

INDEPENDENT AUDITOR'S REPORT

To The Members of Indiabulls Advisory Services Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone 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 standalone financial Statements that give a true and fair view of the financial position, financial performance and cash flow 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; judgments and estimate that are reasonable and prudent and design implementation of adequate 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 free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 there under.

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 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 statement, 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statement 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 March 31, 2017, and its profits and its cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

Further to our comments in the aforesaid annexure, as required by section 143(3) of the Act, we report that:

1. 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.
2. 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.
3. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
4. In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
5. On the basis of the written representations received from the directors none of the director is disqualified as on March 31, 2017 from being appointed as directors in terms of section 164(2) of the Act.
6. 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 over separate report in "**Annexure-B**".
7. 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:
 - a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – **Refer Note 17** to the financial statements.

- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.
- d) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – **Refer Note – 16.**

For Sumit Mohit & Company
Chartered Accountants
FRN: 021502N

Sd/-
Sumit Garg
(Partner)
M. No.: 506945
Place: New Delhi
Date: April 22, 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under heading of "Report on other Legal and regulatory requirements" of our report of even date)

- (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) As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently the provisions of clause (iii)(a), (iii)(b) and (iii)(c) of the other are not applicable to the company.
- (iv) The Company has been complied all the provisions of Section 185 and 186 in respect of loans, investments, guarantees, and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of directives issues by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. No order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for the products of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, duty of Customs, duty of Excise, value added tax and cess and any other statutory dues to appropriate authority have generally been regularly deposited during the year by the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess and other statutory dues were in arrears, 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 and the records of the Company examined by us, as at March 31, 2017, there are no dues of sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

Details of dues of Income Tax which has not been deposited as on March 31, 2017 on accounts of disputes are given below:

Name of Statute	Nature of Dues	From where dispute is pending remain	Period is to the amount	Amount involve (Rs)
The Income Tax Act' 1961	Income Tax	Income Tax Appellate Tribunal	Year Ended March 31, 2008	81,80,228/-

- (viii) The Company has no dues in respect of a financial institution, bank, Government or debenture holders.
- (ix) The Company has not raised any money by way of Initial Public Offer or further public offer (including debt instruments) and term loans.
- (x) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year nor have we been informed of such case by the management.
- (xi) The Company has not paid any managerial remuneration therefore the provision of Section 197 of Companies Act 2013 has not been applicable.
- (xii) The company is not a Nidhi company, therefore the provisions of paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of books of accounts, the company has not granted any loans secured or unsecured, to companies, firms and other parties listed in the register maintained section 177 and 188 of companies Act 2013. Consequently the provisions of the order are not applicable to the company.
- (xiv) Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review, therefore the requirement of Section 42 of Companies Act' 2013 need not be complied with.
- (xv) Company has not entered into any non-cash transaction with directors or person connected with him and therefore the provisions of section 192 of the Companies Act' 2013 has been complied with.
- (xvi) Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Sumit Mohit & Company
Chartered Accountants
FRN: 021502N

Sd/-
Sumit Garg
(Partner)
M. No.: 506945
Place: New Delhi
Date: April 22, 2017

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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 Advisory Services Limited, ("the Company")** as on 31 March 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 ('ICAI'). 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31 March 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 Sumit Mohit & Company
Chartered Accountants
FRN: 021502N

Sd/-
Sumit Garg
(Partner)
M. No.: 506945
Place: New Delhi
Date: April 22, 2017

Indiabulls Advisory Services Limited

Balance Sheet as at March 31, 2017

Particulars	Note No	As at March 31, 2017	As at March 31, 2016
I. Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital	3	25,500,000	25,500,000
(b) Reserves and Surplus	4	39,339,906	33,053,956
(2) Current Liabilities			
(a) Other current liabilities	5	20,250	34,825
(b) Short-term provisions	6	2,639,427	299,035
Total		67,499,583	58,887,816
II. Assets			
(1) Non-current assets			
(a) Non-current investments	7	-	32,375,000
(b) Long term loans and advances	8	3,989,835	4,053,366
(2) Current assets			
(a) Cash and cash equivalents	9	63,050,664	22,005,207
(b) Other current assets	10	459,084	454,243
Total		67,499,583	58,887,816

