

CREATING A WORLD OF SMART INVESTORS



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Company Information

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Board of Directors:

Mr. Divyesh B. Shah
 Mr. Ashok Kumar Sharma
 Mr. Aishwarya Katoch
 Mr. Karan Singh Khera
 Mr. Prem Prakash Mirdha
 Brig. Labh Singh Sitara

Company Secretary:

Mr. Ram Mehar Garg

Internal Auditors:

N.D. Kapur & Co.
 Chartered Accountants
 O-24B, LGF Jangpura Extension,
 New Delhi – 110 014

Statutory Auditors:

Deloitte Haskins & Sells LLP
 Chartered Accountants
 Indiabulls Finance Centre, Tower 3
 32nd Floor, Elphinstone Mill Compound,
 Senapati Bapat Marg, Elphinstone (W),
 Mumbai – 400 013

Registrars & Transfer Agents:

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

Registered Office:

M- 62 & 63, First Floor,
 Connaught Place,
 New Delhi – 110 001
 CIN: L74999DL1995PLC069631
 Website: www.indiabulls.com/securities
 E-mail: helpdesk@indiabulls.com
 Tel: 0124-6681199, Fax: 0124-6681240

Corporate Offices:

8/F, Indiabulls Finance Centre,
 Tower 1, Elphinstone Mills,
 Senapati Bapat Marg,
 Mumbai – 400 013

“Indiabulls House” 448-451,
 Udyog Vihar, Phase V,
 Gurgaon – 122 016

Bankers:

Andhra Bank
 Axis Bank Ltd.
 Bank of Baroda
 Bank of India
 Canara Bank
 Citi Bank
 HDFC Bank Ltd.
 HSBC Bank Ltd.
 ICICI Bank Ltd.
 IDBI Bank Ltd.
 IndusInd Bank
 ING Vyasa Bank
 Karnataka Bank Ltd.
 Karur Vysya Bank
 Oriental Bank of Commerce
 Punjab and Sind Bank
 Punjab National Bank
 The Ratnakar Bank Ltd.
 Standard Chartered Bank
 State Bank of India
 Syndicate Bank
 UCO Bank
 Union Bank of India
 Vijaya Bank
 Yes Bank Ltd.

Letter from the CEO

The Capital Markets having seen five years of tumultuous changes were now waiting with bated breath for the outcome of the General Elections to chart its future course. The resounding verdict in favor of the NDA has infused a fresh lease of life into the Capital Markets. As I write markets have scaled new highs and are seeing a momentum just like in the heydays. The rupee also strengthened against the US Dollar riding on the FII inflows.

The Union Budget presented by NDA had a clear objective in mind; achieve higher macro economic growth and lower inflation. Required thrust has been given to sectors like agriculture, education, healthcare & manufacturing. A major boost to investor sentiment would be the flow of investment into Real Estate and Infrastructure as a result of the enabling framework of REIT/InvIT's and a clarity on taxation. Add to that, the Government's thrust on affordable housing, and creation of 100 smart satellite cities would impart further fillip to the sector. Overall the outlook looks promising although a lot would also depend on events happening around the globe.

The Economy looks challenging but signs are that the worst is over. The strong mandate in favor of the BJP bodes well for economic development over the next 5 years. There is an opportunity to deliver development and this could herald a dynamic change in the economy.

Your Company has continued to perform well and has posted a handsome PAT of ₹ 102 cr for the FY 2013-14. The expansion into distribution of non discretionary wealth management products has helped the Company combat the margin pressures of the Capital Market business. The shareholders have yet again been rewarded for reposing their faith in the Company by way of 4 interim dividends of ₹ 1/- each on a face value of ₹ 2/- each for the fiscal year 2013-14.

Management reorganization

Before I conclude, I wish to share another very recent development – to impart greater focus and accountability at the leadership level and to rationalize operations of the diverse businesses of the Indiabulls group, its three promoters, Mr. Sameer Gehlaut, Mr. Rajiv Rattan and Mr. Saurabh Mittal have mutually decided to reorganize the management control of different group companies amongst themselves. As part of the restructuring, Mr. Sameer Gehlaut retains the management control of your company, while the other two co-promoters would not be involved in its operations. This realignment of control will set your company firmly on the growth path.

I take this opportunity to thank all the shareholders and employees of the Company and look forward to their continued support in the future.

Thank you



Mr. Divyesh B. Shah
CEO, Indiabulls Securities Limited

Management Discussion and Analysis

For the purpose of the Management Discussion and Analysis, the terms 'IBSL', 'the Company', 'your Company' and 'our Company' refers to Indiabulls Securities Limited.

Economic Review

In the recent past, the Indian economy has had to overcome varied challenges in its resolve to sustain its economic success. In FY 2013-14 the global economy showed signs of recovery with growth in demand from the developed countries in the second half of the year. Emerging markets, including India, has to face multiple challenges of rising current account deficit, depreciation of the local currency and additional pressure due to capital outflow. However the global economy in 2014 appears to be in a better shape that what it was in 2012-13. Over the past decade, the Indian economy has passed through phases of growth and slowdown. Multiple issues have plagued the economy, yet India Inc. has steered through and remains confident of an economic rebound. A number of key business-friendly initiatives will further empower corporate India and improve business sentiment. Clarity of policy making and its implementation, stimulus to infrastructure sector and further strengthening of capital markets will go a long way in promoting growth and inclusive development across the country. The decisive mandate by the people of India will pave the way for a conducive policy environment leading to the resurrection of growth in the economy over the next few years. A brighter future awaits the country and India Inc. will work together with the new government in realizing the same. Enlightened action by a new government is required to put the economy back on track.

Capital Markets Overview

Political uncertainty and policy paralysis have hurt investor sentiments, but the mood has turned optimistic towards the end of the year with hope of a new pro development government coming in to power. The markets have begun to respond to this favorable change, with the national indices hitting all time high by the end of the year. Foreign and domestic institutional investors have started pumping in money in the equity and debt markets. India voted for development and reforms and the new government will push through policy changes to revive growth, which in turn will trigger a strong bull rally in Indian equities. FIIs and FDI investments should accelerate setting the stage for a robust bull run for the next couple of years.

Business Review

The Company is a corporate member of the capital market, wholesale debt market and derivative segment of the National Stock Exchange of India Limited (NSE), a corporate member of the capital market and derivative segment of the BSE Limited (BSE) and MCX-SX and registered portfolio manager. The Company is in the business of stock and share broking, commodities trading, depository service, distribution of Mutual Funds/IPOs and other investments and tax planning products.

Strengths

Equity, Debt and Derivative Brokerage

The Company's retail equity business primarily covers secondary market equity, derivative, currency and debt broking and mainly targets retail investors. It offers automated on-line investing trading facilities as well as broker assisted trade execution to its customers. Investors have full access to personalised portfolio tracking, charting and quote applications and real-time market commentary and real-time quotes and news.

Online Trading Channels

At the core of the Company's on-line trading system is an in-house developed application that interfaces with the exchanges on a satellite-based network, which allows investors to carry out stock transactions online. The Company was one of the first companies to develop an in-house real-time link with the NSE. On-line trading can occur either on Indiabulls Group Professional Network, a browser-based network accessible via the internet, or via a specialized

Management Discussion and Analysis (contd.)

advanced trading platform which has direct connectivity with the Company, Power Indiabulls. On-line trading is convenient for clients and also minimizes the typical off-line costs incurred in responding to and processing routine client transactions. The Company has also introduced a seamless funds transfer platform for its clients where-in the clients can transfer funds from their own bank accounts to Indiabulls Securities Limited (“IBSL”) Bank accounts through payment Gateways. The credit for the same is given instantly to the client’s linked Trading Account.

Indiabulls Group Professional Network

Indiabulls Group Professional Network is an on-line trading portal which is accessed through IBSL’s website. Clients can execute the sale and purchase of securities, with or without the assistance of off-line relationship managers. Once a client sends a trade request, it is routed through the Risk Management System. The Risk Management System verifies that there are sufficient funds in the client account for the trade, and a confirmation reference number for the order will be sent to the client. The order request is then sent via high speed links to the NSE or the BSE where the trade is executed. On trade execution, the client receives confirmation. The IBSL trading website, <https://trade.indiabulls.com> provides many other facilities to clients such as objective financial information on the top 400 Indian stocks to assist their investment decisions, streaming real-time quotes, integrated risk management, and support for trading in equity, debt & derivatives.

Power Indiabulls

Power Indiabulls is an on-line trading system designed for the high volume traders, which provides enhanced trade information and order execution on an integrated software-based trading platform. Power Indiabulls, once installed on the client’s computer, operates like an on-line dealer terminal, and has direct connectivity with the Company via internet. It provides integrated market watch for securities, equity, commodity and currency derivatives, risk management reports, single key stroke order entry and split second order confirmation turnaround time, even in peak hours of trading.

Mobile Power Indiabulls

Mobile Power Indiabulls is the state of the art mobile trading platform from Indiabulls Securities that makes trading on the move a totally seamless experience. The application allows the client to view live streaming quotes, trade in equities as well as derivatives segment, view trading reports and account details. This latest offering from Indiabulls securities is again a benchmark trading platform in its category and its rich user interface and seamless trading options allow the clients to enjoy high speed trading on their handheld devices.

Off-line Trading Channels

The Company facilitates off-line trading in equity, debt and derivatives for clients via operator assisted call centres and relationship managers. Relationship managers act as a single point of contact for the client whether it is in person or via its call centre facility. Relationship managers have access to various resources such as objective analysis of market stocks and other specialists.

Depository Services

The Company is a depository participant with the National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) for settlement of dematerialised shares. It performs clearing services for all securities and commodities transactions. Clients of the brokerage business are able to use the depository services to execute trades through the Company and settle transactions.

Centralised Customer Care Helpdesk

IBSL has a centralised Customer Care helpdesk, equipped with state-of-art facilities, to resolve customer queries.

Management Discussion and Analysis (contd.)

Customers can get in touch with Customer Care helpdesk through email, letters and phone. A phone based customer care channel provides customers with the option to resolve their queries by either talking to our customer care executives or by accessing the 24/7 Interactive Voice Response System (IVRS).

CRISIL Broker Grading, Ratings and Opinions

IBSL is the first brokerage house to be accorded with the highest broker grading by CRISIL. Our Company's quality of operations and services were reaffirmed by CRISIL, which once again assigned the highest broker grading of "BQ1".

Challenges

The Company views the following as the challenges before it:

- Protecting brokerage yield in a highly competitive industry.
- Regulatory risk which could impact the earning profile and bring structural changes in the industry.
- Continued upgrading of the risk management systems and monitoring policies to mitigate the associated risks especially during the periods of extreme market volatility.
- Maintaining flexible cost structure for protecting profitability in a market downturn.
- Dynamic shift in volumes from Capital Market to Derivatives Market resulting in extremely low yields.

Risk Management Systems

The Company has fully automated risk management software, which performs direct monitoring of operational controlling parameters to minimise delinquency risks. IBSL risk management team performs real time monitoring of client positions across cash and derivative segments. Clients are informed about their margin requirements through multiple channels including automated SMS and e-mail channels. The Company employs strict risk management standards to reduce delinquency risks and has developed robust recovery processes. The Company has well managed control systems working along with the external audit which performs checks at regular intervals to identify and rectify any discrepancies in the system.

For the purpose of the Management Discussion and Analysis, the terms 'IBSL', 'the Company', 'your Company' and 'our Company' refers to Indiabulls Securities Limited.

Business Outlook

After going through a tumultuous 5 years the Capital Markets look to be bouncing back riding on the resounding mandate given to the BJP in the recently concluded general elections. The markets have been volatile post the Union Budget, scaling heights, relinquishing them only to regain them again. The expectations now are for the Government to deliver time bound results. Margins will continue to be under pressure till such time that investor confidence returns in its entirety. Global cues will also determine the breath of the markets and any upheavels in the world financial market or political scenarios could have a damaging effect on the markets, thereby putting pressure on the margins.

Your Company through its subsidiaries has aggressively tapped the distribution services business in the areas of Non discretionary wealth management products amongst it's clients. We are hopeful that this business will continue to grow rapidly thereby significantly reducing the revenue dependency on the capital markets.

Human Resources

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

Management Discussion and Analysis (contd.)

their continuous development. The structured recruitment process, which the Company employs, focuses on recruiting people who have the right mindset for working at IBSL, supported by structured training programmes and internal growth opportunities. The basic objective has been to unlock the people potential and further developing their functional operational and behavioural competencies so as to build a team of dedicated employees who work with passion, zeal and a sense of belongingness and play a defining role in significantly accelerating the growth and transformation of the Company, thereby, consolidating its position in the market as one of the top corporate brokerage houses in the country. It is in continuation of this process that the Company has in place, Employee Stock Option Schemes which aim at rewarding and nurturing talent so that the Company gets to retain what is best in the industry.

Internal Control Systems

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

Cautionary Statement

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. The Company is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

Directors' Report

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Your Directors have pleasure in presenting the Nineteenth Annual Report and the audited accounts of the Company for the year ended March 31, 2014.

FINANCIAL RESULTS

The highlights of the financial results for the year ended March 31, 2014 are as under:

	Year ended March 31, 2014 (Amount in ₹)	Year ended March 31, 2013 (Amount in ₹)
Profit before Depreciation & Amortisation expenses and Tax	1,068,730,731	569,058,924
Less: Depreciation & Amortisation expenses	46,426,894	76,491,625
Profit before Tax	1,022,303,837	492,567,299
Less: Provision for Taxation & prior period tax adjustments	149,735,647	(65,787,971)
Profit after Tax and prior period tax adjustment	872,568,190	558,355,270
Add: balance of profit brought forward	963,856,309	1,268,936,124
Amount available for appropriation	1,836,424,499	1,827,291,394
Appropriations		
Interim Dividend on Equity Shares	938,594,948	693,337,533
Corporate Dividend Tax on Interim Dividend on Equity Shares	57,544,211	114,262,025
Transfer to General Reserves	183,642,450	55,835,527
Balance of profit carried forward to Balance Sheet	656,642,890	963,856,309

OPERATIONS REVIEW

The Company is a corporate member of the capital market, wholesale debt market and derivative segment of the National Stock Exchange of India Limited (NSE), a corporate member of the capital market and derivative segment of the BSE Limited (BSE) and MCX-SX and registered portfolio manager. The Company is in the business of stock and share broking, commodities trading, depository service, distribution of Mutual Funds/IPOs and other investments and tax planning products.

The Total Revenue of the Company during the year was ₹ 163.49 crores with a net profit of ₹ 87.26 crores. The consolidated revenue of the Company was ₹ 303.63 crores and the consolidated net profit was ₹ 101.64 crores.

FUTURE BUSINESS OUTLOOK

After going through a tumultuous 5 years the Capital Markets look to be bouncing back riding on the resounding mandate given to the BJP in the recently concluded general elections. The markets have been volatile post the Union Budget, scaling heights, relinquishing them only to regain them again. The expectations now are for the Government to deliver time bound results. Margins will continue to be under pressure till such time that investor confidence returns in its entirety. Global cues will also determine the breath of the markets and any upheavals in the world financial market or political scenarios could have a damaging effect on the markets, thereby putting pressure on the margins.

Your Company through its subsidiaries has aggressively tapped the distribution services business in the areas of Non discretionary wealth management products amongst its clients. We are hopeful that this business will continue to grow rapidly thereby significantly reducing the revenue dependency on the capital markets.

PROMOTERS DE-CLASSIFICATION

To impart greater focus and undivided accountability at the leadership level and to rationalize operations of the diverse businesses of the Indiabulls group, so as to put the Company firmly on the growth path, the promoters have mutually

Directors' Report (contd.)

decided to reorganize the management control of different group companies amongst themselves. As part of the restructuring, Mr. Sameer Gehlaut and the entities promoted by him namely Orthia Properties Private Limited, Zelkova Builders Private Limited, Inuus Developers Private Limited, Inuus Properties Private Limited and Orthia Constructions Private Limited shall continue as Promoters / Promoter Group / PACs with the promoters of the Company.

Further, with effect from July 18, 2014, Mr. Rajiv Rattan, Priapus Land Development Private Limited, Inuus Constructions Private Limited, Mr. Saurabh Kumar Mittal, Hespera Land Development Private Limited and Hespera Constructions Private Limited have ceased to be the Promoters / Promoter Group / PACs with the promoters of the Company.

DIVIDEND

In keeping with the Company's policy to reward its shareholders, the Board of Directors of the Company, had, for the year 2013-14, declared four interim dividends aggregating to ₹ 4/- per share on shares of face value ₹ 2/- each (₹ 1/- per equity share on July 24, 2013, ₹ 1/- per equity share on October 21, 2013, ₹ 1/- per equity share on January 23, 2014 and ₹ 1/- per equity share on April 22, 2014). Your Directors recommend that the payment of the aforesaid interim dividends aggregating to ₹ 4/- per equity share on shares of face value ₹ 2/- each for the year ended on March 31, 2014 be confirmed.

