

INDEPENDENT AUDITOR'S REPORT

To The Members of Indiabulls Capital Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Indiabulls Capital Services Limited** ("the company") which comprise the Balance Sheet as at March 31, 2016, 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 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, 2016, 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, 2016 from being appointed as directors in terms of section 164(2) of the Act.
6. In our opinion, the company has, in all material respects, an adequate internal financial controls, system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company.
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 24 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.

For Sumit Mohit & Company
Chartered Accountants
Firm's Registration No. 021502N

Sd/-
Sumit Garg
(Partner)
Membership No. 506945
Place: New Delhi
Date: April 22, 2016

Annexure referred to in Auditor's Report of even date to the Members of Indiabulls Capital Services Limited on the financial statements for the year ended March 31, 2016

- (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, 2016 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, 2016, 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, 2016 on accounts of disputes are given below:

Name of Statute	Nature of Dues	From where dispute is pending remain	Period is to which the amount	Amount involve (Rs)
The Income Tax Act' 1961	Income Tax	Income Tax Appellate Tribunal	Year Ended March 31, 2008	3,63,67,855/-

- (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, and if so whether the registration has been obtained.

For Sumit Mohit & Company
Chartered Accountants
Firm's Registration No. 021502N

Sd/-
Sumit Garg
(Partner)
Membership No. 506945
Place: New Delhi
Date: April 22, 2016

Indiabulls Capital Services Limited

Balance Sheet as at March 31, 2016

Particulars	Note No	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
I. Equity and liabilities			
(1) Shareholder's Funds			
(a) Share Capital	3	50,000,000	50,000,000
(b) Reserves and Surplus	4	(143,368,323)	(146,308,255)
(2) Non-Current Liabilities			
(a) Long term provisions	5	516,013	451,684
(3) Current Liabilities			
(a) Short-term borrowings	6	134,203,000	134,203,000
(b) Other current liabilities	7	64,198,701	64,210,043
(c) Short-term provisions	8	2,084,250	3,220,892
Total		<u>107,633,641</u>	<u>105,777,364</u>
II.Assets			
(1) Non-current assets			
(a) Deferred tax assets (net)	9	167,421	146,549
(b) Long term loans and advances	10	26,447,042	26,424,997
(2) Current assets			
(a) Trade receivables	11	82,987	82,987
(b) Cash and cash equivalents	12	80,506,142	78,729,887
(c) Other current assets	13	430,049	392,944
Total		<u>107,633,641</u>	<u>105,777,364</u>

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Sumit Mohit & Company
Chartered Accountants
Firm Registration No. 021502N

For and on behalf of the Board of Directors

sd/-
Sumit Garg
Partner
M. No. 506945

sd/-
Sachin Chaudhary
Director
DIN: 02016992

sd/-
Ravi Dutt Sharma
Director
DIN: 07162530

sd/-
Ashish Bhardwaj
Company Secretary

New Delhi, April 22, 2016

New Delhi, April 22, 2016

Indiabulls Capital Services Limited

Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note No	Year ended March 31, 2016 Amount (Rs.)	Year ended March 31, 2015 Amount (Rs.)
I. Other Income	14	<u>6,317,809</u>	<u>13,565,313</u>
I. Total Revenue		<u>6,317,809</u>	<u>13,565,313</u>
II. Expenses:			
Employee benefit expense	15	1,550,023	1,852,956
Financial costs	16	258,885	21,004
Other expenses	17	<u>64,841</u>	<u>53,666</u>
II. Total Expenses		<u>1,873,749</u>	<u>1,927,626</u>
III. Profit before tax	(I - II)	<u>4,444,060</u>	<u>11,637,687</u>
IV. Tax expense:			
(1) Current tax		1,525,000	3,359,000
(2) Deferred tax		<u>(20,872)</u>	<u>(40,118)</u>
		<u>1,504,128</u>	<u>3,318,882</u>
V. Profit after tax	(III - IV)	<u>2,939,932</u>	<u>8,318,805</u>
VI. Earning per equity share:(Refer note no. 21)			
(1) Basic		0.59	1.66
(2) Diluted		0.59	1.66
(3) 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
Firm Registration No. 021502N