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Sumit Mohit & Company
Chartered Accountants
FRN 021502N

For and on behalf of the Board of Directors

Sd/-
Sumit Garg
Partner
M. No. 506945

Sd/-
Saurabh Garg
Director
DIN: 03444152

Sd/-
Lakshmi pathi Achar
Director
DIN: 00349586

New Delhi, April 22, 2017

New Delhi, April 22, 2017

Indiabulls Advisory Services Limited

Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
I. Revenue			
Other Income	11	32,644,695	1,846,837
I. Total Revenue		<u>32,644,695</u>	<u>1,846,837</u>
II. Expenses:			
Employee benefit expense	12	507,435	264,900
Financial costs	13	27,755	17,404
Other expenses	14	19,727	37,598
II. Total Expenses		<u>554,917</u>	<u>319,902</u>
III. Profit before tax	(I - II)	<u>32,089,778</u>	<u>1,526,935</u>
IV. Tax expense:			
Current tax		2,771,375	663,444
Less: Mat Credit Entitlement		<u>72,176</u>	<u>186,243</u>
Net Current Tax expense		2,699,199	477,201
V. Profit after tax	(III-IV)	<u>29,390,579</u>	<u>1,049,734</u>
VI. Earnings per equity share:	18		
Basic		11.53	0.41
Diluted		11.53	0.41
Nominal value per equity share		10.00	10.00

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Sumit Mohit & Company
Chartered Accountants
FRN 021502N

For and on behalf of the Board of Directors

Sd/-
Sumit Garg
Partner
M. No. 506945

Sd/-
Saurabh Garg
Director
DIN: 03444152

Sd/-
Lakshmipathi Achar
Director
DIN: 00349586

New Delhi, April 22, 2017

New Delhi, April 22, 2017

Indiabulls Advisory Services Limited
Cash flow statement for the year ended March 31, 2017

	For the year ended March 31, 2017	For the year ended March 31, 2016
	Amount (Rs.)	Amount (Rs.)
A Cash flow from operating activities :		
Net Profit before tax	32,089,778	1,526,935
Adjustment for:		
Profit on sale of investments	(9,503,591)	(1,793,077)
Interest on Taxes	27,755	17,404
Dividend received from Subsidiary Company	(23,095,000)	-
Operating Profit/(Loss) before working capital changes	(481,058)	(248,738)
Adjustments for:		
Trade and other receivables	67,335	182,676
Trade Payables and other liabilities	(14,575)	7,881
	52,760	190,557
Cash used in operations	(428,298)	(58,181)
Direct taxes paid	(395,207)	(337,639)
Net cash generated from/(used in) operating activities	(823,505)	(395,820)
B Cash Flow from Investing Activities		
Dividend received from Subsidiary Company	23,095,000	-
Proceeds from redemption of units of mutual funds (net)	3,128,591	1,793,077
Investment in Indiabulls Asset Reconstruction Company Limited	-	(6,375,000)
Proceeds from sale of Investment in Indiabulls Assets Reconstruction Company Limited	38,750,000	-
Net cash generated from/(used in) investing activities	64,973,591	(4,581,923)
C Cash flow from financing Activities		
Distribution of Equity Dividends (including Corporate Dividend Tax thereon)	(23,104,629)	-
Net cash generated from/(used in) financing activities	(23,104,629)	-
D Net increase / (decrease) in cash and cash equivalents (A+B+C)	41,045,457	(4,977,743)
E Cash and cash equivalents at the beginning of the year	22,005,207	26,982,950
F Cash and cash equivalents at the close of the year (D + E)	63,050,664	22,005,207

Note :

1. 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.