CHANGE IN THE CAPITAL OF THE COMPANY

Subsequent to the financial year ended March 31, 2014, the Company had allotted 27,269,999 equity shares of face value ₹ 2/- each to the warrant holders against conversion of equivalent number of warrants and 2,393,526 equity shares had been allotted under 'Indiabulls Securities Limited Employees Stock Option Scheme – 2008' consequent to which the paid up equity share capital of the Company increased from ₹ 462,225,022/- comprising of 231,112,511 equity shares of ₹ 2/- each to ₹ 521,552,072/- comprising of 260,776,036 equity shares of ₹ 2/- each.

EMPLOYEE STOCK OPTIONS

With a view to reward performance and to retain talented employees of the Company and its subsidiaries, the Company has introduced two employee stock option schemes titled 'Indiabulls Securities Limited Employees Stock Option Scheme – 2008' and 'Indiabulls Securities Limited Employees Stock Option Scheme – 2009', covering 40 million stock options, convertible into equal number of Equity Shares of face value ₹ 2/ each.

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999, in respect of the aforesaid schemes of the Company are set out in the Annexure to this Report.

DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Ashok Kumar Sharma (DIN: 00010912) Whole-time Director, retires by rotation and, being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. The Board of Directors recommends his re-appointment.

The earlier tenure of Mr. Divyesh B. Shah (DIN: 00010933) and Mr. Ashok Kumar Sharma (DIN: 00010912) as Whole-time Directors of the Company has expired on March 31, 2014. The Board has recommended their re-appointment as Whole-time Directors of the Company for a period of five years w.e.f. April 01, 2014.

The Board of Directors of the Company has also proposed the appointment of Mr. Aishwarya Katoch (DIN: 00557488), Mr. Prem Prakash Mirdha (DIN: 01352748) and Brig. Labh Singh Sitara (DIN: 01724648), as Independent Directors of the Company. Keeping in view their vast experience & knowledge, the Board is of the view that it will be in the interest of the Company that aforesaid persons are appointed as Independent Directors on its Board.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year under review.

Directors' Report (contd.)

SUBSIDIARIES

The statement pursuant to Section 212(1)(e) of the Companies Act, 1956 relating to subsidiary companies forms a part of the financial statements.

In accordance with the Circular No. 2/2011 No. 5/12/2007-CL-III dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

CORPORATE SOCIAL RESPONSIBILITY

During the year, your directors have constituted the Corporate Social Responsibility Committee comprising Mr. Aishwarya Katoch as the Chairman and Mr. Divyesh B. Shah and Mr. Ashok Kumar Sharma as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

LISTING WITH STOCK EXCHANGES

The equity shares of the Company continue to remain listed with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The listing fees payable to both the exchanges for the financial year 2014-2015 have been paid. The Global Depository Receipts of the Company continue to be listed on the Luxembourg Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified) your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

AUDITORS & AUDITORS' REPORT

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm's Registration No. 117366W/ W100018), Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their reappointment, if made would be

Directors' Report (contd.)

within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. The Board recommends their re-appointment.

The Notes on Financial Statements referred to in the Auditors' Report are self – explanatory and do not call for any further comments.

GREEN INITIATIVES

Electronic copies of the Annual Report 2014 and Notice of the 19th AGM are sent to all the members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2014 and Notice of the 19th AGM are sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The instructions for e-voting is provided in the Notice.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information required to be disclosed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, is given in the Annexure and forms a part of this Report.

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any member who is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude for the continuous assistance and support received from the investors, clients, bankers, regulatory and government authorities, during the year. Your Directors also wish to place on record their deep sense of appreciation for the contributions made and committed services rendered by the Company's executives, staff and workers.

For and on behalf of the Board of Directors

Date: August 26, 2014
Place: New Delhi

Divyesh B. Shah
Whole-time Director &
Chief Executive Officer

Ashok Kumar Sharma
Whole-time Director

Directors' Report (contd.)

ANNEXURE FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO.

A. ENERGY CONSERVATION

The Company operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. As an ongoing process, the following measures are undertaken:

- a. Implementation of viable energy saving proposals.
- b. Installation of automatic power controllers to save maximum demand charges and energy.
- c. Installation of TFT monitors that saves power.
- d. Shutting of all the lights when not in use.
- e. Training front end operational personnel on opportunities of energy conservation.
- f. Awareness and training sessions for maintenance personnel conducted by experts.

B. TECHNOLOGY ABSORPTION

The nature of business being carried out by the Company entails an extensive use of effective information technology so as to ensure that its services reach the end users i.e. its clients without any loss of time. The management keeps itself abreast of technological advancement in the industry and ensures continuous and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet the business needs and objectives.

What has enabled the Company to stay ahead of its competitors is the fact that it continuously encourages the introduction and use of latest available innovations in the field of information technology so that its clients can have the latest information instantly available to them at the mere push of a button, enabling them to stay updated and well informed at all points of time.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange earnings on account of various heads is depicted in the table given below; however, there was no foreign currency outgo during the FY 2013-14.

Earnings in Foreign Currency:

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Advisory Income	8,942	36,727
Dividend on Long-Term Investments	18,523,863	13,296,733

Directors' Report (contd.)

ANNEXURE TO THE DIRECTORS' REPORT REGARDING THE ESOP ISSUE UNDER 'INDIABULLS SECURITIES LIMITED EMPLOYEES STOCK OPTION SCHEME – 2008' AS ON MARCH 31, 2014

Particulars	IBSL ESOP 2008
a. Options Granted	20,000,000
b. Exercise price	₹ 17.40
c. Options vested during the year	1,072,608*
d. Options exercised during the year	Nil
e. The total number of Shares arising as a result of exercise of option	Nil
f. Options lapsed	8,892,612
g. Variation in terms of options	Nil
h. Money realized by exercise of options	Nil
i. Total number of options in force	9,935,525
j. Employee wise details of options granted to; <ul style="list-style-type: none"> i. Senior Management personnel ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the company. 	Mr. Divyesh B Shah - 2,500,000 Options Nil Nil
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	₹ 3.68
l. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Refer to Note 32 of financial statements (standalone) forming part of the Annual Report.
m. Weighted – average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price: ₹ 17.40 per option Weighted average fair value: ₹ 0.84 per option
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted – average information: <ul style="list-style-type: none"> i. risk free interest rate ii. expected life iii. expected volatility iv. expected dividends, and v. the price of the underlying share in market at the time of option grant 	Refer to Note 32 of financial statements (standalone) forming part of the Annual Report.

*Net of options surrendered before vesting.

Directors' Report (contd.)

ANNEXURE TO THE DIRECTORS' REPORT REGARDING THE ESOP ISSUE UNDER 'INDIABULLS SECURITIES LIMITED EMPLOYEES STOCK OPTION SCHEME – 2009' AS ON MARCH 31, 2014

Particulars	IBSL ESOP 2009			
a. Options Granted	12,050,000*			
b. Exercise price	10,000,000 options @ ₹ 35.25 and 2,050,000 options @ ₹ 31.35			
c. Options vested during the year	50,000			
d. Options exercised during the year	Nil			
e. The total number of Shares arising as a result of exercise of option	Nil			
f. Options lapsed	11,550,000			
g. Variation in terms of options	Nil			
h. Money realized by exercise of options	Nil			
i. Total number of options in force	500,000			
j. Employee wise details of options granted to;	Mr. Divyesh B Shah - 500,000 Options Nil Nil			
i. Senior Management personnel				
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year				
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the company.	Nil			
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	₹ 3.68			
l. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Refer to Note 32 of financial statements (standalone) forming part of the Annual Report.			
m. Weighted – average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	10,000,000 Options		2,050,000 Options	
	Weighted average exercise price:	Weighted average fair value:	Weighted average exercise price:	Weighted average fair value:
	₹ 35.25 per option	₹ 6.48 per option	₹ 31.35 per option	₹ 9.39 per option
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted – average information:	Refer to Note 32 of financial statements (standalone) forming part of the Annual Report.			
i. risk free interest rate				
ii. expected life				
iii. expected volatility				
iv. expected dividends, and				
v. the price of the underlying share in market at the time of option grant				

*balance 79,50,000 options under the scheme are yet to be granted.

Report on Corporate Governance

1. The Company's philosophy on Corporate Governance

Your Company is of firm view that Corporate Governance must maintain global standard of corporate conduct as it is a systematic process whereby companies are directed and controlled to enhance wealth generating capacity for the benefit of all its stakeholders. Sound Corporate governance is based on three principles viz fairness, transparency and accountability. Business practices based on these principles and responsible corporate behavior contribute to superior long term performance of the companies.

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

In line with the nature and size of operation of the Company, the corporate governance framework in Indiabulls Securities Limited (IBSL) is based on the following main principles:

- Constitution of a Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities and duties.
- Transparency and independence in the functions of the Board.
- Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- Independent verification and assured integrity of financial reporting.
- Timely and balanced disclosure of all material information related to the Company to all stakeholders and protection of their rights and interests.
- A sound system of risk management and internal control.
- Compliance with applicable laws, rules and regulations in letter and spirit.

2. Board of Directors

(A) Composition and size of the Board

The Board of Directors in IBSL has been constituted in a manner which ensures appropriate mix of executive/ non executive and independent directors to ensure proper governance and management. The Board members have collective experience in diverse fields.

The Board consists of six Directors, two of whom including the CEO are Whole-time Executive Directors. The remaining four Directors are Non-Executive Independent directors. The Chairman being an Executive Director, the number of Independent Non-Executive Directors on the Board is 50% of the Board strength at any point of time. The details of Directors, number of directorships held by them in other companies as also the number of their memberships and chairmanships on various board committees, as on March 31, 2014 are depicted in the table given below:

Report on Corporate Governance (Contd.)

S. No.	Name of the Director	Category of Directorship	No. of Directorships in other Companies*	No. of Memberships/ Chairmanship in Board Committees of various companies (including the Company)**	
				Member	Chairman
1.	Mr. Divyesh B. Shah (DIN: 00010933)	Executive Director	11	1	Nil
2.	Mr. Ashok Kumar Sharma (DIN: 00010912)	Executive Director	13	4***	1
3.	Mr. Aishwarya Katoch (DIN: 00557488)	Non-Executive Independent Director	4	7***	3
4.	Mr. Karan Singh Khera (DIN: 00017236)	Non-Executive Independent Director	7	7***	4
5.	Brig. Labh Singh Sitara (DIN: 01724648)	Non-Executive Independent Director	3	2	Nil
6.	Mr. Prem Prakash Mirdha (DIN: 01352748)	Non-Executive Independent Director	4	4	Nil

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

**As per Clause 49 of the Listing Agreement, only memberships/chairmanships of the Audit Committees and Stakeholders Relationship Committee in various public limited companies, considered.

*** Figures are inclusive of Chairmanship

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

(B) Details of Board and the last Annual General Meeting (AGM) and attendance record of Directors thereat

During the financial year 2013-2014, the Board met 6 (Six) times. The dates of the Board meetings were April 23, 2013, July 24, 2013, September 3, 2013, October 21, 2013, December 2, 2013 and January 23, 2014.

The last Annual General Meeting of the Company was held on September 30, 2013.

A table depicting the attendance of Directors at various board meetings and annual general meeting held during the financial year 2013-2014 is given below:

Sr. No.	Name of the Director	No. of board meetings attended	Attendance at the last AGM
1.	Mr. Divyesh B. Shah	6	Yes
2.	Mr. Ashok Kumar Sharma	6	Yes
3.	Mr. Aishwarya Katoch	5	Yes
4.	Mr. Karan Singh Khera	6	Yes
5.	Brig. Labh Singh Sitara	4	No
6.	Mr. Prem Prakash Mirdha	5	Yes

Report on Corporate Governance (Contd.)

(C) Code of Conduct

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

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

3. Committees of the Board

The Board constituted committees namely, Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee to act in accordance with the terms of reference determined by the Board. Meetings of each of these Committees are convened by the respective Chairman. Matters requiring Board's attention/approval are placed before the Board. The role, the composition of these Committees including the number of meetings held during the financial year and the related attendance details are provided below:

(A) Audit Committee

Composition

The Audit Committee comprises of four members namely Mr. Karan Singh Khera as the Chairman, Mr. Ashok Kumar Sharma, Mr. Prem Prakash Mirdha and Mr. Aishwarya Katoch as members. Three out of the four members namely Mr. Karan Singh Khera, Mr. Prem Prakash Mirdha and Mr. Aishwarya Katoch, are independent Directors. The Secretary of the Company also acts as Secretary of the Audit Committee.

Terms of reference

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

- to oversee the financial reporting process and disclosure of financial information;
- to review with management, quarterly, half yearly and annual financial statements and ensure their accuracy and correctness before submission to the Board;
- to review with management and internal auditors, the adequacy of internal control systems, approving the internal audit plans and reviewing the efficacy of their function, discussion and review of periodic audit reports including findings of internal investigations;
- to recommend the appointment of the internal and statutory auditors and fixing their remuneration;
- to hold discussion with the Statutory and Internal Auditors;
- Review and monitoring of the auditor's independence and performance, and effectiveness of audit process;
- Examination of the auditors' report on financial statements of the Company (in addition to the financial statements) before submission to the Board;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Monitoring the end use of funds raised through public offers and related matters as and when such funds are raised and also the reviewing with the management the utilization of the funds so raised, for purposes other than those stated in the relevant offer document, if any and making appropriate recommendations to the Board in this regard;
- Evaluation of the risk management systems (in addition to the internal control systems);
- Review and monitoring of the performance of the statutory auditors and effectiveness of the audit process;

Report on Corporate Governance (Contd.)

- To hold post audit discussions with the auditors to ascertain any area of concern;
- To review the functioning of the whistle blower mechanism;
- Approval to the appointment of the CFO after assessing the qualifications, experience and background etc. of the candidate.

Meetings and Attendance during the year

During the year four committee meetings were held respectively on April 23, 2013, July 24, 2013, October 21, 2013 and January 23, 2014.

Name of the Member	No. of meetings attended
Mr. Karan Singh Khera	4
Mr. Prem Prakash Mirdha	3
Mr. Ashok Kumar Sharma	4
Mr. Aishwarya Katoch	3

The Finance Head, Statutory Auditors and Internal Auditors attended the meeting(s) by invitation.

(B) Nomination & Remuneration Committee (formerly known as 'Remuneration Committee')

Composition

The Nomination & Remuneration Committee of the Board comprises of three Independent Directors as its members namely Mr. Aishwarya Katoch as the Chairman, Mr. Karan Singh Khera and Mr. Prem Prakash Mirdha.

Terms of reference

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

- to recommend to the Board, compensation terms of the Executive Directors;
- to assist Board in determining and implementing the Company's Policy on the remuneration of Executive Directors.
- identifying the persons who are qualified to become directors and those who may be appointed in senior management in accordance with the criteria laid down by it and recommending to the Board their appointment and removal and carrying out the evaluation of the performance of every director;
- formulating the criteria for determining the qualifications, positive attributes and independence of a director.

Meetings and Attendance during the year

No committee meeting was held during the financial year 2013-2014.

Remuneration Policy

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

Remuneration of Directors

(i) Remuneration of Executive Director

The Table given below specifies the details of remuneration of Executive Director and his relationship with other directors:

Director	Relationship With other Directors	Salary (₹)	Total (₹)
Mr. Divyesh B. Shah	None	26,469,887	26,469,887

Report on Corporate Governance (Contd.)

Notes:

1. Remuneration includes Basic Salary, Allowances, Incentives and Employee Benefits of ₹ 370,210 consisting of Compensated Absences and Gratuity based on actuarial valuation.
2. Mr. Divyesh B. Shah held 769,000 Equity shares ₹ 2/- each, in the Company, as on March 31, 2014.
3. The Company granted 3,000,000 stock options in aggregate to Mr. Divyesh B. Shah, convertible into an equivalent number of Equity Shares during the exercise periods prescribed under the relevant- Stock Option Scheme.
4. During the FY 2013-14, 4,000,000 Warrants convertible into equivalent number of equity shares of face value of ₹ 2/- each were allotted to Mr. Shah at a conversion price of ₹ 13/- share out of which 2,500,000 Warrants have been converted into equivalent number of equity shares of face value of ₹ 2/- each on May 2, 2014.
5. Terms and conditions of service of Executive Director are governed by the applicable Rules and Policies of the Company.

(ii) Remuneration of Non Executive Directors

Non- Executive Directors have not been paid any remuneration/sitting fees during the financial year 2013-2014. Non-Executive directors do not hold any shares in the Company, except Mr. Prem Prakash Mirdha who holds 1,250 equity shares as on March 31, 2014.