For and on behalf of the Board of Directors

sd/-
Sumit Garg
Partner
M. No. 506945

sd/-
Sachin Chaudhary
Director
DIN: 02016992

sd/-
Ravi Dutt Sharma
Director
DIN: 07162530

sd/-
Ashish Bhardwaj
Company Secretary

New Delhi, April 22, 2016

New Delhi, April 22, 2016

Indiabulls Capital Services Limited

Cash flow statement for the year ended March 31, 2016

Particulars	Year ended March 31, 2016 Amount (Rs.)	Year ended March 31, 2015 Amount (Rs.)
A Cash flow from operating activities :		
Profit/(Loss) before tax	4,444,060	11,637,687
Adjustments for :		
Provision for/(Reversal of) gratuity	69,202	82,290
Provision for/(Reversal of) compensated absences	(4,873)	24,957
Dividend on Units of Mutual Funds	-	(1,413,839)
Profit on redemption of units of Mutual Funds	(6,276,392)	(5,100,736)
Interest on Taxes	258,885	21,004
Operating Profit before working capital changes	<u>(1,509,118)</u>	<u>5,251,363</u>
Adjustments for:		
Trade and other receivables	(37,105)	28,832
Trade Payables and other liabilities	(11,342)	(4,012)
Cash generated from/(used) in operating activities	<u>(1,557,565)</u>	<u>5,276,183</u>
Direct taxes paid	<u>(2,942,572)</u>	<u>(434,113)</u>
Net cash generated from operating activities	<u>(4,500,137)</u>	<u>4,842,070</u>
B Cash flow from investing activities		
Dividend received on units of mutual funds	-	1,413,839
Proceeds from redemption of/(Investments in) units of mutual funds (net)	<u>6,276,392</u>	<u>46,029,952</u>
Net cash generated from investing activities	<u>6,276,392</u>	<u>47,443,791</u>
C Cash flow from financing activities		
Net cash used in financing activities	<u>-</u>	<u>-</u>
D Net increase in cash and cash equivalents (A+B+C)	1,776,255	52,285,861
E Cash and cash equivalents at the beginning of the year	78,729,887	26,444,026
F Cash and cash equivalents at the close of the year (D+E)	<u><u>80,506,142</u></u>	<u><u>78,729,887</u></u>

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 included in cash flow statement comprise of the following:

	Amount (Rs.)	Amount (Rs.)
Cash and Bank Balances (Refer Note 12)		
Cash in Hand	1,284	1,447
Balances with scheduled banks		
In Current Accounts	154,858	78,728,440
In Deposit Accounts	80,350,000	-
Cash and cash equivalents as restated	<u><u>80,506,142</u></u>	<u><u>78,729,887</u></u>

3 Previous Year's figures are regrouped wherever considered necessary to conform with Current Year's groupings and classification.

The accompanying notes are an integral part of the financial statements

For Sumit Mohit & Company
Chartered Accountants
Firm Registration No. 021502N

For and on behalf of the Board of Directors

sd/-
Sumit Garg
Partner
M. No. 506945

sd/-
Sachin Chaudhary
Director
DIN: 02016992

sd/-
Ravi Dutt Sharma
Director
DIN: 07162530

sd/-
Ashish Bhardwaj
Company Secretary

New Delhi, April 22, 2016

New Delhi, April 22, 2016

Indiabulls Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

1 Corporate Information:

Indiabulls Capital Services Limited ("the Company") was incorporated on April 13, 2005 as a wholly owned subsidiary of Indiabulls Housing Finance Limited (IHFL).