2. Cash and cash equivalents as at the close of the year include:

Cash on Hand	5,271	1,111
Balances with banks		
In Current Accounts	1,045,393	304,096
In Deposit Accounts	62,000,000	21,700,000
Cash and cash equivalents at the end of the year	63,050,664	22,005,207

The accompanying notes are an integral part of the financial statements

For Sumit Mohit & Company
Chartered Accountants
FRN 021502N

For and on behalf of the Board of Directors

Sd/-
Sumit Garg
Partner
M. No. 506945
New Delhi, April 22, 2017

Sd/-
Saurabh Garg
Director
DIN: 03444152
New Delhi, April 22, 2017

Sd/-
Lakshmipathi Achar
Director
DIN: 00349586

Indiabulls Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

1 Significant Accounting Policies

i) Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and Accounting Standards (AS) 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 and cash equivalents:

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 from fee based advisory services is recognised on accrual basis.
- Transactions in respect of Investment/dealing in securities are recognised on trade dates.
- Dividend Income is recognised when the right to receive dividend is unconditionally established and profit/(loss) on redemption of Mutual Fund is recognized on actual basis.

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) Stock of Securities:

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

viii) 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.

ix) 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.

x) 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.

xi) 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.

xii) Employee Benefits:

As permitted under Accounting Standard 15 (Revised 2005) - Employee Benefits, 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.

xiii) Deferred employee stock compensation cost:

The Company follows intrinsic value method as per Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India for accounting Employee Stock Options granted. Deferred employee stock compensation cost for stock options are recognized and measured by the difference between the estimated value of the Company's shares at the stock options grant date and the exercise price to be paid by the option holders. The compensation expense is amortized 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.

xiv) 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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.

xv) 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 (Accounts) Rules, 2014.

xvi) Preliminary expenses:

Preliminary expenses are adjusted against securities premium account (net of tax) to the extent of balance available and thereafter the balance portion is charged off to the Statement of Profit and Loss as incurred.

xvii) Provisions, Contingent Liability 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.

xviii) 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.

xix) 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.

xx) 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 shares and dilutive potential equity shares outstanding during the year.

xxi) 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.

Indiabulls Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

2 Corporate Information

Indiabulls Advisory Services Limited ("the Company") was incorporated on November 02, 2006. The Company is in the business of providing consultancy services and all allied and auxiliary services.

	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
3 Share Capital		
<u>Authorised:</u>		
2,550,000 (Previous Year 2,550,000) Equity Shares of Rs.10 each	25,500,000	25,500,000
2,500,000 ((Previous Year 2,500,000) 9% Non-cumulative Redeemable Preference Share of Rs.10 each	25,000,000	25,000,000
Issued, subscribed and paid up:		
2,550,000 (Previous Year 2,550,000) Equity Shares of Rs. 10 each fully paid up	25,500,000	25,500,000
As per Balance Sheet	25,500,000	25,500,000

i) Equity Shares

a) Share Capital Reconciliation

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	(Amount in Rs.)	No. of shares	(Amount in Rs.)
Opening No. of shares Outstanding	2,550,000	25,500,000	2,550,000	25,500,000
Shares Issued during the Year	-	-	-	-
Shares Brought back during the Year	-	-	-	-
Closing No. of shares Outstanding	2,550,000	25,500,000	2,550,000	25,500,000

b) Terms/ rights attached to equity shares:

The company has only one class of equity shares of Rs. 10 each fully paid up. 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) Shares held by Shareholders holding more than 5% shares

No. of Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% 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	2,550,000	100%	2,550,000	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.

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

a) Indiabulls Financial Services Limited (IBFSL) and its erstwhile subsidiary, Indiabulls Credit Services Limited had announced 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 plans.