(C) Stakeholders Relationship Committee (formerly known as 'Shareholders'/ Investors' Grievance Committee')

Composition

The Stakeholders Relationship Committee comprises of three Directors as its members namely Mr. Karan Singh Khera, Mr. Prem Prakash Mirdha and Brig. Labh Singh Sitara. Mr. Karan Singh Khera an Independent Non-Executive Director is the Chairman of the Committee.

Terms of reference

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

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

Meetings and Attendance during the year

During the year four committee meetings were held respectively on April 23, 2013, July 24, 2013, October 21, 2013 and January 23, 2014.

Name of the Member	No. of meetings attended
Mr. Karan Singh Khera	4
Mr. Prem Prakash Mirdha	3
Brig. Labh Singh Sitara	4

Name and designation of Compliance Officer

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

Details of queries / complaints received and resolved during the year 2013-2014

During the financial year 2013-2014, 805 investor complaints were received and all complaints were resolved to the satisfaction of the shareholders.

Report on Corporate Governance (Contd.)

(D) Corporate Social Responsibility (CSR) Committee

Composition

A Corporate Social Responsibility Committee of the Board of Directors (Board) of the Company was constituted with Mr. Aishwarya Katoch as its Chairman and Mr. Divyesh B Shah and Mr. Ashok Kumar Sharma as members (CSR Committee). CSR Committee is primarily responsible for formulating and monitoring the implementation of the framework of corporate social responsibility policy and matters related to its overall governance.

Terms of Reference

The Terms of reference of the CSR Committee inter-alia, include:

- (i) To recommend to the Board, the CSR activity to be undertaken by the Company;
- (ii) To approve the expenditure to be incurred on the CSR activity;
- (iii) To oversee and review the effective implementation of the CSR activity;
- (iv) To ensure compliance of all related applicable regulatory requirements.

Meetings and Attendance during the year

Since, the committee was constituted on January 23, 2014, no meeting was held during FY 2013-14.

4. General Body Meetings

A. Location and time of last three Annual General Meetings (AGMs)

Year	Location	Date	Time
2010-2011	Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi – 110 037	September 30, 2011	11:00 A.M.
2011-2012	Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi – 110 037	September 27, 2012	11:30 A.M.
2012-2013	Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi – 110 037	September 30, 2013	10:30 A.M.

B. Details of special resolutions passed in the previous three AGMs

In the AGM of the Company for the years 2011-2012 and 2012-2013 no special resolution was passed. However, in the AGM for the year 2010-11 and in the EGM held during the financial year 2013-14, special resolutions as per detail hereunder, were passed:

Special Resolution passed in AGM for the year 2010-11:

Special Resolution seeking members approval to amend the 'Indiabulls Securities Limited Employees Stock Option Scheme 2008' and 'Indiabulls Securities Limited Employees Stock Option Scheme 2009' (the "Stock Option Schemes"), earlier consented to / approved by the shareholders, so as to amend the exercise price under respective Stock Option Schemes, to be the market price of the equity shares of the Company, being the latest available closing price, prior to the date of grant or the price as may be decided by the Board.

Special Resolution passed in EGM held on November 20, 2013:

Special Resolution seeking members approval to create, offer, issue and allot 58,210,000 (Five Crore Eighty Two Lakh Ten Thousand) fully convertible Warrants to the Promoters, certain Promoter group entities and one of its whole-time director on preferential basis, which, upon conversion, in one or more tranches, within a period of 18 months from the date of their allotment, would entitle them to acquire an equivalent number of Equity shares of face value ₹ 2/- each in the Company at an exercise price of ₹ 13/- per Equity share, determined in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

Report on Corporate Governance (Contd.)

C. Special Resolutions passed during the financial year 2013-14 through postal ballot:

During the financial year 2013-14, no Special Resolution was passed by the members of the Company through Postal Ballot.

5. Disclosures

(i) Details on materially significant related party transactions

Details of materially significant related party transactions made during the year 2013-2014, are contained in the notes to the annual accounts which form a part of the Annual Report.

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

- *SEBI settled the adjudication proceedings against the Company on the payment of ₹3,000,000/-, vide its consent order dated 22nd September 2011 in the matter of Mega Corporation Ltd.*
- *Disciplinary Action Committee-NSE levied a penalty of ₹1,525,000/- vide its order dated 30th December 2011 in respect of limited purpose inspection conducted during March 2011.*
- *Disciplinary Action Committee-NSE levied a penalty of ₹1,675,000/- and additional ₹750,000 to be retained by the exchange for the period of 6 months as a suspended sentence vide its order dated 30th December 2011 in respect of regular inspection conducted during December 2010.*
- *Disciplinary Action Committee-NSE levied a penalty of ₹1,00,000/- vide its order dated 27th March 2012 in respect of limited purpose inspection (CM and F&O Segments) conducted during March 2011.*
- *Internal committee of NSE levied a penalty of ₹60,000/- vide its order dated July 31, 2012 in respect of Regular Inspection (CM, FO and CDS Segments) conducted during March 2012*
- *SEBI passed Adjudication order on December 28, 2012 imposing a penalty of ₹400,000 pursuant to inspection conducted during September 2009 and January 2010*
- *SEBI settled the proceedings on the payment of ₹510,000/-, vide its consent order dated 2nd January 2013 in the matter of Indiabulls Securities Ltd.*
- *Internal Committee of NSE levied penalty of ₹5,000/- vide its order dated July 15, 2013 in respect of regular inspection conducted during March 2013.*

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

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

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

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

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

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

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

Report on Corporate Governance (Contd.)

6. Means of Communication

(i) Publication of Results:

The quarterly / annual results of the Company are published in the leading newspapers viz The Financial Express (English) and Jansatta (Hindi).

(ii) News, Release, etc:

The Company has its own website www.indiabulls.com/securities and all vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations etc. are regularly posted on the website.

(iii) Management's Discussion and Analysis Report:

The same has been included in a separate section, which forms a part of the Annual Report.

(iv) Investors' Relation:

The Company's web site contains a separate dedicated section "Investor Relation" where general information to shareholders' is available.

7. General Shareholders' Information

(A) Company Registration Details

The Company is registered in the State of Delhi, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74999DL1995PLC069631.

(B) Date, Time and Venue of Annual General Meeting (AGM)

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

(C) Profile of Directors seeking appointment / reappointment

Mr. Divyesh B. Shah (DIN: 00010933)

Mr. Divyesh B. Shah has worked with leading financial services firms and gained extensive experience managing and developing large sales team and cultivating deep client relationships. He has extensive expertise on the process and operations required for running a large team in a very professional manner, meriting his re-appointment as whole-time director on the Board of the Company. Mr. Shah is designated as Chief Executive Officer of the Company.

Mr. Shah is not related to any other Director on the Board of the Company.

Mr. Shah is also on the Board of Indiabulls Brokerage Limited, Indiabulls Commodities Limited, Nilgiri Infrastructure Limited, Nilgiri Land Holdings Limited, Nilgiri Lands Limited, Nilgiri Buildwell Limited, IB Assets Limited, Indiabulls Natural Resources Limited, Nilgiri Commercial Estate Limited, Indiabulls Infrastructure Projects Limited and Indiabulls Engineering Limited. He is member of Corporate Social Responsibility Committee of the Company. He is also member of Remuneration Committee of Indiabulls Brokerage Limited and Audit Committee of IB Assets Limited.

He held 769,000 equity shares in the Company as on March 31, 2014, representing 0.33% of the total paid up capital of the Company. Further, during the FY 2013-14, 4,000,000 Warrants convertible into equivalent number of equity shares of face value of ₹ 2/- each were allotted to Mr. Shah at a conversion price of ₹ 13/- share out of which 2,500,000 Warrants have been converted into equivalent number of equity shares of face value of ₹ 2/- each on May 2, 2014.

Mr. Ashok Kumar Sharma (DIN: 00010912)

Mr. Ashok Kumar Sharma is a Chartered Accountant with over 20 years experience in the financial services industry and share broking. His expertise in the areas of finance, system implementation and internal controls coupled with strong analytical skills will be to the benefit of the Company in the years to come, meriting his reappointment as whole-time director on the Board of the Company.

Report on Corporate Governance (Contd.)

Mr. Sharma is not related to any other Director on the Board of the Company.

Mr. Sharma is also on the Board of Indiabulls Infrastructure Credit Limited, Indiabulls Industrial Infrastructure Limited and Indiabulls Holdings Limited. He is member of Audit Committee, Compensation Committee, Allotment Committee and Corporate Social Responsibility Committee of the Company. He is member of Audit Committee of Indiabulls Industrial Infrastructure Limited. He is also Chairman of Audit Committee and Corporate Social Responsibility Committee and member of Asset Liability Management Committee, Investment Committee, Integrated Risk Management Committee and Nomination Committee of Indiabulls Infrastructure Credit Limited.

He held 288,500 equity shares in the Company as on March 31, 2014, representing 0.12% of the total paid up capital of the Company.

Mr. Aishwarya Katoch (DIN: 00557488)

Mr. Aishwarya Katoch, is in the hotel industry and managing leisure and heritage hotels across the country. He has over 20 years of rich and varied experience in the areas of administration, finance, regulatory and projects execution.

He holds a bachelor's degree in business administration and merchandising from American College of Applied Arts, London.

Mr. Katoch does not hold any share in the Company and he is not related to any other Director on the Board of the Company.

Mr. Katoch is also on the Board of Indiabulls Real Estate Limited, Store One Retail India Limited, Indiabulls Distribution Services Limited, Royal Expeditions Private Limited and Royal Kangra Consultants Private Limited.

He is Chairman of Nomination & Remuneration Committee and Corporate Social Responsibility Committee and member of Audit Committee, Compensation Committee and Allotment Committee of the Company. He is Chairman of Stakeholders Relationship Committee, Nomination & Remuneration Committee and Compensation Committee and member of Audit Committee of Indiabulls Real Estate Limited. He is also Chairman of Stakeholders Relationship Committee, Nomination & Remuneration Committee and Compensation Committee and member of Audit Committee of Store One Retail India Limited. He is also Chairman of Corporate Social Responsibility Committee of Indiabulls Distribution Services Limited.

Mr. Prem Prakash Mirdha (DIN: 01352748)

Mr. Prem Prakash Mirdha is currently managing his own cement plants. He also operates lime kilns which are suppliers to enterprises engaged in steel and sugar industries. He has over 20 years of rich and varied experience in the areas of administration, finance, regulatory and projects execution. Prior to this, he had a long stint of 11 years with the merchant navy.

Mr. Mirdha holds 1250 shares in the Company. He is not related to any other Director on the Board of the Company.

Mr. Mirdha is also on the Board of Indiabulls Real Estate Limited, Indiabulls Housing Finance Limited, Store One Retail India Limited, Happy Tummy Kitchens Private Limited and Indiabulls Power Limited. He is member of Audit Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of the Company and Indiabulls Housing Finance Limited and also member of the Nomination & Remuneration Committee of Store One Retail India Limited and Indiabulls Real Estate Limited. He is also member of Audit Committee, Compensation Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of Indiabulls Power Limited.

Brig. (Retd.) Labh Singh Sitara (DIN: 01724648)

Brigadier (Retd.) Labh Singh Sitara, had a career spanning three decades in Indian Army during which he led troops both in war and peace. He has represented India at an international level and won three medals in the Asian Games. Brig Sitara has also been awarded Dhyana Chand Award, which is India's highest award for lifetime achievement in sports and games.

Report on Corporate Governance (Contd.)

He is an Honorary Sports Advisor to the Sports Department of the Government of Punjab and is also a member of the Punjab Sports Council and Vice President of District Sainik Welfare Department of the Government of Punjab.

Brig. Sitara holds a bachelor degree in economics from Punjab University, Chandigarh. As a distinguished army officer and an Olympian, he has undergone staff training at the Defence Services Staff College, Wellington, Nilgiris.

Brig. Sitara does not hold any share in the Company and he is not related to any other Director on the Board of the Company.

Brig. Sitara is also on the Board of Indiabulls Real Estate Limited, Lucina Land Development Limited and Indiabulls Power Limited. He is member of Stakeholders Relationship Committee of the Company. He is also member of Compensation Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of Indiabulls Power Limited. He is the Chairman of Corporate Social Responsibility Committee of Lucina Land Development Limited.

(D) Financial year

The financial year of the Company is a period of twelve months beginning on 1st April every calendar year and ending on 31st March the following calendar year.

(E) Date of Book Closure

Relevant dates of Book Closure have been provided in the Notice convening the AGM forming part of this Annual Report.

(F) (i) Distribution of shareholding as on March 31, 2014

Sl. No.	Shareholding of nominal value (in ₹)		No. of holders	% to total holders	Value in ₹	% to nominal value
	From	To				
1	Upto -	5,000	104431	94.48	67,233,816	14.55
2	5,001 -	10,000	3112	2.81	22,944,924	4.97
3	10,001 -	20,000	1539	1.39	23,077,628	4.99
4	20,001 -	30,000	472	0.43	11,745,592	2.54
5	30,001 -	40,000	261	0.24	9,428,420	2.04
6	40,001 -	50,000	162	0.15	7,553,418	1.63
7	50,001 -	100,000	279	0.25	19,882,284	4.30
8	100,001 and above		275	0.25	300,358,940	64.98
	TOTAL		110531	100.00	462,225,022	100.00

(ii) Shareholding pattern as on March 31, 2014

Sr. No.	Category	No. of Shares	% holding
1.	Promoters and Promoters Group	101,520,425	43.93
2.	Banks & Mutual Funds	290,254	0.13
3.	FII's	3,982,368	1.72
4.	Bodies Corporate	24,572,682	10.63
5.	Indian Public	96,882,797	41.92
6.	NRIs	3,056,706	1.32
7.	GDRs (Shares underlying)	66,077	0.03
8.	Clearing Members	741,202	0.32
	Total	231,112,511	100.00

Report on Corporate Governance (Contd.)

(G) Dematerialization of shares and liquidity

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

As on March 31, 2014, 99.87 % Equity shares of the Company representing 230,801,998 out of a total of 231,112,511 Equity shares were held in dematerialized form and the balance 310,513 shares representing 0.13% of the total equity capital of the Company were held in physical form.

(H) Outstanding GDRs/Convertible Instruments

As on March 31, 2014, an aggregate of 10,435,525 Stock options and 58,210,000 fully convertible warrants were in force. As and when these stock options are exercised or warrants are converted into equity, the paid-up share capital of the Company shall accordingly be increased.

The number of outstanding GDRs as on March 31, 2014 was 66,077. Each GDR represents one equity share of ₹2/- each in the Company.

(I) Listing on Stock Exchanges

The Company's securities were listed on the following stock exchanges:

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

(J) Stock Code

BSE Limited	- 532960
National Stock Exchange of India Ltd.	- IBSEC
ISIN for Dematerialization	- INE274G01010

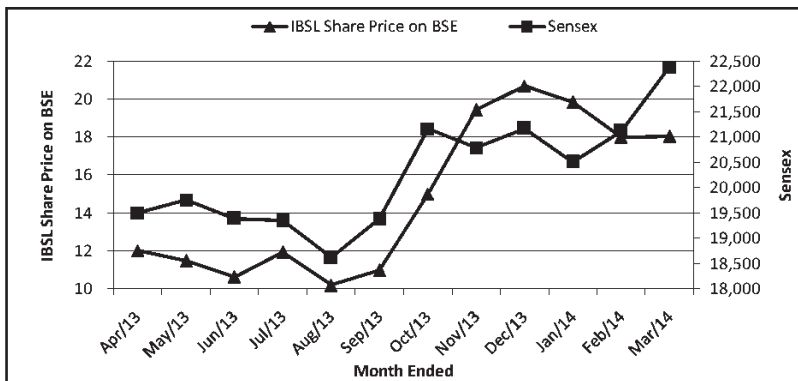
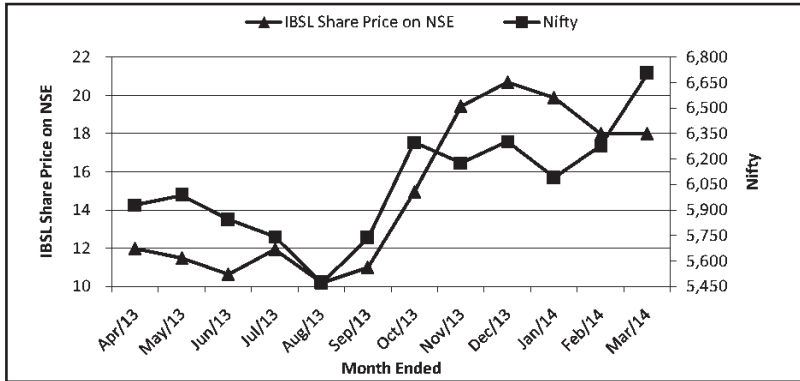
(K) Market Price data

The monthly high and low market prices of equity shares at the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year ended March 31, 2014 were as under:

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	12.40	8.20	12.43	8.22
May 2013	12.30	10.00	12.25	10.60
June 2013	11.90	9.35	11.80	9.25
July 2013	12.90	9.50	12.90	10.73
August 2013	12.40	9.50	12.40	9.57
September 2013	11.25	9.90	11.45	9.92
October 2013	18.50	10.85	18.53	10.85
November 2013	20.20	14.60	20.15	14.55
December 2013	22.85	19.45	22.85	19.45
January 2014	22.10	19.75	22.10	19.75
February 2014	19.90	16.75	19.85	16.80
March 2014	19.20	17.45	19.20	17.45

Report on Corporate Governance (Contd.)

