	N.A.	N.A.	N.A.
Vesting Date	1st April	1st November	8th December	11th October	31st December	16th July	27th August	11th January	27th August
Revised Vesting Period & Percentage	Eight years, 12% each year for 7 years and 16% during the 8th year	Nine years, 11% each year for 8 years and 12% during the 9th year	N.A.	N.A.	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year
Exercise Price (Rs.)	41.67	100.00	95.95	394.75	125.90	158.50	95.95	153.65	100.00
Exercisable Period	4 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date
Outstanding at the beginning of the year (Nos.)	58,536	46,422	1,228,919	8,686,025	33,840	97,810	237,000	7,500	131,400
Regrant Addition	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Regrant Date	N.A.	N.A.	N.A.	N.A.	31-Dec-09	16-Jul-10	27-Aug-09	11-Jan-11	27-Aug-09
Options vested during the year (Nos.)	55,656	24,168	412,335	2,062,000	6,390	19,440	39,500	1,500	21,900
Exercised during the year (Nos.)	55,656	29,682	493,666	1,830,144	11,430	19,200	79,000	1,500	43,800
Expired during the year (Nos.)	-	-	-	-	-	-	-	-	-
Cancelled during the year	-	-	-	-	-	-	-	-	-
Lapsed during the year	2,880	396	11,075	160,800	2,700	-	-	-	-
Re-granted during the year	-	-	-	-	N.A.	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	-	16,344	724,178	6,695,081	19,710	78,610	158,000	6,000	87,600
Exercisable at the end of the year (Nos.)	-	16,344	105,672	597,881	540	850	39,500	-	21,900
Remaining contractual Life (Weighted Months)	NA	49	70	76	80	81	71	87	71

N.A - Not Applicable

Indiabulls Financial Services Limited (IBFSL) and its erstwhile subsidiary, Indiabulls Credit Services Limited had announced the above ESOS/ESOP plans for its employees and the employees of other group companies wherein each option represents one Equity Share of IHFL. The Company had adopted the ESOS/ESOP plans in respect of its employees. A Compensation Committee constituted by the Board of Directors of IHFL administers each of the above plans.

There is no impact on the Company's net profit and earnings per share in respect of the above schemes had the compensation cost for the stock options granted been determined based on the fair value approach.

Indiabulls Life Insurance Company Limited
Notes to financial statements for the year ended March 31, 2017

Note - 27

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

As per our report on even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No.021890N

For and on behalf of the Board of Directors of
Indiabulls Life Insurance Company Limited

Sd/-
Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 22, 2017

Sd/-
Anil Mittal
Director
DIN : 01931203
New Delhi, April 22, 2017

Sd/-
Sachin Chaudhary
Director
DIN : 02016992