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
2	IBFSL – Employees Stock Option – 2008	IHFL - IBFSL Employees Stock Option – 2008

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

Indiabulls Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

b) Indiabulls Housing Finance Limited Employees Stock Option Scheme-2013

The members of the Company at their Meeting dated March 6, 2013 approved the IHFL ESOS - 2013 scheme consisting of 39,000,000 stock options representing 39,000,000 fully paid up Equity Shares of Rs. 2 each of the Company to be issued in one or more tranches to eligible employees of the Company or to eligible employees of the subsidiaries / step down subsidiaries of the Company. The Compensation Committee constituted by the Board of Directors of the Company 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
Total Options under the Scheme	1,440,000	720,000	7,500,000	39,000,000	N.A.
Options issued	1,440,000	720,000	7,500,000	10,500,000	N.A.
Vesting Period and Percentage	Four years,25% each year	Four years,25% each year	Ten years,15% First year, 10% for next eight years and 5% in last year	Five years, 20% each year	N.A.
Vesting Date	1st April	1st November	8th December	12th October	31st December
Revised Vesting Period & Percentage	Eight years, 12% each year for 7 years and 16% during the 8th year	Nine years,11% each year for 8 years and 12% during the 9th year	N.A.	N.A.	Ten years, 10% for every year
Exercise Price (Rs.)	41.67	100	95.95	394.75	125.9
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
Outstanding at the beginning of the year(Nos.)	58,536	46,422	1,228,919	8,686,025	33,840
Regrant Addition	N.A.	N.A.	N.A.	N.A.	N.A.
Regrant Date	N.A.	N.A.	N.A.	N.A.	31-Dec-09
Options vested during the year (Nos.)	55,656	24,168	412,335	2,062,000	6,390
Exercised during the year (Nos.)	55,656	29,682	493,666	1,830,144	11,430
Expired during the year (Nos.)	-	-	-	-	-
Cancelled during the year	-	-	-	-	-
Lapsed during the year	2,880	396	11,075	160,800	2,700.00
Re-granted during the year	-	-	-	-	N.A.
Outstanding at the end of the year (Nos.)	-	16,344	724,178	6,695,081	19,710
Exercisable at the end of the year (Nos.)	-	16,344	105,672	597,881	540
Remaining contractual Life (Weighted Months)	N.A.	49	70	76	80

N.A. - Not Applicable

Particulars	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	N.A.	N.A.	N.A.	N.A.
Options issued	N.A.	N.A.	N.A.	N.A.
Vesting Period and Percentage	N.A.	N.A.	N.A.	N.A.
Vesting Date	16th July	27th August	11th January	27th August
Revised Vesting Period & Percentage	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year	Ten years, 10% for every year
Exercise Price (Rs.)	158.5	95.95	153.65	100
Exercisable Period	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date	5 years from each vesting date
Outstanding at the beginning of the year(Nos.)	97,810	237,000	7,500	131,400
Regrant Addition	N.A.	N.A.	N.A.	N.A.
Regrant Date	16-Jul-10	27-Aug-09	11-Jan-11	27-Aug-09
Options vested during the year (Nos.)	19,440	39,500	1,500	21,900
Exercised during the year (Nos.)	19,200	79,000	1,500	43,800
Expired during the year (Nos.)	-	-	-	-
Cancelled during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Re-granted during the year	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	78,610	158,000	6,000	87,600
Exercisable at the end of the year (Nos.)	850	39,500	-	21,900
Remaining contractual Life (Weighted Months)	81	71	87	71