(L) Performance of the Company in comparison to broad-based indices



(M) Registrar and Transfer Agents

M/s Karvy Computershare Private Limited are acting as the Registrar and Transfer Agents of the Company for handling the share related matters, both in physical and dematerialised mode.

The contact details are as under:

Karvy Computershare Pvt. Limited
 Unit : **Indiabulls Securities Limited**
 Plot No.17-24 Vittal Rao Nagar
 Madhapur, Hyderabad - 500081
 Tel : 040-44655000/23420815-23420825
 Fax: 040-23420814
 E-mail: einward.ris@karvy.com – for investors/shareholders
 Contact Person : Ms. Shobha Anand, Asst. General Manager, Corporate Registry

(N) Share Transfer System

The Share transfer system in the Company comprises of two components viz the Stakeholders Relationship Committee (the Committee) and the Registrar and Transfer Agent of the Company (RTA) which work hand in hand to process and approve the requests received for transfer or transmission of the shares in the physical segment. Share transfer/transmission requests are being processed within the stipulated time, with the RTA sending the requests which have already been scrutinized by it and found to be in order, to the Committee for

its approval and the Committee approves the same and communicates its approval to the RTA. The Committee receives from the RTA, the details and documents pertaining to the requests which have not been found to be in order, for its information and examination. The certificates pertaining to the transferred shares are mailed to the concerned investors by the RTA immediately upon approval of transfers, so as to reach such investors well within the time stipulated under the Listing agreements.

(O) Address for Correspondence

(i) Registered Office:

Indiabulls Securities Limited
M- 62 & 63, First Floor,
Connaught Place, New Delhi- 110 001
Website:www.indiabulls.com/securities
E-mail: helpdesk@indiabulls.com
Tel: 0124-6681199, Fax: 0124-6681240

(ii) Corporate Office:

1. 'Indiabulls House'
448-451, Udyog Vihar, Phase V,
Gurgaon – 122 016
2. 8/F, Indiabulls Finance Centre,
Tower 1, Elphinstone Mills,
Senapati Bapat Marg,
Mumbai- 400 013.

8. Compliance Certificate from the Practicing Company Secretary

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

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

9. CEO & CFO Certification

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

10. Non-Mandatory Requirements

Status of Compliance of Non-Mandatory requirement stipulated under Clause 49 is as under:

(A) Non-Executive Chairman

The Company has an executive Chairman and hence the requirement recommended as to a non-executive chairman under clause 49, is not required to be adopted by the Company.

(B) Nomination & Remuneration Committee

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

(C) Shareholders Rights

The Company is getting its quarterly/half yearly and annual financial results published in leading newspapers with wide circulation across the country and regularly update the same on its public domain website. In view of the same individual communication of quarterly / annual financial results to the shareholders is not being

made. Further, information pertaining to important developments in the Company is being brought to the knowledge of the public at large and to the shareholders of the Company in particular, through communications sent to the stock exchanges where the shares of the Company are listed, and through regular uploads made on the Company website.

(D) Unqualified financial statements

The Auditors report on the audited annual accounts of the Company does not contain any qualification and it shall be the endeavor of the Company to continue the trend by strengthening the existing accounting systems and controls as well as ensuring complete adherence to the applicable accounting standards, procedures and practices to have unqualified financial statements.

(E) Whistle Blower Policy

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

Except as defined above, the Company has not adopted any other non mandatory requirements recommended under Annexure 1D of the Clause 49 of the Listing Agreements with the Stock Exchanges.

Report on Corporate Governance (Contd.)

ANNUAL DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO) PURSUANT TO CLAUSE 49 (I)(D)(ii) OF THE LISTING AGREEMENT

As the Chief Executive Officer of Indiabulls Securities Limited and as required by Clause 49 (I)(D)(ii) of the Listing Agreement, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics, for the financial year 2013-14.

Date: August 26, 2014
Place: New Delhi

Sd/-
Divyesh B. Shah
Chief Executive Officer

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Indiabulls Securities Limited

We have examined the compliance of conditions of Corporate Governance by Indiabulls Securities Limited ("the Company"), for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

We state that during the financial year 2013-14, 805 investor complaints were received and all complaints were resolved till March 31, 2014, to the satisfaction of the shareholders.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. Khandelwal & Co.**
Company Secretaries

Date: August 26, 2014
Place: New Delhi

Sd/-
Sanjay Khandelwal
Proprietor
Membership No: FCS-5945
CP No.: 6128

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF INDIABULLS SECURITIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **INDIABULLS SECURITIES LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting

estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, and associates referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of fourteen subsidiaries, whose financial statements reflect total assets (net) of ₹ 4,303,965,885 as at 31st March, 2014, total revenues of ₹ 2,201,998,938 and net cash inflows amounting to ₹ 10,292,199 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 991,709 for the year ended 31st March, 2014, as considered in the consolidated financial statements, in respect of six associates whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

A.Siddharth
(Partner)

MUMBAI, 22nd April, 2014 (Membership No.031467)

Consolidated Balance Sheet

as at March 31, 2014

Particulars	Note No.	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	462,225,022	462,225,022
(b) Reserves and Surplus	4	1,714,741,034	1,713,443,493
(c) Money received against Share Warrants	5	189,182,500	—
		<u>2,366,148,556</u>	<u>2,175,668,515</u>
(2) Non - Current Liabilities			
(a) Long-Term Borrowings	6	9,283,488	8,385,242
(b) Deferred Tax Liabilities (Net)	7	263,832	369,311
(c) Other Long-Term Liabilities	8	99,786,644	99,786,644
(d) Long-Term Provisions	9	53,565,903	50,688,518
		<u>162,899,867</u>	<u>159,229,715</u>
(3) Current Liabilities			
(a) Short-Term Borrowings	10	3,661,977,655	1,358,953,141
(b) Trade Payables	11	4,033,025	14,464,094
(c) Other Current Liabilities	12	1,593,705,853	1,447,472,067
(d) Short-Term Provisions	13	391,688,541	303,092,046
		<u>5,651,405,074</u>	<u>3,123,981,348</u>
TOTAL		<u>8,180,453,497</u>	<u>5,458,879,578</u>
II. ASSETS			
(1) Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	14	268,452,199	318,933,285
(ii) Intangible Assets	14	41,029,928	3,824,134
(iii) Intangible Assets Under Development		—	10,000,000
		<u>309,482,127</u>	<u>332,757,419</u>
(b) Goodwill on Consolidation	15	31,977,072	—
(c) Non-Current Investments	16	125,376,258	426,313,908
(d) Deferred Tax Assets (Net)	17	42,404,003	58,508,375
(e) Long-Term Loans and Advances	18	807,931,021	400,641,473
(f) Other Non-Current Assets	19	57,900,495	117,391,862
		<u>1,375,070,976</u>	<u>1,335,613,037</u>
(2) Current Assets			
(a) Current Investments	20	198,484,849	—
(b) Trade Receivables	21	1,380,368,635	603,064,073
(c) Cash and Bank Balances	22	2,968,503,136	2,198,594,544
(d) Short-Term Loans and Advances	23	2,165,596,015	1,300,423,144
(e) Other Current Assets	24	92,429,886	21,184,780
		<u>6,805,382,521</u>	<u>4,123,266,541</u>
TOTAL		<u>8,180,453,497</u>	<u>5,458,879,578</u>
Notes forming part of the financial statements	1 - 42		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants**A. Siddharth**
Partner

Mumbai, April 22, 2014

For and on behalf of the Board of Directors

Divyesh B. Shah
Whole Time Director &
Chief Executive Officer

Mumbai, April 22, 2014

Ashok Sharma
Whole Time Director**Rajeev Lochan Agrawal**
Chief Financial
Officer**R. K. Agarwal**
Company
Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

31

Particulars	Note No.	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
I. Revenue from Operations	25	2,890,309,668	1,852,522,256
II. Other Income	26	145,959,835	141,860,675
III. Total Revenue (I + II)		3,036,269,503	1,994,382,931
IV. Expenses :			
Operating Expenses	27	87,919,116	134,761,955
Employee Benefits Expense	28	666,372,414	658,083,385
Interest and Finance Costs	29	235,057,501	78,178,599
Depreciation and Amortisation Expense	14	49,949,657	77,964,665
Other Expenses	30	455,577,179	438,339,810
Total Expenses		1,494,875,867	1,387,328,414
V. Profit before tax (III-IV)		1,541,393,636	607,054,517
VI. Tax expense / (Benefit) :			
(1) Current Tax		482,925,330	175,930,000
(2) Short/(Excess) provision for tax relating to prior years		16,435,779	(210,535,333)
(3) Deferred Tax (net) (Refer note 7 & 17)		25,892,079	8,667,059
		525,253,188	(25,938,274)
VII. Profit/(Loss) for the year (V-VI)		1,016,140,448	632,992,791
VIII. Minority Interest		(216,690)	—
IX. Profit post minority interest		1,016,357,138	632,992,791
X. Earnings per Equity Share:	37		
(1) Basic		4.40	2.74
(2) Diluted		4.29	2.74
Face value per Equity Share		2.00	2.00
Notes forming part of the financial statements	1 - 42		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, April 22, 2014

For and on behalf of the Board of Directors

Divyesh B. Shah
Whole Time Director &
Chief Executive Officer

Mumbai, April 22, 2014

Ashok Sharma
Whole Time Director

Rajeev Lochan Agrawal
Chief Financial
Officer

R. K. Agarwal
Company
Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2014

32

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A Cash flows from Operating Activities :				
Profit before Tax		1,541,393,636		607,054,517
Adjustments for :				
Loss on Disposal of Subsidiary Company	519,794		—	
Depreciation and Amortisation Expense	49,949,657		77,964,665	
Provision for Gratuity and Compensated Absences	(3,758,936)		(169,211)	
Provision for Doubtful Debts, Advances and Security Deposits	3,952,788		50,746,871	
Bad Debts / Advances written off	1,002,911		3,238,075	
Loss on Sale / Scrapping of Fixed Assets	23,369,029		9,054,669	
Sundry Credit Balances written back	(8,692,673)		(3,401,436)	
Excess Provision for Incentive, Bonus and Other Expenses no longer required written back	(64,190,552)		(75,532,026)	
Profit on Sale of Long-Term Investments	(7,978,629)		(1,297,121)	
Profit on Sale of Current Investments	(7,542,569)		(1,062,163)	
Share of Profit in Associates (net)	(991,709)		(659,502)	
Dividend Income on Investments	(21,900,218)		(18,332,151)	
Unrealised Foreign Exchange Gain	(2,898,649)		(977,638)	
Interest Income from Inter-Corporate Deposits	(19,635,073)		(10,590,905)	
Interest Income from Loan	—		(26,877,040)	
Interest Expense	219,392,993		62,357,504	
		160,598,164		64,462,591
Operating Profit before Working Capital changes		1,701,991,800		671,517,108
Adjustments for:				
Trade Receivable and Other Assets	2,439,577,116		(882,037,466)	
Trade Payables and Other Liabilities	(51,924,421)		(553,934,216)	
		2,387,652,695		(1,435,971,682)
Cash Generated from / (Used in) Operations		4,089,644,495		(764,454,574)
Income Taxes Paid (net)	(327,934,628)		(173,538,231)	
		(327,934,628)		(173,538,231)
Net Cash Generated from / (Used in) Operating Activities		3,761,709,867		(937,992,805)
B Cash flow from Investing Activities :				
Purchase of Fixed Assets (including Capital Advances given)	(53,936,386)		(33,522,208)	
Proceeds from Sale of Fixed Assets	6,913,652		3,996,369	
Purchase of Long-Term Investments	(10,500,000)		—	
Proceeds from Sale of Long-Term Investments	18,483,629		1,297,121	
Investment in Preference Share Capital	(750,000,000)		—	
Proceeds from Redemption of Preference Share Capital	3,700,000,000		—	
Investment in Optionally Convertible Debentures (Purchase) / Redemption of units of Mutual Fund	(2,200,000,000)		—	
Inter-Corporate Deposits Realised (net)	(190,942,280)		401,081,874	
Other Loans received Back	876,375,000		185,000,000	
Proceeds from Escrow Account	—		50,000,000	
Proceeds from Escrow Account	16,049,110		—	
Dividend Income on Investments	21,900,218		18,332,151	
Interest Income from Inter-Corporate Deposits	19,635,073		10,590,905	
Interest Income from Loan	—		26,877,040	
Net Cash Generated from Investing Activities		1,453,978,016		663,653,252

Consolidated Cash Flow Statement

for the year ended March 31, 2014 (contd.)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
C Cash flows from Financing Activities				
Money received against Share Warrants		189,182,500		—
Proceeds from Bank Loans (net)		627,127,601		504,852,979
Repayment of Other Secured Loans (net)		(5,319,200,000)		—
Proceeds from Commercial Papers		4,000,000,000		1,250,000,000
Repayment of Commercial Papers		(2,500,000,000)		(750,000,000)
Inter Corporate Deposits Taken		12,500,000		—
Payment of Final Dividend on Equity Shares pertaining to prior years		(53,513)		(27,635)
Payment of Interim Dividend on Equity Shares		(918,824,337)		(456,100,654)
Corporate Dividend Tax on Interim Dividend on Equity Shares		(157,110,284)		(74,984,454)
Interest Paid		(242,186,116)		(73,590,414)
Net Cash (Used in) / Generated from Financing Activities		(4,308,564,149)		400,149,822
D Net Increase in Cash and Cash equivalents (A+B+C)		907,123,734		125,810,269
E Cash and Cash equivalents at the beginning of the year		525,304,544		399,494,275
F Cash and bank balances on acquisition of subsidiaries during the year (net)		209,609,079		—
G Cash and Cash equivalents at the end of the year (D+E+F)		1,642,037,357		525,304,544

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006, as amended.
- Cash and Cash equivalents as at the end of the year include:

Particulars	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Cash and Bank Balances (Refer note - 22)	2,968,503,136	2,198,594,544
Less: in Fixed Deposit Accounts having Maturity of more than three months	1,326,465,779	1,673,290,000
Cash and Cash Equivalents as restated	1,642,037,357	525,304,544

- Unpaid dividend account balances in designated Bank accounts aggregating to ₹ 22,280,766 (Previous year ₹ 16,708,572) are not available for use by the Company (Refer note - 22(A)).
- Previous year's figures are regrouped wherever considered necessary to conform with current year's groupings/classifications.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, April 22, 2014

For and on behalf of the Board of Directors

Divyesh B. Shah
Whole Time Director &
Chief Executive Officer

Mumbai, April 22, 2014

Ashok Sharma
Whole Time Director

Rajeev Lochan Agrawal
Chief Financial
Officer

R. K. Agarwal
Company
Secretary

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014

Note - 1

Corporate Information:

Indiabulls Securities Limited (“IBSL” or “the Company”) carries on the business as stock and share brokers on the National Stock Exchange of India Limited (“NSE”) and the BSE Limited (“BSE”); depository participants and other related ancillary services. On February 1, 1996, IBSL received a certificate of registration from the Securities and Exchange Board of India (“SEBI”) under sub-section 1 of section 12 of the Securities and Exchange Board of India Act, 1992 to carry on the business as a stock broker. Accordingly, all provisions of the Securities and Exchange Board of India Act, 1992, and Rules and Regulations relating thereto are applicable to the Company. On April 2, 2008 the Equity shares of the Company were listed on the NSE and the BSE after the demerger of the Company from Indiabulls Financial Services Limited (erstwhile holding company) vide Scheme of Arrangement.