2 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 2013 Act") read with rule 7 of the Companies (Accounts) Rules, 2014. 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 preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

iii) Revenue Recognition:

Income from fee based advisory services is recognized on an 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 unconditional at the balance sheet date and Dividend Income on units of Mutual Fund is recognised on cash basis.

iv) Stock of Securities:

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

v) 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.

vi) Investments:

Investments are classified as long term and current investments. Long-term investments are carried at cost less provision, if any, for permanent diminution in their value. Current investments are valued at lower of cost and fair value.

vii) 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 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.

viii) Employee Benefits:

As permitted under Accounting Standard 15 (revised 2005) – Employee Benefits, as notified by the Companies (Accounts) Rules, 2014, retirement benefits in the form of Gratuity and Leave Encashment payable to employees is provided for on the accrual basis as at the year-end.

ix) Share issue Expenses / Preliminary Expenses:

Share issue expenses / Preliminary Expenses are adjusted against securities premium account to the extent of balance available and thereafter the balance portion is charged off to the profit and loss account, as incurred.

x) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent liability is disclosed for:

(1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or

(2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot 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 Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

xi) 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.

	As at March 31, 2016	As at March 31, 2015
	Amount (Rs.)	Amount (Rs.)
3 Share Capital		
<u>Authorised:</u>		
6,000,000 (Previous Year 6,000,000) Equity Shares of Rs. 10 each	<u>60,000,000</u>	<u>60,000,000</u>
<u>Issued, subscribed and paid up:</u>		
5,000,000 (Previous Year 5,000,000) Equity Shares of Rs.10 each fully	<u>50,000,000</u>	<u>50,000,000</u>
As per Balance Sheet	<u>50,000,000</u>	<u>50,000,000</u>

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

Particulars	Equity Shares		Equity Shares	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
Opening No. of shares Outstanding	5,000,000	50,000,000	5,000,000	50,000,000
Shares Issued during the Year	-	-	-	-
Shares Brought back during the Year	-	-	-	-
Closing No. of shares Outstanding	<u>5,000,000</u>	<u>50,000,000</u>	<u>5,000,000</u>	<u>50,000,000</u>

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.

Detail of Shareholders holding 5% or more shares

No. of Shareholders	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	5,000,000	100%	5,000,000	100%

Indiabulls Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

	As at March 31, 2016	As at March 31, 2015
	Amount (Rs.)	Amount (Rs.)
4 Reserves & Surplus		
Surplus / (deficit) in the Statement of Profit and Loss		
Opening balance	(146,308,255)	(154,627,060)
Add : Profit during the year	2,939,932	8,318,805
As per Balance Sheet	<u>(143,368,323)</u>	<u>(146,308,255)</u>
5 Long term provisions		
Provision for employee benefits		
Provision for Gratuity	442,967	373,765
Provision for Compensated Absences	73,046	77,919
As per Balance Sheet	<u>516,013</u>	<u>451,684</u>
6 Short term borrowings		
(Unsecured)		
Loans and advances from related parties; -Indiabulls Housing Finance Limited	134,203,000	134,203,000
As per Balance Sheet	<u>134,203,000</u>	<u>134,203,000</u>
7 Other current liabilities		
Interest accrued and due on above	64,001,901	64,001,901
Other payables	196,800	208,142
As per Balance Sheet	<u>64,198,701</u>	<u>64,210,043</u>
8 Short-term provisions		
Provision For Current Tax (Net of TDS/Advance Tax Rs. 2,400,750 (Previous year Rs. 3,098,108))	2,084,250	3,220,892
	<u>2,084,250</u>	<u>3,220,892</u>
9 Deferred tax assets (net)		
<p>In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounts) Rules, 2014, the Company has credited an amount of Rs. 20,872 (Previous Year Rs. 40,118) as deferred tax to the profit and loss account. As a measure of prudence the deferred tax assets comprising of carried forward business losses have not been recognized in the financials. The breakup of Deferred Tax Assets into major components as at March 31, 2016 is as under:</p>		
Deferred Tax Assets		
Arising on account of temporary differences due to:		
Disallowance under Section 40A(7) of the Income-Tax Act, 1961	143,721	121,268
Disallowance under Section 43B of the Income-Tax Act, 1961	23,700	25,281
	<u>167,421</u>	<u>146,549</u>