N.A. - Not Applicable

There is no impact on the Company's net loss 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 Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
4 Reserves & Surplus		
Capital Redemption Reserve		
Balance as per last balance sheet	20,000,000	20,000,000
Surplus / (deficit) in the Statement of Profit and Loss		
Balance of Profit brought forward	13,053,956	12,004,222
Profit for the Year	29,390,579	1,049,734
Balance of Profit Carried forward (A)	42,444,535	13,053,956
Appropriation:		
Interim Dividend on Equity Shares (Rs.9.06 Per Equity Share)	23,103,000	-
Corporate Dividend Tax on Interim Dividend paid on Equity Shares	1,629	-
Total Appropriations (B)	23,104,629	-
(A)-(B)	19,339,906	13,053,956
As per Balance Sheet	39,339,906	33,053,956
	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
5 Other Current Liabilities		
Other Payables	20,250	34,825
As per Balance Sheet	20,250	34,825
	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
6 Short-term provisions		
Provision for Taxation[Net of Advance Tax/Self Assessment Tax/Tax deducted at source Rs. 1,294,154 (Previous Year Rs. 1,298,481)]	2,639,427	299,035
As per Balance Sheet	2,639,427	299,035
	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
7 Non-current investments		
Investment in Shares of :		
Indiabulls Asset Reconstruction Company Limited	-	32,375,000
Nil Equity shares (Previous Year 3,875,000) of Rs.10 each fully paid	-	-
As per Balance Sheet	-	32,375,000
	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
8 Long term loans and advances		
Mat Credit Entitlement	-	72,176
Advance Tax /Tax deducted at source (Net of Provision for Tax Rs.52,645,217 (Previous Year Rs. 52,354,259))	3,989,835	3,981,190
As per Balance Sheet	3,989,835	4,053,366

Indiabulls Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
9 Cash and cash equivalents		
Cash on Hand ^(Refer Note 16)	5,271	1,111
Balances with scheduled banks		
-in current accounts	1,045,393	304,096
-in deposit accounts	62,000,000	21,700,000
As per Balance Sheet	63,050,664	22,005,207
	As at March 31, 2017 Amount (Rs.)	As at March 31, 2016 Amount (Rs.)
10 Other Current Assets		
Interest Accrued on deposit accounts	8,408	3,567
Advance recoverable in cash or in kind or for value to be received	450,676	450,676
As per Balance Sheet	459,084	454,243
	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
11 Other Income		
Dividend received from subsidiary company	23,095,000	-
Interest on deposit accounts	28,604	38,874
Interest Income On Income Tax Refund	-	14,886
Profit on sale of Investments	9,503,591	1,793,077
Balance written back	17,500	-
As per Statement of Profit and Loss	32,644,695	1,846,837
	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
12 Employee benefit expense		
Salaries	507,195	264,660
Contribution to Provident Fund and Other Funds	240	240
As per Statement of Profit and Loss	507,435	264,900
	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
13 Financial costs		
Interest on Taxes	27,755	17,404
As per Statement of Profit and Loss	27,755	17,404
	For the year ended March 31, 2017 Amount (Rs.)	For the year ended March 31, 2016 Amount (Rs.)
14 Other Expenses		
Stamp Paper Expenses	340	-
Rates and Taxes	1,900	4,800
Professional charges	-	7,500
Auditor's Remuneration - Audit fees (including	17,250	17,175
Miscellaneous Expenses	237	8,123
As per Statement of Profit and Loss	19,727	37,598

Indiabulls Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

15 Explanatory Statements

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:

Nature of relationship

Related party

(a) Related parties where control exists:

Holding Company
Subsidiary Company

Indiabulls Housing Finance Limited
Indiabulls Asset Reconstruction Company Limited (up to October 2,2016)

(b) Other related parties

Fellow subsidiaries companies:
(including step-down subsidiaries)

Indiabulls Insurance Advisors Limited
Indiabulls Capital Services 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)
Indiabulls Collection Agency Limited
Ibulls Sales Limited
Nilgiri Financial Consultants Limited
(Subsidiary of Indiabulls Insurance Advisors Limited)
Indiabulls Life Insurance Company Limited
Indiabulls Asset Holding Company Limited
Indiabulls Asset Management Company Limited
Indiabulls Trustee Company Limited
Indiabulls Holdings Limited
Indiabulls Venture Capital Management Company Limited
(Subsidiary of Indiabulls Holdings Limited)
Indiabulls Venture Capital Trustee Company Limited
(Subsidiary of Indiabulls Holdings Limited)

Associate of Holding Company:

Oaknorth Holdings Ltd. (w.e.f. November 13, 2015)

(c) Key Management Personnel

Mr. Lakshmi pathi Achar – Director
Mr. Saurabh Garg – Director
Mr. Praveen Kumar Rana– Director

(d) Significant Transactions with Related Parties during the year: Amount (Rs.)