Note - 2

Significant Accounting Policies:

a) Basis of Consolidation:

The consolidated financial statements of the Company and its subsidiaries (together the ‘Group’) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

b) Principles of Consolidation:

The consolidated financial statements relate to Indiabulls Securities Limited (the ‘Company’), its subsidiary companies (together the “Group”) and the Group’s share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the subsidiary companies and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2014.
- (ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- (iii) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- (iv) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

c) Goodwill / Capital Reserve on Consolidation:

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

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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

d) Investments in Associates:

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

Name of Associates	Country of Incorporation	Year / Period	Ownership interest (%)	Original cost of investment (₹)	Share of post acquisition Reserves and Surplus (₹)	Carrying cost of Investment (₹)	Statutory Auditor
Arbutus Constructions Private Limited	India	April 01, 2013 to June 10, 2013	48.72%	100,000,000	767,499	100,767,499	S A S & Co.
		<i>April 01, 2012 to March 31, 2013</i>	<i>48.72%</i>	<i>100,000,000</i>	<i>124,092</i>	<i>99,940,680</i>	<i>S A S & Co.</i>
Gyan Sagar Buildtech Private Limited (formerly known as Gyan Sagar Software Technologies Private Limited)	India	April 01, 2013 to June 10, 2013	48.72%	100,000,000	409,877	100,409,877	S A S & Co.
		<i>April 01, 2012 to March 31, 2013</i>	<i>48.72%</i>	<i>100,000,000</i>	<i>544,944</i>	<i>100,544,944</i>	<i>S A S & Co.</i>
Viscaria Builders Private Limited	India	April 01, 2013 to June 10, 2013	48.72%	100,000,000	(185,667)	99,814,333	S A S & Co.
		<i>April 01, 2012 to March 31, 2013</i>	<i>48.72%</i>	<i>100,000,000</i>	<i>271,163</i>	<i>100,271,163</i>	<i>S A S & Co.</i>

(Previous year details are given in italics)

e) Companies included in Consolidation:

Name of Subsidiaries (Ownership as on March 31, 2014)	Country of Incorporation	Year / Period ended included in indirectly	% of Holding and voting power either directly or indirectly through subsidiary	Statutory Auditor
Indiabulls Commodities Limited	India	April 01, 2013 to March 31, 2014	100.00%	A Sardana & Co.
		<i>April 01, 2012 to March 31, 2013</i>	<i>100.00%</i>	<i>A Sardana & Co.</i>
India Ethanol And Sugar Limited (Subsidiary of Indiabulls Commodities Limited)	India	April 01, 2013 to March 31, 2014	100.00%	A Sardana & Co.
		<i>April 01, 2012 to March 31, 2013</i>	<i>100.00%</i>	<i>A Sardana & Co.</i>
Devata Tradelink Limited	India	April 01, 2013 to March 31, 2014	100.00%	Sumit Mohit & Company
		<i>April 01, 2012 to March 31, 2013</i>	<i>100.00%</i>	<i>Sumit Mohit & Company</i>

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for the year ended March 31, 2014 (contd.)

Name of Subsidiaries (Ownership as on March 31, 2014)	Country of Incorporation	Year / Period ended included in indirectly	% of Holding and voting power either directly or indirectly through subsidiary	Statutory Auditor
Indiabulls Brokerage Limited	India	April 01, 2013 to March 31, 2014	100.00%	A Sardana & Co.
		April 01, 2012 to March 31, 2013	100.00%	A Sardana & Co.
Indiabulls Distribution Services Limited	India	April 01, 2013 to March 31, 2014	100.00%	A Sardana & Co.
		April 01, 2012 to March 31, 2013	100.00%	A Sardana & Co.
Auxesia Soft Solutions Limited	India	April 01, 2013 to March 31, 2014	100.00%	Sumit Mohit & Company
		April 01, 2012 to March 31, 2013	100.00%	Sumit Mohit & Company
Pushpanjali Finsolutions Private Limited (Subsidiary of Indiabulls Distribution Services Limited)	India	June 28, 2013 to October 30, 2013	99.83%	S A S & Co.
		October 31, 2013 to March 31, 2014	100.00%	
Arbutus Constructions Private Limited (Subsidiary of Devata Tradelink Limited)	India	June 11, 2013 to October 31, 2013	90.91%	S A S & Co.
		November 1, 2013 to March 31, 2014	100.00%	
Gyan Sagar Buildtech Private Limited (formerly known as Gyan Sagar Software Technologies Private Limited) (Subsidiary of Devata Tradelink Limited)	India	June 11, 2013 to October 31, 2013	90.91%	S A S & Co.
		November 1, 2013 to March 31, 2014	100.00%	
Shivshakti Financial Services Private Limited (Subsidiary of Indiabulls Distribution Services Limited)	India	June 28, 2013 to October 30, 2013	99.83%	S A S & Co.
		October 31, 2013 to March 31, 2014	100.00%	
Astraea Constructions Private Limited (Subsidiary of Indiabulls Distribution Services Limited)	India	June 11, 2013 to October 31, 2013	90.91%	S A S & Co.
		November 1, 2013 to March 31, 2014	100.00%	
Silenus Buildtech Private Limited (formerly known as Silenus Software Technologies Private Limited) (Subsidiary of Indiabulls Distribution Services Limited)	India	June 11, 2013 to October 31, 2013	90.91%	S A S & Co.
		November 1, 2013 to March 31, 2014	100.00%	
Astilbe Builders Private Limited (Subsidiary of Indiabulls Distribution Services Limited)	India	June 11, 2013 to October 31, 2013	90.91%	S A S & Co.
		November 1, 2013 to March 31, 2014	100.00%	

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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Name of Subsidiaries (Ownership as on March 31, 2014)	Country of Incorporation	Year / Period ended included in indirectly	% of Holding and voting power either directly or indirectly through subsidiary	Statutory Auditor
Pushpanjali Fincon Private Limited (50% held by Arbutus Constructions Private Limited and 50% held by Gyan Sagar Buildtech Private Limited)	India	June 11, 2013 to October 31, 2013	90.68%	S A S & Co.
		November 1, 2013 to January 14, 2014	99.75%	
		January 15, 2014 to March 31, 2014	100.00%	
Viscaria Builders Private Limited (Subsidiary of Devata Tradelink Limited, upto February 28, 2014)	India	June 11, 2013 to October 31, 2013	90.91%	S A S & Co.
		November 1, 2013 to February 28, 2014	100.00%	

(Previous year details are given in italics)

The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the Holding Company for its independent financial statements.

f) Information relating to Subsidiaries including subsidiaries of subsidiaries:

(In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8th February, 2011) in compliance with section 212 of the Companies Act, 1956 for the year ended 31 March, 2014

Particulars	(Amount in ₹)	
	2013-14	2012-13
Indiabulls Commodities Limited		
Share Capital	6,000,000	6,000,000
Reserves and Surplus (Surplus/(Deficit))	139,126,081	136,860,226
Total Assets (Excluding Investments considered below)	651,285,352	258,545,172
Total Liabilities	508,093,041	117,616,167
Details of Investments (excluding investment in the subsidiary companies)	33,770	31,221
Turnover (including Other Income)	47,231,536	142,770,268
Profit / (Loss) before Taxation	4,886,914	(8,448,496)
Provision for Taxation	2,621,063	649,236
Profit / (Loss) after Taxation	2,265,851	(9,097,732)
Proposed Dividend (including Corporate Dividend Tax)	—	—
India Ethanol And Sugar Limited		
Share Capital	1,900,000	1,900,000
Reserves and Surplus (Surplus/(Deficit))	(1,639,590)	(1,780,404)
Total Assets (Excluding Investments considered below)	285,646	154,596
Total Liabilities	25,236	35,000
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	202,084	200,000
Profit before Taxation	174,814	155,914
Provision for Taxation	34,000	30,000
Profit after Taxation	140,814	125,914
Proposed Dividend (including Corporate Dividend Tax)	—	—

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Particulars	(Amount in ₹)	
	2013-14	2012-13
Devata Tradelink Limited		
Share Capital	500,000	500,000
Reserves and Surplus (Surplus/(Deficit))	(1,806,261,600)	(1,806,204,423)
Total Assets (Excluding Investments considered below)	122,779,547	13,186,587
Total Liabilities	1,928,541,147	2,118,891,010
Details of Investments (excluding investment in the subsidiary companies)	—	300,000,000
Turnover (including Other Income)	800,000	200,000
(Loss) / Profit before Taxation	(54,487)	125,032
Provision for Taxation	2,690	—
(Loss) / Profit after Taxation	(57,177)	125,032
Proposed Dividend (including Corporate Dividend Tax)	—	—
Indiabulls Brokerage Limited		
Share Capital	55,000,000	55,000,000
Reserves and Surplus (Surplus/(Deficit))	(16,674,760)	(18,398,306)
Total Assets (Excluding Investments considered below)	38,868,855	38,077,150
Total Liabilities	543,615	1,475,456
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	4,302,210	1,699,276
Profit / (Loss) before Taxation	1,760,256	(2,349,147)
Provision for Taxation	36,711	53,176
Profit / (Loss) after Taxation	1,723,545	(2,402,323)
Proposed Dividend (including Corporate Dividend Tax)	—	—
Indiabulls Distribution Services Limited		
Share Capital	500,000	500,000
Reserves and Surplus (Surplus/(Deficit))	113,804,987	81,295,120
Total Assets (Excluding Investments considered below)	2,875,366,692	1,699,491,687
Total Liabilities	3,835,112,554	1,617,696,567
Details of Investments (excluding investment in the subsidiary companies)	198,484,849	—
Turnover (including Other Income)	2,045,506,082	727,340,555
Profit before Taxation	1,100,292,630	126,497,386
Provision for Taxation	365,812,763	39,112,461
Profit after Taxation	734,479,867	87,384,925
Proposed Dividend (including Corporate Dividend Tax)	198,891,500	—

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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Particulars	(Amount in ₹)	
	2013-14	2012-13
Auxesia Soft Solutions Limited		
Share Capital	500,000	500,000
Reserves and Surplus (Surplus/(Deficit))	(59,112)	(94,395)
Total Assets (Excluding Investments considered below)	470,410	455,605
Total Liabilities	29,522	50,000
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	77,968	34,816
Profit / (Loss) before Taxation	43,593	(27,036)
Provision for Taxation	8,310	4,823
Profit / (Loss) after Taxation	35,283	(31,859)
Proposed Dividend (including Corporate Dividend Tax)	—	—
Pushpanjali Finsolutions Private Limited		
Share Capital	60,100,000	—
Reserves and Surplus (Surplus/(Deficit))	(10,833,669)	—
Total Assets (Excluding Investments considered below)	49,880,723	—
Total Liabilities	614,392	—
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	3,041,364	—
Profit / (Loss) before Taxation	1,955,585	—
Provision for Taxation	750,000	—
Profit / (Loss) after Taxation	1,205,585	—
Proposed Dividend (including Corporate Dividend Tax)	—	—
Arbutus Constructions Private Limited		
Share Capital	1,100,000	—
Reserves and Surplus (Surplus/(Deficit))	7,269,804	—
Total Assets (Excluding Investments considered below)	59,223,287	—
Total Liabilities	70,903,483	—
Details of Investments (excluding investment in the subsidiary companies)	20,050,000	—
Turnover (including Other Income)	6,283,560	—
Profit / (Loss) before Taxation	(1,955,752)	—
Provision for Taxation	—	—
Profit / (Loss) after Taxation	(1,955,752)	—
Proposed Dividend (including Corporate Dividend Tax)	—	—

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Particulars	(Amount in ₹)	
	2013-14	2012-13
Gyan Sagar Buildtech Private Limited (formerly known as Gyan Sagar Software Technologies Private Limited)		
Share Capital	1,100,000	—
Reserves and Surplus (Surplus/(Deficit))	11,858,589	—
Total Assets (Excluding Investments considered below)	231,489,670	—
Total Liabilities	238,581,081	—
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	13,567,711	—
Profit / (Loss) before Taxation	4,062,440	—
Provision for Taxation	1,055,000	—
Profit / (Loss) after Taxation	3,007,440	—
Proposed Dividend (including Corporate Dividend Tax)	—	—
Shivshakti Financial Services Private Limited		
Share Capital	23,166,000	—
Reserves and Surplus (Surplus/(Deficit))	877,694,321	—
Total Assets (Excluding Investments considered below)	916,255,960	—
Total Liabilities	15,395,639	—
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	99,705,730	—
Profit / (Loss) before Taxation	15,131,398	—
Provision for Taxation	6,422,004	—
Profit / (Loss) after Taxation	8,709,394	—
Proposed Dividend (including Corporate Dividend Tax)	—	—
Astraea Constructions Private Limited		
Share Capital	100,000	—
Reserves and Surplus (Surplus/(Deficit))	(287,712)	—
Total Assets (Excluding Investments considered below)	1,873,524	—
Total Liabilities	2,061,236	—
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	35,331	—
Profit / (Loss) before Taxation	(3,116,070)	—
Provision for Taxation	(852,000)	—
Profit / (Loss) after Taxation	(2,264,070)	—
Proposed Dividend (including Corporate Dividend Tax)	—	—

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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Particulars	(Amount in ₹)	
	2013-14	2012-13
Silenus Buildtech Private Limited		
(formerly known as Silenus Software Technologies Private Limited)		
Share Capital	100,000	—
Reserves and Surplus (Surplus/(Deficit))	158,120	—
Total Assets (Excluding Investments considered below)	1,769,356	—
Total Liabilities	1,511,236	—
Details of Investments (excluding investment in the subsidiary companies) - Treasury Bill	—	—
Turnover (including Other Income)	178,027	—
Profit / (Loss) before Taxation	(2,248,135)	—
Provision for Taxation	(692,000)	—
Profit / (Loss) after Taxation	(1,556,135)	—
Proposed Dividend (including Corporate Dividend Tax)	—	—
Astilbe Builders Private Limited		
Share Capital	100,000	—
Reserves and Surplus (Surplus/(Deficit))	121,998	—
Total Assets (Excluding Investments considered below)	1,333,234	—
Total Liabilities	1,111,236	—
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	831,616	—
Profit / (Loss) before Taxation	(98,566)	—
Provision for Taxation	(30,000)	—
Profit / (Loss) after Taxation	(68,566)	—
Proposed Dividend (including Corporate Dividend Tax)	—	—
Pushpanjali Fincon Private Limited		
Share Capital	40,100,000	—
Reserves and Surplus (Surplus/(Deficit))	(22,374,847)	—
Total Assets (Excluding Investments considered below)	93,605,938	—
Total Liabilities	75,880,785	—
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	9,817,378	—
Profit / (Loss) before Taxation	(2,886,116)	—
Provision for Taxation	299,000	—
Profit / (Loss) after Taxation	(3,185,116)	—
Proposed Dividend (including Corporate Dividend Tax)	—	—

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Particulars	(Amount in ₹)	
	2013-14	2012-13
Viscaria Builders Private Limited		
Share Capital	—	—
Reserves and Surplus (Surplus/(Deficit))	619,379	—
Total Assets (Excluding Investments considered below)	—	—
Total Liabilities	—	—
Details of Investments (excluding investment in the subsidiary companies)	—	—
Turnover (including Other Income)	1,268,189	—
Profit / (Loss) before Taxation	669,379	—
Provision for Taxation	50,000	—
Profit / (Loss) after Taxation	619,379	—
Proposed Dividend (including Corporate Dividend Tax)	—	—

There were no figures in Foreign Currency appearing in the accounts of the subsidiary companies.

g) Use of Estimates:

The preparation of the consolidated 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) 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.

h) Cash and Cash Equivalents (for purposes of Cash Flow Statement):

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.

i) Cash Flow Statement:

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

j) Revenue Recognition:

- Revenue from Securities Brokerage activities is accounted for on the trade date of the transaction.
- Income from Brokerage and commission on account of cross-selling of real estate products is recognised on an accrual basis when the services are determined to be completed, generally set out under the terms of contract/agreements with respective customers.
- Income from fee based advisory services and consultancy is recognised on an accrual basis.
- Revenue from interest charged to customers on margin funding is recognised on a daily/ monthly basis up to the last day of accounting period.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

- Depository income is accounted on an accrual basis as and when the right to receive the income is established. Annual Maintenance charges are recognised pro-rata over the period it is charged.
- Income from trading account maintenance is accounted on an accrual basis and when the right to receive the income is established.
- Revenue from interest on fixed deposits is recognised on an accrual basis.
- Commission on mutual funds is recognised on an accrual basis.
- Dividend income on Equity shares is recognised when the right to receive the dividend is unconditional as at the Balance Sheet date.
- Dividend income on units of mutual funds is recognised when the right to receive the dividend is unconditional as at the Balance Sheet date. Any gains/losses on sale / redemption of units are recognised on the date of sale / redemption.
- Interest income on Inter-Corporate Deposits is recognised on an accrual basis.
- Interest income on other deposits is recognised on an accrual basis.
- Interest Income from financing activities and others is recognised on an accrual basis in terms of RBI Directions, 2007.
- Interest income on Non Performing assets (NPA's) is recognised only when it is actually received.

k) Stock-in-trade:

Stock-in-trade comprising of securities held for the purposes of trading is valued at lower of cost and net realisable value. Profit or loss on sale of such securities is determined using the weighted average cost method.

l) Commercial Papers:

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

m) Fixed Assets:

(i) Tangible Assets:

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

(ii) Intangible Assets:

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

n) Depreciation / Amortisation:

Depreciation on tangible fixed assets is provided on a straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except leasehold improvements which are amortised over the tenure of the lease. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / deduction from fixed assets is provided for up to the date of sale / deduction / scrapping, as the case may be. Assets costing ₹ 5,000 or less per item are fully depreciated in the year of capitalisation.