Indiabulls Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

	As at March 31, 2016	As at March 31, 2015
	Amount (Rs.)	Amount (Rs.)
10 Long term loans and advances (Unsecured, Considered good)		
Advance Tax / Tax deducted at source (Net of Provision for Tax Rs 195,994,089, (Previous Year Rs 192,635,089))	26,447,042	26,424,997
As per Balance Sheet	<u>26,447,042</u>	<u>26,424,997</u>
11 Trade receivables (Unsecured, Considered good)		
Debts outstanding for a period exceeding six months	82,987	82,987
As per Balance Sheet	<u>82,987</u>	<u>82,987</u>
12 Cash and cash equivalents		
Cash on Hand	1,284	1,447
Balances with banks		
In current accounts	154,858	78,728,440
In deposit accounts	80,350,000	-
As per Balance Sheet	<u>80,506,142</u>	<u>78,729,887</u>
13 Other Current Assets		
Advances recoverable in cash or in kind or for value to be received	406,274	392,944
Interest Accrued on Fixed Deposit	23,775	-
As per Balance Sheet	<u>430,049</u>	<u>392,944</u>

Indiabulls Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

	Year ended March 31, 2016	Year ended March 31, 2015
	Amount (Rs.)	Amount (Rs.)
14 Other Income		
Service Income	-	7,000,000
Dividend on Units of Mutual Fund	-	1,413,839
Profit on redemption of units of Mutual Funds	6,276,392	5,100,736
Interest on deposits	26,417	9,972
Interest income on Income Tax Refund	-	40,766
Provision written back	15,000	-
As per Statement of Profit and Loss	<u>6,317,809</u>	<u>13,565,313</u>
15 Employee benefit expense		
Salaries	1,484,434	1,676,859
Provision for gratuity and compensated absences	64,329	174,597
Contribution to other funds	1,260	1,500
As per Statement of Profit and Loss	<u>1,550,023</u>	<u>1,852,956</u>
16 Financial costs		
Interest on taxes	258,885	21,004
As per Statement of Profit and Loss	<u>258,885</u>	<u>21,004</u>
17 Other expenses		
Rates & Taxes	18,763	7,749
Printing & Stationery	-	278
Professional Charges	-	15,000
Auditor's Remuneration (excluding Service Tax)	30,000	30,000
Miscellaneous Expenses	16,078	639
As per Statement of Profit and Loss	<u>64,841</u>	<u>53,666</u>

18 Stock option schemes of the erstwhile Holding Company including schemes in lieu of stock options schemes of erstwhile fellow subsidiary Indiabulls Credit Services Limited transferred under the Court approved Scheme of Arrangement :

Sr. 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	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 Housing Finance Limited Employees Stock Option Scheme-2013

The members of the Holding 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.

Indiabulls Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

The other disclosures in respect of the Scheme 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.)	104,526	63,126	1,596,088	10,468,000	37,440
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.)	44,334	21,753	417,300	2,088,400	6,840
Exercised during the year (Nos.)	45,414	13,464	357,731	1,706,375	3,600
Expired during the year (Nos.)	-	-	-	-	-
Cancelled during the year	-	-	-	-	-
Lapsed during the year	576	3,240	9,438	75,600	-
Re-granted during the year	-	-	-	-	N.A.
Outstanding at the end of the year (Nos.)	58,536	46,422	1,228,919	8,686,025	33,840
Exercisable at the end of the year (Nos.)	-	22,254	189,153	382,025	6,480
Remaining contractual Life (Weighted Months)	48	58	73	83	80