Nature of Transaction	Holding Company	Subsidiary Company	Total
Income			
Dividend Income	-	23,095,000	23,095,000
Others			
Dividend paid	23,103,000	-	23,103,000
	-	-	-

Figures in respect of previous years are stated in italics

(e) Statement of Material Transactions:

Particulars	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
	Amount (Rs)	Amount (Rs)
Dividend Income		
-Indiabulls Asset Reconstruction Company Limited	23,095,000	-
Dividend paid		
-Indiabulls Housing Finance Limited	23,103,000	-

(f) Outstanding balances as at March 31, 2017:

Rs. Nil (Previous year Rs. Nil)

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 are as identified by the Company and relied upon by the Auditors.

16 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	500	491	991
(+) Permitted receipts	-	5,000*	5,000
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	500	-	500
Closing cash in hand as on 30.12.2016	-	5,491	5,491

*withdrawn from Bank.

Indiabulls Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

- 17 Contingent liability not provided for in respect of:
 For Rs.8,180,228/- with respect to FY 2007-08 (Previous Year Rs.8,180,228/-) against disallowance U/s 14A of the Income Tax Act,1961 and treating capital gain as business income, against which appeal is pending before ITAT.

18 Earnings per Share

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 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.

Particulars	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
	Amount (Rs)	Amount (Rs)
Profit/available for equity shareholders (Rs.)	29,390,579	1,049,734
Weighted average number of Shares used in computing Basic earning per share	2,550,000	2,550,000
Weighted average number of Shares used in computing Diluted earning per share	2,550,000	2,550,000
Nominal Value of equity Shares - (Rs.)	10.00	10.00
Basic Earnings Per Share - (Rs.)	11.53	0.41
Diluted earnings Per Share - (Rs.)	11.53	0.41

- 19 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 notified under the Companies (Accounts) Rules, 2014. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.
- 20 As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 29 'Provisions, Contingent Liabilities and Contingent Assets' as notified by the Companies (Accounts) Rules, 2014 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.
- 21 The provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, are not applicable to the Company as at March 31, 2017 and accordingly there are no dues payable in respect of the said statutes as at the year-end.
- 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.
- 23 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:
 (a) An amount of Rs. Nil and Rs. Nil was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.
 (b) No interest was paid during the year in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and no amount was paid to the supplier beyond the appointed day.
 (c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
 (d) No amount of interest was accrued and unpaid at the end of the accounting year.
 The above information regarding 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.
- 24 There are no borrowing costs to be capitalised as at March 31, 2017 (Previous year Rs. Nil).
- 25 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).
- 26 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.
- 27 There are no capital and other commitments to be reported as at March 31, 2017 (Previous year Rs. Nil).

(This space has been intentionally left blank)

Indiabulls Advisory Services Limited
Notes forming part of the Financial Statements for the year ended March 31, 2017

28 Previous year figures have been re-grouped / re-arranged wherever considered necessary to confirm to current year's groupings and classifications.

As per our report of even date

For Sumit Mohit & Company
Chartered Accountants
FRN 021502N

For and on behalf of the Board of Directors

Sd/-
Sumit Garg
Partner
M. No. 506945

New Delhi, April 22, 2017

Sd/-
Saurabh Garg
Director
DIN: 03444152

New Delhi, April 22, 2017

Sd/-
Lakshmi pathi Achar
Director
DIN: 00349586