Intangible assets consisting of Membership Rights of the BSE Limited are amortised on a straight-line method basis over a period of five years from the date when the rights became available for use.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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.

o) Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

p) Investments:

Investments are classified as long-term and current. Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

q) Foreign Currency Transactions and Translations:

Recognition & translation

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

Exchange Differences

- i. Exchange differences arising on a monetary item that in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.
- ii. The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "Foreign currency translation reserve" until disposal / recovery of the net investment. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.
- iii. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
- iv. All other exchange differences are recognised as income or as expenses in the period in which they arise.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

r) Employee Benefits:

The Company has a defined contribution plan namely Provident Fund. Annual contribution to the Employees Provident Fund Organisation is charged to the Statement of Profit and Loss. The Company has unfunded defined benefit plans namely long-term compensated absences and gratuity for all eligible employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the Projected Unit Credit Method. Actuarial gains / losses comprise experience adjustments and the effects of change in actuarial assumptions and are recognised in the Statement of Profit and Loss as income or expenses as applicable.

s) Deferred Employee Stock Compensation Cost:

The Company follows the intrinsic value method as per the Guidance Note on "Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India for accounting for Employee Stock Options granted. Deferred employee stock compensation cost for stock options are recognised and measured by the difference between the intrinsic value of the Company's shares of the stock options at the grant date and the exercise price to be paid by the option holders. The compensation expense is amortised over the vesting period of the options. The fair value of options for disclosure purposes is measured on the basis of a fair valuation certified by an independent firm of Chartered Accountants in respect of the stock options granted.

t) 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 provisions of the Income Tax Act, 1961.

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 probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

u) Leases:

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

v) Share Issue Expenses:

Share issue expenses are adjusted against the Securities Premium Account to the extent of the balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

w) Borrowing Costs:

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

x) 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.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segment on the basis of their relationship to the operating activities of the segments.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

y) Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

z) Derivative Contracts:

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

	As at March 31, 2014		As at March 31, 2013	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
Note - 3				
Share Capital				
Authorised				
Equity Shares of face value of ₹ 2 each	500,000,000	1,000,000,000	500,000,000	1,000,000,000
Preference Shares of face value of ₹ 4.61 each	25,000,000	115,250,000	25,000,000	115,250,000
		1,115,250,000		1,115,250,000
Issued, subscribed and fully paid up ^{(i) to (v)}				
Equity Shares of face value of ₹ 2 each fully paid up	231,112,511	462,225,022	231,112,511	462,225,022
The Company has only one class of Equity Shares having a face value of ₹ 2 per share. Each holder of Equity Share is entitled to one vote per share. The final dividend proposed by the Board of Directors if any is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
		462,225,022		462,225,022

- (i) 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.
- (ii) Holders of Global Depository Receipts ("GDRs") will be entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares, less the fees and expenses payable under such Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDRs don't have voting rights with respect to the Deposited Shares. The GDRs may not be transferred to any person located in India including Indian residents or ineligible investors except as permitted by Indian laws and regulations.
- (iii) 23,486,341 Equity Shares of face value of ₹ 2 each were bought back by the Company during the year ended March 31, 2010.
- (iv) **Shares held by Shareholders each holding more than 5% shares:**

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of shares held	% of holding	No. of shares held	% of holding
Equity shares of ₹ 2 each fully paid up				
Promoters and Promoter Group				
Sameer Gehlaut	34,171,089	14.78%	34,171,089	14.78%
Rajiv Rattan	17,330,253	7.50%	17,330,253	7.50%
Saurabh Mittal	17,212,083	7.45%	17,212,083	7.45%
Orthia Properties Private Limited	23,400,000	10.12%	21,407,000	9.26%
	92,113,425	39.85%	90,120,425	38.99%

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

(v) Shares reserved for issue under options:

- (a) 10,435,525 Equity Shares (Previous year 11,465,083 Equity Shares) of face value of ₹ 2 are reserved under various option schemes of the Company (Refer note - 32).
- (b) 58,210,000 Equity Shares (Previous year Nil) of face value of ₹ 2 each are reserved towards Share Warrants of the Company (Refer note - 5(i)).

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 4		
Reserves and Surplus		
Capital Reserve on Consolidation		
Balance as per last Balance Sheet	24,445,430	24,445,430
Add : Effect of changes in Group's interest (net)	51,743,178	—
Closing balance	76,188,608	24,445,430
Capital Redemption Reserve		
Balance as per last Balance Sheet	360,036,184	360,036,184
Add: Addition during the year	10,000,000	—
Closing balance	370,036,184	360,036,184
Securities Premium Account		
Balance as per last Balance Sheet	18,046,690	18,046,690
Foreign Currency Monetary Item Translation Difference Account ⁽ⁱ⁾		
Opening Balance	7,294,807	3,138,319
Add : Additions during the year	7,377,496	5,134,126
Less: Amortised during the year	1,738,680	977,638
Less: Utilised during the year	1,221,967	—
Closing balance	11,711,656	7,294,807
Reserve Fund (U/s 45-IC of RBI Act, 1934)		
Acquired on Consolidation	16,889,535	—
Add : Additions during the year	1,741,879	—
Closing balance	18,631,414	—
General Reserve		
Opening Balance	154,535,527	98,700,000
Add: Transfer from the Statement of Profit and Loss	265,219,949	55,835,527
Closing Balance	419,755,476	154,535,527
Surplus in the Statement of Profit and Loss		
Opening Balance	1,149,084,855	1,379,527,149
Add: Profit – post minority interest	1,016,357,138	632,992,791
Amount available for appropriation (a)	2,165,441,993	2,012,519,940
Less: Appropriations :		
Interim Dividend on Equity Shares ⁽ⁱⁱ⁾	938,594,948	693,337,533
Corporate Dividend Tax on Interim Dividend on Equity Shares	159,514,211	114,262,025
Amount transferred during the year to Reserve Fund (U/s 45-IC of the RBI Act,1934)	1,741,879	—
Transfer to Capital Redemption Reserve	—	—
Transfer to General Reserve	265,219,949	55,835,527
Total Appropriations (b)	1,365,070,987	863,435,085
Balance of Profit Carried Forward (a)-(b)	800,371,006	1,149,084,855
	1,714,741,034	1,713,443,493

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

- (i) Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending Accounting Standard 11 - 'Accounting for the Effects of Changes in Foreign Exchange Rates' as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company has exercised the option as per Paragraph 46A inserted in the said Accounting Standard for amortisation of foreign exchange gain/loss on long-term monetary items over the remaining life of the concerned monetary items. Consequently, an amount of ₹ 11,711,656 (Previous year ₹ 7,294,807) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on March 31, 2014, net of forex gain amounting to ₹ 1,738,680 (Previous year ₹ 977,638) amortised in the Statement of Profit and Loss and ₹ 1,221,967 (Previous year ₹ Nil) utilised towards the partial amount received from the Escrow Account.
- (ii) During the year the Company has declared and paid Interim Dividend per Share aggregating to ₹ 3 (Previous Year ₹ 2 in the respective quarters) vide Board Resolution dated July 24, 2013, October 21, 2013 and January 23, 2014. Further, the Company has declared interim dividend of ₹ 1 (Previous Year ₹ 1) vide Board Resolution dated April 22, 2014.

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 5		
Money received against Share Warrants		
Money received against Share Warrants	189,182,500	—
	<u>189,182,500</u>	<u>—</u>

- (i) The Board of Directors of the Company at their meeting held on October 21, 2013 and as approved at its Extra-Ordinary General Meeting held on November 20, 2013 have resolved to create, offer, issue and allot up to 58,210,000 warrants, convertible into 58,210,000 equity shares of ₹ 2/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹ 13/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and subsequently these warrants were allotted on December 2, 2013 to the promoters, certain promoters entities and to an executive director and 25% application money amounting to ₹ 189,182,500/- was received from them. The warrants will be converted into equivalent number of equity shares on payment of the balance amount at any time on or before June 1, 2015. In the event the warrants are not converted into equity shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants. Further, subsequent to the Balance Sheet date the Company has allotted 14,144,904 Equity Shares on April 11, 2014 on conversion of 14,144,904 warrants to one of the promoter group entity on realisation of balance 75% towards these warrants. Also, the provision of interim dividend is made towards the converted warrants amounting to ₹ 14,144,904 (₹ 1 per equity share).

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 6		
Long-Term Borrowings		
Term Loans		
Secured		
From Banks ⁽ⁱ⁾	9,283,488	8,385,242
	<u>9,283,488</u>	<u>8,385,242</u>

- (i) Term loans are secured against hypothecation of the vehicles purchased. The rate of interest of such term loans ranges between 9% p.a. to 12% p.a. The term loans are repayable in equated monthly installments ranging for a period of 3 to 5 years.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 7		
Deferred Tax Liabilities (Net)		
Deferred Tax Liability:		
Difference between book balance & tax balance of fixed assets	322,951	369,311
(a)	322,951	369,311
Deferred Tax Asset:		
Disallowances u/s. 43B of the Income-Tax Act, 1961	15,819	—
Disallowances u/s. 40A(7) of the Income-Tax Act, 1961	43,300	—
(b)	59,119	—
Deferred Tax Liabilities (Net)	263,832	369,311
Note - 8		
Other Long-Term Liabilities		
Other Liabilities - Amount received from Depository for GDR	99,786,644	99,786,644
	99,786,644	99,786,644
Note - 9		
Long-Term Provisions		
Provision for Employee Benefits		
Provision for Gratuity (Refer note - 33)	38,454,597	39,464,903
Provision for Compensated Absences (Refer note - 33)	11,139,399	11,223,615
Provision for Loan Assets	3,072,134	—
Contingent Provisions against Standard Assets	744,232	—
Provision for Contingencies	155,541	—
	53,565,903	50,688,518
Note - 10		
Short-Term Borrowings		
Secured loans		
From Banks		
Bank Overdraft ⁽ⁱ⁾	1,481,977,655	858,953,141
From Others ⁽ⁱⁱ⁾	180,000,000	—
Unsecured loans		
Commercial Papers (Maximum balance outstanding during the year ₹ 2,000,000,000 (Previous year ₹ 500,000,000))	2,000,000,000	500,000,000
	3,661,977,655	1,358,953,141

- (i) Bank overdraft amounting to ₹ 1,481,977,655 (Previous year ₹ 792,821,373) are secured against fixed deposit placed and ₹ Nil (Previous year ₹ 66,131,768) are secured against book debt placed with respective banks.
- (ii) The secured loan from others is secured against the Company's investments in mutual fund. The loan is repayable within 2 months and carries interest @ 12.20% p.a.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 11		
Trade Payables		
(a) Dues to Micro and Small Enterprises ⁽ⁱ⁾	—	—
(b) Dues to Others	4,033,025	14,464,094
	<u>4,033,025</u>	<u>14,464,094</u>

- (i) Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:
- An amount of ₹ Nil (Previous year ₹ Nil) and ₹ Nil (Previous year ₹ Nil) was due and outstanding to suppliers as at the end of the accounting year on account of principal and interest respectively.
 - No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006; no amount was paid to the supplier beyond the appointed date.
 - No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
 - No amount of interest was accrued and unpaid at the end of the accounting year.
The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 12		
Other Current Liabilities		
Current maturity of Term Loans (Refer note - 6(i))	7,413,692	4,208,851
Brokerage income received in advance	6,600,710	4,747,996
Unpaid Dividends ⁽ⁱ⁾	22,280,766	16,708,572
Margin from Customers (Refer note - 22(ii))	677,399,085	740,394,607
Upfront Deposits from Underwriters	—	550,000
Temporary Overdrawn bank balances as per books	380,138,239	311,956,767
Others - Current Liabilities for Expense Provisions and Statutory Dues	499,873,361	368,905,274
	<u>1,593,705,853</u>	<u>1,447,472,067</u>

- (i) In respect of amounts mentioned under Section 205C of the Companies Act, 1956, ₹ Nil (Previous year ₹ Nil) were required to be credited to the Investor Education and Protection Fund as at March 31, 2014.

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 13		
Short-Term Provisions		
Provision for Gratuity (Refer note - 33)	1,571,329	3,132,603
Provision for Compensated Absences (Refer note - 33)	403,925	1,507,065
Provision for Taxation (net of advance tax ₹ 1,837,449,656, Previous year ₹ 373,328,609)	96,635,459	28,062,296
Provision for Interim Dividend on Equity Shares (Refer note - 5(i))	245,257,415	231,112,511
Provision for Corporate Dividend Tax on Interim Dividend on Equity Shares	41,681,498	39,277,571
Provision for Loan Assets	4,941,761	—
Contingent Provisions against Standard Assets	1,197,154	—
	<u>391,688,541</u>	<u>303,092,046</u>

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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Amount (₹)

Note: 14 Fixed Assets

Particulars	GROSS BLOCK AT COST					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 01, 2013	Acquired on consolidation	Additions during the year	Adjustments/sales during the year	As at March 31, 2014	As at April 1, 2013	Acquired on consolidation	Provided during the year	Adjustments/sales during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
A. Tangible Assets												
Furniture and Fixtures	25,659,204	—	1,071,590	1,826,293	24,904,501	18,820,207	—	1,191,813	1,467,209	18,544,811	6,359,690	6,838,997
Vehicles*	88,728,054	—	13,396,279	18,911,515	83,212,818	43,119,712	—	8,189,993	12,535,736	38,773,969	44,438,849	45,608,342
Office Equipment	229,415,238	343,392	3,751,575	30,387,894	203,122,311	75,913,979	23,404	10,435,789	11,801,428	74,571,744	128,550,567	153,501,259
Computers	439,227,730	303,787	7,510,320	17,716,310	429,325,527	398,161,093	125,940	20,611,114	17,576,227	401,321,920	28,003,607	41,066,637
Leasehold Improvements	117,301,413	—	1,680,950	12,659,555	106,322,808	45,383,363	—	7,678,245	7,838,286	45,223,322	61,099,486	71,918,050
Total (a)	900,331,639	647,179	27,410,714	81,501,567	846,887,965	581,398,354	149,344	48,106,954	51,218,886	578,435,766	268,452,199	318,933,285
Previous year (i)	909,686,375	—	18,985,179	28,339,915	900,331,639	531,293,523	—	65,393,708	15,288,877	581,398,354	318,933,285	—
B. Intangible Assets												
Membership rights of BSE Limited	7,005,000	—	—	—	7,005,000	7,005,000	—	—	—	7,005,000	—	—
Software	597,125,442	—	39,048,497	—	636,173,939	593,301,308	—	1,842,703	—	595,144,011	41,029,928	3,824,134
Indiabulls.com website	5,262,584	—	—	—	5,262,584	5,262,584	—	—	—	5,262,584	—	—
Total (b)	609,393,026	—	39,048,497	—	648,441,523	605,568,892	—	1,842,703	—	607,411,595	41,029,928	3,824,134
Previous year (ii)	607,316,815	—	2,076,211	—	609,393,026	592,997,935	—	12,570,957	—	605,568,892	3,824,134	—
Current year total ((a)+(b))	1,509,724,665	647,179	66,459,211	81,501,567	1,495,329,488	1,186,967,246	149,344	49,949,657	51,218,886	1,185,847,361	309,482,127	322,757,419
Previous year ((i)+(ii))	1,517,003,190	—	21,061,390	28,339,915	1,509,724,665	1,124,291,458	—	77,964,665	15,288,877	1,186,967,246	322,757,419	—

* Includes vehicles having carrying cost of ₹ 26,681,870 (Previous year ₹ 18,768,089) which are hypothecated to banks against the loans.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 15		
Goodwill on Consolidation		
Balance as per last Balance Sheet	—	—
Add : On acquisition of Subsidiaries during the year	31,977,072	—
Closing balance	<u>31,977,072</u>	<u>—</u>