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.)	123,450	237,000	10,700	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.)	19,640	-	3,200	-
Expired during the year (Nos.)	-	-	-	-
Cancelled during the year	-	-	-	-
Lapsed during the year	6,000	-	-	-
Re-granted during the year	N.A.	N.A.	N.A.	N.A.
Outstanding at the end of the year (Nos.)	97,810	237,000	7,500	131,400
Exercisable at the end of the year (Nos.)	610	79,000	-	43,800
Remaining contractual Life (Weighted Months)	87	71	93	71

N.A - Not Applicable

Indiabulls Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

19 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 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 The provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, are not applicable to the Company as at March 31, 2016 and accordingly there are no dues payable in respect of the said statutes as at the year end.

21 Earning per Share

The basic earning per share is computed by dividing the net profit 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 deemed converted as of the beginning of the period, unless they have been issued at a later date.

	Year ended March 31, 2016	Year ended March 31, 2015
Profit/(Loss) available for Equity Shareholders (Rs.)	2,939,932	8,318,805
Weighted average number of Shares used in computing	5,000,000	5,000,000
Face Value of Equity Shares -- (Rs.)	10	10
Basic & Diluted Earnings Per Share -- (Rs.)	0.59	1.66

22 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:

<u>Nature of relationship</u>	<u>Related party</u>
(a) Related parties where control exists	
Holding company	Indiabulls Housing Finance Limited
b) Other Related Parties	
Fellow Subsidiaries	Indiabulls Asset Holding Company Limited Indiabulls Insurance Advisors Limited Nilgiri Financial Consultants Limited (Subsidiary of Indiabulls Insurance Advisors Limited) Ibulls Sales Limited Indiabulls Collection Agency Limited Indiabulls Commercial Credit Limited (Formerly known as Indiabulls Infrastructure Credit Limited) Indiabulls Finance Company Private Limited ^(Refer note 23) Indiabulls Advisory Services Limited Indiabulls Asset Reconstruction Company Limited (Subsidiary of Indiabulls Advisory Services Limited) Indiabulls Life Insurance Company Limited Indiabulls Trustee Company Limited Indiabulls Asset Management 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 Limited(W.e.f. November 13, 2015)
c) Key Management Personnel	Mr. Akshay Gupta, Director Mr. Ravi Dutt Sahrma, Director Mr. Sachin Chaudhry, Director

Indiabulls Capital Services Limited

Notes to financial statements for the year ended March 31, 2016

d) Outstanding as at March 31, 2016:

(Amount in Rs.)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Others	Total
Loan	134,203,000	-	-	134,203,000
	<i>134,203,000</i>	-	-	<i>134,203,000</i>
Interest Payable	64,001,901	-	-	64,001,901
	<i>64,001,901</i>	-	-	<i>64,001,901</i>

(Previous Year figures are stated in Italics.)

- 23** 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 the Holding Company 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.
- 24** Contingent Liability not provided for in respect of Rs. 36,367,855/- with respect to FY 2007-08 (Previous Year Rs. 36,367,855/-) against disallowance U/s 14A of the Income Tax Act, 1961 against which appeal is pending before ITAT.
- 25** The Company has not entered into any derivative instruments during the year. There are no foreign currency exposures as at March 31, 2016 (Previous year Rs Nil).
- 26** 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.
- 27** 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, 2016.
- 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

Particulars	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 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.

- 29** In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2016 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.
- 30** There are no capital and other commitments to be reported as at March 31, 2016 (Previous year Rs. Nil).
- 31** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For Sumit Mohit & Company
Chartered Accountants
Firm Registration No. 021502N

For and on behalf of the Board of Directors

sd/-
Sumit Garg
Partner
M. No. 506945

sd/-
Sachin Chaudhary
Director
DIN: 02016992

sd/-
Ravi Dutt Sharma
Director
DIN: 07162530

sd/-
Ashish Bhardwaj
Company Secretary

New Delhi, April 22, 2016

New Delhi, April 22, 2016