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 16		
Non-Current Investments		
Long-term - Trade - Unquoted (at cost unless otherwise stated)		
Investments in Equity Instruments :		
130,000 (Previous year 130,000) fully paid up Equity Shares of face value of ₹ 1 each in BSE Limited	10,000	10,000
Investments in Government or trust securities :		
Investment in 6 Years National Saving Certificate VIII Issue	33,770	31,221
Total (A)	<u>43,770</u>	<u>41,221</u>
Long-term - Others - Unquoted (at cost unless otherwise stated)		
Investments in Equity Instruments :		
(i) In Associate Companies :		
Nil (Previous year 9,500) fully paid up Equity Shares of Arbutus Constructions Private Limited (Face Value ₹ 10)	—	9,500,000
Add : Proportionate Share of post acquisition Reserves and Surplus	—	124,092
	<u>—</u>	<u>9,624,092</u>
Nil (Previous year 9,500) fully paid up Equity Shares of Viscaria Builders Private Limited (Face Value ₹ 10)	—	9,500,000
Add : Proportionate Share of post acquisition Reserves and Surplus	—	271,163
	<u>—</u>	<u>9,771,163</u>
Nil (Previous year 9,500) fully paid up Equity Shares of Gyan Sagar Software Technologies Private Limited (Face Value ₹ 10)	—	9,500,000
Add : Proportionate Share of post acquisition Reserves and Surplus	—	544,944
	<u>—</u>	<u>10,044,944</u>
(ii) Other Long-Term Investments :		
288,722 (Previous year 288,722) fully paid-up Ordinary Shares of face value of ₹ 0.001 in Copal Partners Limited ^(a)	125,332,488	125,332,488
Total (B)	<u>125,332,488</u>	<u>154,772,687</u>

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Investments in Preference Shares :

In Associate Companies :

Nil (Previous year 90,500) fully paid up Preference Shares of Arbutus Constructions Private Limited (Face Value ₹ 10)	—	90,500,000
Nil (Previous year 90,500) fully paid up Preference Shares of Viscaria Builders Private Limited (Face Value ₹ 10)	—	90,500,000
Nil (Previous year 90,500) fully paid up Preference Shares of Gyan Sagar Software Technologies Private Limited (Face Value ₹ 10)	—	90,500,000
Total (C)	—	271,500,000
Total (A)+(B)+(C)	125,376,258	426,313,908
Aggregate market value of quoted investments	—	—
Aggregate book value of quoted investments	—	—
Aggregate book value of unquoted investments	125,376,258	426,313,908
Aggregate provision for diminution in value of investments	—	—

- (a) During the year ended March 31, 2012, Copal Partners Limited had bought back 223,222 shares held by the Company vide the Purchase and Cancellation Agreement for the consideration of ₹ 86,226,344. Further, the Company had sold 586,193 shares held by it in Copal Partners Limited to Moody's Group UK LTD for the consideration of ₹ 231,992,806 vide the Share Purchase Deed. Further, the Company had also received ₹ 6,687,129 (Previous year ₹ 1,297,121) as an additional consideration during the year. As a result thereof, the stake of the Company in Copal Partners Limited had been reduced from 4.74% to 1.63%. The proportionate cost of the shares bought back and sold aggregates to ₹ 351,362,195. Out of the total consideration of ₹ 231,992,806 receivable from Moody's Group UK LTD, the Company has received partial amount of ₹ 16,049,110 towards Escrow Account in the current year and ₹ 63,412,482 (excluding foreign exchange gain of ₹ 14,231,506) [Previous year ₹ 77,952,063 (excluding foreign exchange gain of ₹ 8,425,538)] is receivable as at the year ended March 31, 2014 in the form of Loan Notes and Escrow account of the Moody's Group UK LTD.

Note - 17**Deferred Tax Assets (Net)**

In compliance with Accounting Standard - 22 'Accounting for Taxes on Income' as notified under the Companies (Accounting Standards) Rules, 2006, as amended, deferred tax (net) of ₹ 25,892,079 (Previous year - ₹ 8,667,059) has been debited to the Statement of Profit and Loss for the year ended March 31, 2014. The breakup of deferred tax into major components is as under:

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Deferred Tax Assets:		
Provision for Doubtful Debts and Advances	23,012,239	39,411,388
Contingent Provisions against Standard Assets	3,436,668	—
Disallowances u/s. 43B of the Income-Tax Act, 1961	3,891,930	4,252,425
Disallowances u/s. 40A(7) of the Income-Tax Act, 1961	13,506,216	14,227,942
Difference between book balance and tax balance of fixed assets	5,874,163	—
Others	555,447	4,629,973
(a)	50,276,663	62,521,728
Deferred Tax Liability:		
Difference between book balance and tax balance of fixed assets	5,416,673	4,013,353
Others	2,455,987	—
(b)	7,872,660	4,013,353
Deferred Tax Asset (Net)	(a) - (b)	58,508,375

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 18		
Long-Term Loans and Advances		
Unsecured		
(a) Capital Advances		
Considered Good	100,000,000	102,522,825
Considered Doubtful	—	—
	<u>100,000,000</u>	<u>102,522,825</u>
Less: Provision for Doubtful Advances	—	—
	<u>100,000,000</u>	<u>102,522,825</u>
(b) Security Deposits		
(i) Deposits (including margin money) with Exchanges (considered good)	42,506,280	55,718,576
(ii) Deposits with Others		
Considered Good	53,718,591	75,592,205
Considered Doubtful	20,435,139	16,903,403
	<u>74,153,730</u>	<u>92,495,608</u>
Less: Provision for Doubtful Deposits	20,435,139	16,903,403
	<u>53,718,591</u>	<u>75,592,205</u>
(c) Loan Notes, Escrow Receivable account and others (Refer note - 16(a))		
Considered Good	381,026,817	91,636,930
Considered Doubtful	1,267,137	2,677,302
	<u>382,293,954</u>	<u>94,314,232</u>
Less: Provision for Doubtful Advances	1,267,137	2,677,302
	<u>381,026,817</u>	<u>91,636,930</u>
(d) Advance Income Tax/Tax Deducted At Source (Net of provision for tax ₹ 52,352,768; Previous year ₹ 39,383,956)	230,679,333	75,170,937
	<u><u>807,931,021</u></u>	<u><u>400,641,473</u></u>
Note - 19		
Other Non-Current Assets		
Unsecured, Considered Good		
Balance with Banks - in fixed deposit accounts (Refer note - 22(B)(i))	57,900,495	117,391,862
	<u><u>57,900,495</u></u>	<u><u>117,391,862</u></u>

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 20		
Current Investments		
Investments in Mutual Funds - Unquoted ⁽ⁱ⁾		
L & T Mutual Fund	100,000,000	—
No. of units: 98,473.996 (Previous year : Nil)		
NAV at March 31, 2014: ₹ 1039.48 per unit ⁽ⁱⁱ⁾ (Previous year: NA)		
Deutsche Mutual Fund	98,484,849	—
No. of units: 1,003,410.361 (Previous year : Nil)		
NAV at March 31, 2014: ₹ 100.65 per unit ⁽ⁱⁱ⁾ (Previous year: NA)		
	<u>198,484,849</u>	<u>—</u>
Aggregate market value of quoted investments	—	—
Aggregate book value of quoted investments	—	—
Aggregate book value of unquoted investments	<u>198,484,849</u>	<u>—</u>
Aggregate provision for diminution in value of investments	—	—
(i) The investment in Mutual Funds are under lien as security against short term borrowing.		
(ii) Acquired by way of bonus at NAV of ₹ Nil.		

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 21		
Trade Receivables		
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	279,881,949	107,141,640
Considered Doubtful	46,293,967	96,706,169
	<u>326,175,916</u>	<u>203,847,809</u>
Less: Provision for Doubtful Debts	46,293,967	96,706,169
	<u>279,881,949</u>	<u>107,141,640</u>
Others		
Considered Good	1,100,486,686	495,922,433
Considered Doubtful	—	—
	<u>1,100,486,686</u>	<u>495,922,433</u>
	<u>1,380,368,635</u>	<u>603,064,073</u>

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 22		
Cash and Bank Balances		
(A) Cash and Cash Equivalents		
Balance with Banks		
– in Current Accounts	827,196,281	508,525,293
– Deposits with original maturity of less than three months ⁽ⁱ⁾	792,500,000	—
	<u>1,619,696,281</u>	<u>508,525,293</u>
Cash on Hand	60,310	70,679
	<u>1,619,756,591</u>	<u>508,595,972</u>
(B) Other bank balances		
In other deposit accounts ^{(i) & (ii)}		
– in Fixed Deposit Accounts having original maturity of more than twelve months	1,151,012,280	1,298,200,000
– in Fixed Deposit Accounts having original maturity upto twelve months	175,453,499	375,090,000
	<u>1,326,465,779</u>	<u>1,673,290,000</u>
In earmarked accounts		
– in unpaid dividend accounts	22,280,766	16,708,572
	<u>1,348,746,545</u>	<u>1,689,998,572</u>
(A) + (B)	<u><u>2,968,503,136</u></u>	<u><u>2,198,594,544</u></u>

(i) Fixed deposits includes:

- a. ₹ 461,500,000 (Previous year ₹ 800,300,000) pledged with the banks against bank guarantees issued by banks for base capital and additional base capital to National Stock Exchange of India, BSE Limited, National Securities Clearing Corporation Limited, Multi Commodity Exchange of India Limited and National Commodity and Derivative Exchange Limited.
- b. ₹ 31,950,000 (Previous year ₹ 106,850,000) pledged with National Stock Exchange of India, BSE Limited, National Securities Clearing Corporation Limited, Multi Commodity Exchange of India Limited and National Commodity & Derivatives Exchange Limited for the purpose of base capital and additional base capital.
- c. ₹ 1,669,250,000 (Previous year ₹ 878,500,000) pledged with banks for overdraft facilities.
- d. ₹ 10,325,495 (Previous year ₹ 4,554,582) pledged for arbitration matters.
- e. ₹ 190,000 (Previous year ₹ 190,000) pledged with VAT / Sales Tax Authorities.
- f. ₹ 25,000 (Previous year ₹ 25,000) pledged with State Commission, New Delhi for appeal filed by the Company in a consumer dispute matter.

(ii) Pursuant to the Arbitration order received in March 31, 2012, the Company had thus invested sums of money aggregating to ₹ Nil (Previous Year - ₹ 662,315,671) (Net) in various fixed deposits with a scheduled bank and the said fixed deposits were netted off against the dues payable to the customer. Further, in the current year, the Company has settled the same.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Note - 23		
Short-Term Loans and Advances		
(a) Margin Funding Loan Receivables (Secured, Considered Good)	39,557,708	47,822,195
Less: Margin received	31,650,545	24,036,657
	<u>7,907,163</u>	<u>23,785,538</u>
(b) Security Deposits (Unsecured Considered Good)	1,510,052,131	1,232,597,812
(c) Prepaid Expenses, Cenvat Credit Receivable and Others (Unsecured, Considered Good)	319,775,186	44,039,794
(d) Other Loan Given (Unsecured, Considered Good)	327,861,535	—
	<u><u>2,165,596,015</u></u>	<u><u>1,300,423,144</u></u>
Note - 24		
Other Current Assets		
Others		
Interest Accrued on Fixed Deposits	21,982,114	21,184,780
Interest accrued on Loans	70,447,772	—
	<u><u>92,429,886</u></u>	<u><u>21,184,780</u></u>
Note - 25		
Revenue from Operations		
(a) Sale of Services ⁽ⁱ⁾	2,667,359,797	1,632,301,335
(b) Other Operating Revenues ⁽ⁱⁱ⁾	222,949,871	220,220,921
	<u><u>2,890,309,668</u></u>	<u><u>1,852,522,256</u></u>
(i) Sale of Services includes :		
Brokerage Income	2,396,642,374	1,399,980,992
Interest on Margin Funding	36,068,634	62,825,734
Interest from Financing Activities	85,197,662	—
Income from Depository Services	78,916,642	93,753,836
Other Charges including Transaction Charges	70,534,485	75,740,773
	<u><u>2,667,359,797</u></u>	<u><u>1,632,301,335</u></u>

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
(ii) Other Operating Revenues includes :		
Interest on Deposits	154,058,657	181,389,418
Advisory Income	1,779,745	36,727
Consultancy Fees	15,937,488	27,227,375
Income from IPO commission, Mutual Funds commission, Account Opening and other Miscellaneous Income	51,173,981	11,567,401
	<u>222,949,871</u>	<u>220,220,921</u>
	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
Note - 26		
Other Income		
Interest Income		
Interest Income from Inter-Corporate Deposits	19,635,073	10,590,905.00
Interest from Loan	—	26,877,040
Interest Income from Income Tax Refund	9,991,463	2,852,166
	<u>29,626,536</u>	<u>40,320,111</u>
Dividend Income		
Dividend Income on Other Long-Term Investments	19,043,863	14,076,733
Dividend Income on Current Investments	2,856,355	4,255,418
	<u>21,900,218</u>	<u>18,332,151</u>
Other Non-Operating Income		
Excess Provision for Incentive, Bonus and Other Expenses no longer required written back	64,190,552	75,532,026
Sundry Credit Balances written back	8,692,673	3,401,436
Gain on Foreign Exchange Fluctuations (Refer note - 4(i))	2,898,649	977,638
Bad Debt Recovered	254,609	59,740
Profit on Sale of Current Investments	7,542,569	1,062,163
Profit on Sale of Long Term Investments (Refer note - 16(a))	7,978,629	1,297,121
Miscellaneous Income	1,883,691	218,787
Share of Profit in Associates (Net)	991,709	659,502
	<u>94,433,081</u>	<u>83,208,413</u>
	<u>145,959,835</u>	<u>141,860,675</u>

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
Note - 27		
Operating Expenses		
Stamp Duty	26,985,097	38,219,528
Demat Charges	1,500	1,500
SEBI Charges	1,244,047	1,514,119
Commission	2,500,466	3,543,443
Depository Charges	5,488,743	6,411,804
Transaction Charges	24,512,761	42,794,078
Membership Fees	1,428,475	2,797,782
Web Hosting Expenses	11,184,729	12,784,501
VSAT Charges	1,306,778	3,609,143
Leased Line Expenses	7,960,026	15,492,991
Content Expenses	2,885,106	4,529,783
Software Expenses	2,421,388	3,063,283
	87,919,116	134,761,955
	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
Note - 28		
Employee Benefits Expense		
Salaries	641,914,700	625,175,304
Contribution to Provident Fund and Other Funds	2,907,829	4,474,153
Staff Welfare Expenses	7,442,725	13,822,174
Provision for Gratuity and Compensated Absences (Refer note - 33)	14,107,160	14,611,754
	666,372,414	658,083,385
	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
Note - 29		
Interest and Finance Costs		
Bank Charges	11,092,196	15,235,072
Interest on Inter-Corporate Deposits	70,243,046	4,765,973
Interest on Bank Overdraft	67,619,050	37,989,768
Interest on Working Capital Loan	5,513,014	6,312,329
Interest on Short Term Loans	13,169,590	—
Interest on Vehicle Loans	1,326,256	631,857
Interest on Commercial Papers	61,522,037	12,644,340
Interest on Taxes	4,572,312	586,023
Interest - Others	—	13,237
	235,057,501	78,178,599

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

	For the Year ended March 31, 2014 Amount (₹)	For the Year ended March 31, 2013 Amount (₹)
Note - 30		
Other Expenses		
Lease Rent (Refer note - 36)	115,527,933	143,480,198
Rates and Taxes	4,070,519	31,525,704
Electricity Expenses	16,256,459	20,517,051
Insurance	537,008	611,171
Communication Expenses	24,860,949	34,705,518
Professional Charges	116,066,550	57,307,093
Travelling & Conveyance	14,753,328	12,253,196
Printing and Stationery	11,767,204	11,720,132
Office Maintenance	14,079,523	24,292,961
Repairs and Maintenance - Others	15,272,431	24,768,056
Business Promotion	5,992,364	5,246,459
Payment to Statutory Auditors' (Net of Service Tax of ₹ 494,110 Previous year ₹ 954,192)		
– For Statutory Audit	2,972,657	5,720,000
– For Tax Audit	75,000	100,000
– For Certification	500,000	1,000,000
– Reimbursement of Expenses	450,000	900,000
Loss on Erroneous Transactions (net) (Refer note 38)	32,468	302,749
Loss on Disposal of Subsidiary Company	519,794	—
Loss on Sale/ Scrapping of fixed assets	23,369,029	9,054,669
Contingent Provisions	82,250,000	—
Provision for Doubtful Debts, Advances and Security Deposits	3,952,788	50,746,871
Bad Debts / advances written off	52,766,221	99,095,565
Less : Adjusted against provision of earlier years	51,763,310	95,857,490
	1,002,911	3,238,075
Miscellaneous Expenses	1,268,264	849,907
	455,577,179	438,339,810

Note - 31

A. Contingent liabilities not provided for in respect of:

Particulars	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
– Claims against the Company not acknowledged as debts in respect of:		
Penalty for synchronised trading under SEBI regulations ⁽ⁱ⁾	1,500,000	1,500,000
Arbitration matters ⁽ⁱⁱ⁾	2,153,393	201,637
Court Cases	6,640,343	4,446,505

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

- (i) During the year ended March 31, 2011, the Securities Appellate Tribunal (“SAT”) had passed an order dated October 26, 2010 in favour of the Company setting aside the penalty imposed by SEBI. However, during the year ended March 31, 2012, SEBI had preferred an appeal at the Honourable Supreme Court of India against the judgment of the SAT.
- (ii) The Company is involved in various legal proceedings as respondents / defendants for various claims including those related to conduct of its business. In respect of these claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defenses the ultimate disposition of these matters will not have material adverse effect on its financial statements / position.

B. Commitments :

Particulars	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
– Capital Commitments for purchase of fixed assets	400,000,000	417,759,492

Note - 32

Employee Stock Option Schemes:

a) **Employees Stock Option Scheme - 2008**

Pursuant to a resolution passed by the Shareholders on January 19, 2009, the Company had cancelled and withdrawn the existing “Employee Stock Option Scheme - 2007”, covering 15,000,000 stock options and established a new Employee Stock Option Scheme titled “Employee Stock Option Scheme - 2008” in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“SEBI Guidelines”).

Under the Scheme, the Company was authorised to grant 20,000,000 Equity settled options to eligible employees including its directors (other than promoter directors) and employees of its subsidiary companies including their directors. All options under the Scheme are exercisable for Equity Shares of the Company. Employees covered by the plan were granted an option to purchase shares of the Company subject to the requirements of vesting.

A Compensation Committee constituted by the Board of Directors of the Company administered the plan. The Compensation Committee at its meeting held on January 24, 2009, had granted, under the “Indiabulls Securities Limited Employees Stock Option Scheme - 2008” (“IBSL ESOP - 2008”), 20,000,000 Stock Options representing an equal number of Equity Shares of face value ₹ 2 each in the Company, to the Eligible Employees, at an exercise price of ₹ 17.40, being the latest available closing market price on the National Stock Exchange of India Ltd., as on January 23, 2009 following the intrinsic method of accounting as is prescribed in the Guidance Note on Accounting for Employees Share-Based Payments (“the Guidelines”) issued by the Institute of Chartered Accountants of India. As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. The Stock Options so granted, shall vest in the eligible employees over a period of 10 years beginning from January 25, 2010 being the first vesting date. The options granted under each of the slabs, can be exercised by the grantees within a period of five years from the relevant vesting date.

S. No.	Particulars	IBSL ESOP - 2008
1	Exercise price	₹ 17.40
2	Expected volatility	79.00%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	11 Years
5	Expected Dividends yield	22.99%
6	Risk Free Interest rate	6.50%
Fair value of the options under the plans using the Black Scholes Merton Option Pricing Model as certified by an independent firm of Chartered Accountants.		₹ 0.84

The expected volatility was determined based on historical volatility data.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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b) Employees Stock Option Scheme - 2009

The Shareholders of the Company at their Annual General Meeting held on September 30, 2009 have authorised the Board of Directors to grant 20,000,000 options, representing equivalent number of Equity Shares of face value ₹ 2 each in one or more tranches, pursuant to a Employee Stock Option Scheme titled as 'Indiabulls Securities Limited Employees Stock Option Scheme - 2009' ("IBSL ESOP - 2009"). The options covered under the Scheme would be granted at a price and on such terms and conditions as may be decided by the Compensation Committee, to the eligible employees of the Company and its subsidiaries.

The Compensation Committee constituted by the Board of Directors of the Company, at its meeting held on December 1, 2009, granted, under the "Indiabulls Securities Limited Employees Stock Option Scheme- 2009" ("IBSL ESOP – 2009") 10,000,000 Stock Options representing an equal number of Equity Shares of face value ₹ 2 each in the Company, at an exercise price of ₹ 35.25, being the latest available closing market price on the National Stock Exchange of India Ltd., on November 30, 2009. The Stock Options so granted, shall vest uniformly over 10 years beginning from December 2, 2010 being the first vesting date. The option granted under each of the slabs, can be exercised within a period of five years from the relevant vesting date.

Further, the Compensation Committee constituted by the Board of Directors of the Company has at its meeting held on April 12, 2010, granted, under the "Indiabulls Securities Limited Employees Stock Option Scheme – 2009" ("IBSL ESOP – 2009") 2,050,000 Stock Options representing an equal number of Equity Shares of face value ₹ 2 each in the Company, at an exercise price of ₹ 31.35, being the latest available closing market price on the National Stock Exchange of India Ltd., on April 9, 2010. The Stock Options so granted, shall vest uniformly over 10 years beginning from April 13, 2011 being the first vesting date. The options granted under each of the slabs, can be exercised within a period of five years from the relevant vesting date.

S. No.	Particulars	IBSL ESOP - 2009	
		10,000,000 Options	2,050,000 Options
1	Exercise price	₹ 35.25	₹ 31.35
2	Expected volatility	77%	48.96%
3	Expected forfeiture percentage on each vesting date	Nil	Nil
4	Option Life (Weighted Average)	10 Years	10 Years
5	Expected Dividends yield	13.48%	6.86%
6	Risk Free Interest rate	7.50%	8.05%
Fair value of the options under the plans using the Black Scholes Merton Option Pricing Model as certified by an independent firm of Chartered Accountants.		₹ 6.48	₹ 9.39

The expected volatility was determined based on historical volatility data.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Had the compensation cost for the stock options granted under the IBSL ESOP - 2008 and IBSL ESOP - 2009 been determined based on the fair value approach, the Company's net profit and Basic/Diluted earnings per Equity Share would have been as per the pro forma amounts indicated below:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit attributable to Equity Shareholders (Refer note - 37)	1,016,140,448	632,992,791
Less: Stock-based compensation expense determined under the fair value based method: [Gross ₹ 16,589,166 (Previous Year ₹ 23,579,797)] (pro forma)	928,251	1,583,508
Net Profit considered for computing Earnings per Equity Share (pro forma)	1,015,212,197	631,409,283
Basic / Diluted Earnings Per Equity Share:		
Weighted average number of Equity Shares used for computing Basic Earnings per Equity Share	231,112,511	231,112,511
Add: Potential number of Equity Shares that could arise on exercise of Employee Stock Options	357,152	—
Add: Potential number of Equity Shares that could arise on exercise of Employee Stock Options	5,353,352	—
Weighted average number of Equity Shares used for computing Diluted Earnings per Equity Share	236,823,015	231,112,511
Basic earnings per Equity Share (as reported)	4.40	2.74
Basic earnings per Equity Share (pro forma)	4.39	2.73
Diluted earnings per Equity Share (as reported)	4.29	2.74
Diluted earnings per Equity Share (pro forma)	4.29	2.73

The other disclosures in respect of the above Stock Option Schemes are as under:

	IBSL ESOP - 2008	IBSL ESOP - 2009	
Total Options under the Scheme (Nos.)	20,000,000	20,000,000	
Options granted (Nos.)	20,000,000	10,000,000	2,050,000
Vesting Period and Percentage	Ten years, 1st year-15% 2nd year to 9th year - 10% each year 10th year - 5%	Uniformly over a period of Ten years	Uniformly over a period of Ten years
Vesting Date	January 25 th each year, commencing January 25, 2010	December 2 nd each year, commencing December 2, 2010	April 13 th each year, commencing April 13, 2011
Exercise Price (₹)	17.40	35.25	31.35
Outstanding at the beginning of the year (Nos.)	10,965,083	—	500,000
Options vested during the year (Nos.)*	1,072,608	—	50,000
Exercised during the year (Nos.)	—	—	—
Expired during the year (Nos.)	—	—	—
Surrendered and eligible for re-grant during the year (Nos.)	1,029,558	—	—
Outstanding at the end of the year (Nos.)	9,935,525	—	500,000
Exercisable at the end of the year (Nos.)	5,167,742	—	150,000
Remaining contractual Life (Weighted Months)	61	Nil	90

* Net of options surrendered before vesting.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Note - 33

Employee Benefits:

Provident Fund, Gratuity and Long-Term Compensated Absences - disclosures as per Accounting Standard - 15 (Revised) - 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006, as amended:

Contributions are made to Government Provident Fund and Family Pension Fund and other statutory funds which cover all regular employees eligible under the respective acts. Both the employees and the Company make predetermined contributions to the Provident Fund. The contributions are normally based on a certain proportion of the employee's salary. The Company has recognised an amount of ₹ 994,252 (Previous year ₹ 1,416,703) towards Employer's Contribution for the above mentioned funds.

Provision for unfunded Gratuity and Compensated Absences for eligible employees is based on an actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains / losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

Disclosures in respect of Gratuity and Compensated Absences:

Particulars	Gratuity (unfunded) 2013-14	Gratuity (unfunded) 2012-13	Compensated Absences (unfunded) 2013-14	Compensated Absences (unfunded) 2012-13
Reconciliation of Liability recognised in the Balance Sheet :				
Present Value of Commitments (as per Actuarial valuation)	40,025,926	42,597,506	11,543,325	12,730,680
Fair Value of Plans	—	—	—	—
Net Liability in the Balance Sheet (as per Actuarial valuation)	40,025,926	42,597,506	11,543,325	12,730,680
Movement in net Liability recognised in the Balance Sheet :				
Net Liability as at beginning of the year	42,597,506	40,942,576	12,730,680	14,554,821
Amount Paid during the year	14,902,415	12,567,168	1,614,852	725,766
Net expense / (gain) recognised in the Statement of Profit and Loss	12,330,835	14,222,098	427,557	(1,098,375)
Contribution during the year	—	—	—	—
Net Liability as at end of the year	40,025,926	42,597,506	11,543,385	12,730,680
Expense recognised in the Statement of Profit and Loss :				
Current Service Cost	5,778,694	6,918,284	1,958,768	2,466,628
Past Service Cost	—	—	—	—
Interest Cost	3,529,082	3,494,908	1,003,174	1,195,711
Expected return on plan assets	—	—	—	—
Actuarial losses / (gains)	3,023,059	3,808,906	(2,534,385)	(4,760,714)
Expense charged / (reversal) to the Statement of Profit and Loss	12,330,835	14,222,098	427,557	(1,098,375)

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Particulars	Gratuity (unfunded) 2013-14	Gratuity (unfunded) 2012-13	Compensated Absences (unfunded) 2013-14	Compensated Absences (unfunded) 2012-13
Return on plan assets :				
Expected return on plan assets	—	—	—	—
Actuarial losses / (gains)	—	—	—	—
Actual return on plan assets	—	—	—	—
Reconciliation of defined-benefit Commitments :				
Commitments as at beginning of the year	42,597,506	40,942,576	12,730,680	14,554,821
Current Service Cost	5,778,694	6,918,284	1,958,768	2,466,628
Past Service Cost	—	—	—	—
Interest Cost	3,529,082	3,494,908	1,003,174	1,195,711
Paid benefits	(14,902,415)	(12,567,168)	(1,614,852)	(725,766)
Actuarial losses / (gains)	3,023,059	3,808,906	(2,534,385)	(4,760,714)
Commitments as at end of the year	40,025,926	42,597,506	11,543,385	12,730,680
Reconciliation of plan assets :				
Plan assets as at beginning of the year	—	—	—	—
Expected return on plan assets	—	—	—	—
Contributions during the year	—	—	—	—
Paid benefits	—	—	—	—
Actuarial losses / (gains)	—	—	—	—
Plan assets as at end of the year	—	—	—	—

(Amount in ₹)

Experience adjustment:	Gratuity (Unfunded)				
	2013-14	2012-13	2011-12	2010-11	2009-10
On plan liabilities ((losses) /gains))	(9,018,049)	(3,698,836)	2,270,722	6,601,818	3,993,908
On plan assets (gains/ (losses))	—	—	—	—	—
Present value of benefit obligation	40,025,926	42,597,506	40,942,576	54,870,332	57,315,798
Fair value of plan assets	—	—	—	—	—
Excess of (obligation over plan assets) / plan assets over obligation	40,025,926	42,597,506	40,942,576	54,870,332	57,315,798

(Amount in ₹)

Experience adjustment:	Compensated Absences (Unfunded)				
	2013-14	2012-13	2011-12	2010-11	2009-10
On plan liabilities (gains / (losses))	80,297	4,796,965	9,703,942	9,934,485	6,788,766
On plan assets (gains/ (losses))	—	—	—	—	—
Present value of benefit obligation	11,543,325	12,730,680	14,554,821	20,391,929	24,303,972
Fair value of plan assets	—	—	—	—	—
Excess of (obligation over plan assets) / plan assets over obligation	11,543,325	12,730,680	14,554,821	20,391,929	24,303,972

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

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

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate		
Gratuity and Compensated Absences	8.50%	8.00%
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality	IALM (2006-08)	IALM (1994 - 96)

The employer's best estimate of contributions expected to be paid during the annual period beginning after the Balance Sheet Date, towards Gratuity and Compensated Absences is ₹ 12,577,154 (Previous Year ₹ 13,286,440) and ₹ 3,860,266 (Previous Year ₹ 3,625,984), respectively.

Note - 34

Segment Reporting:

The Company operates in one reportable business segment i.e., "Broking & related activities" and operates in one reportable geographical segment, i.e. "within India". Hence, no separate information for segment wise disclosure is required in accordance with the requirements of Accounting Standard (AS) 17 - "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

Note - 35

Related Party Disclosures :

Disclosures in respect of Accounting Standard - 18 'Related Party Disclosures' as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

(a) Details of related parties:

Nature of Relationship

Key Management Personnel

Name of the Party

Mr. Divyesh B. Shah, Whole Time Director & Chief Executive Officer
 Mr. Ashok Sharma, Whole Time Director
 Mr. Sameer Gehlaut, Dominant Promoter
 Mr. Rajiv Rattan, Dominant Promoter
 Mr. Saurabh K. Mittal, Dominant Promoter

(b) Significant transactions with Related Parties during the year ended March 31, 2014:

(Amount in ₹)

Nature of Transaction	Key Management Personnel	Total
Expenses		
Remuneration	26,099,677 <i>17,420,004</i>	26,099,677 <i>17,420,004</i>
Finance		
Money received against Share Warrants	43,780,127 —	43,780,127 —

(Previous year's figures are stated in Italics)

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

(c) Statement of Material Transactions :

Particulars	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
Money received against Share Warrants		
– Mr. Sameer Gehlaut	19,458,410	—
– Mr. Rajiv Rattan	6,103,159	—
– Mr. Saurabh K. Mittal	5,218,558	—
– Mr. Divyesh B. Shah	13,000,000	—
Remuneration		
– Mr. Divyesh B. Shah	26,099,677	17,420,004

Disclosures mandated by Clause 32 of the Listing Agreement have been included in the aforesaid Related Party Disclosures.

(d) Outstanding as at March 31, 2014:

(Amount in ₹)

Nature of Transaction	Key Management Personnel	Total
Money received against Share Warrants		
– Mr. Sameer Gehlaut	19,458,410	19,458,410
	—	—
– Mr. Rajiv Rattan	6,103,159	6,103,159
	—	—
– Mr. Saurabh K. Mittal	5,218,558	5,218,558
	—	—
– Mr. Divyesh B. Shah	13,000,000	13,000,000
	—	—

Note - 36

Leases

The Company has taken office premises on operating lease at various locations in India and lease rent in respect of the same amounting to ₹ 115,527,933 (Previous year ₹ 143,480,198) has been charged to the Statement of Profit and Loss. The minimum lease rental outstanding are as under:

Particulars	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Future minimum lease payments		
Not later than one year	76,637,490	135,847,756
Later than one year and not later than five years	62,835,482	156,118,220
Later than five years	17,887,896	1,573,000

The agreements are executed for a period ranging from 11 months to 10 years with a renewable clause and in many cases, also provide for termination at will by either party giving a prior notice period between 30 to 90 days.

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Note - 37

Earnings per Equity Share (EPS) :

Disclosure in respect of Accounting Standard - 20 'Earnings Per Share' as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

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

Dilutive potential Equity Shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of Equity Shares and potential dilutive Equity Shares are adjusted for the potential dilutive effect of Employee Stock Option Plan and warrants as appropriate.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit available for Equity Shareholders (₹)	1,016,140,448	632,992,791
Weighted average number of Equity Shares used for computing Basic Earnings per Equity Share	231,112,511	231,112,511
Add: Potential number of Equity Shares that could arise on exercise of Employee Stock Options	357,152	—
Add: Potential number of Equity Shares that could arise on exercise of Warrants	5,353,352	—
Weighted average number of Equity Shares used in computing Diluted Earnings per Equity Share	236,823,015	231,112,511
Face Value of Equity Share (₹)	2.00	2.00
Earnings Per Equity Share - Basic (₹)	4.40	2.74
Earnings Per Equity Share - Diluted (₹)	4.29	2.74

Note - 38

Loss on Erroneous Transactions :

The loss on squaring off of erroneous transactions on account of trading in securities amounting to ₹ 32,468 (net) (Previous Year loss ₹ 302,749 (net)) has been debited to the Statement of Profit and Loss.

Note - 39

Derivative Instruments:

The Company has not entered into any derivative contract for hedging any foreign currency exposure. The year end foreign currency exposures that have not been hedged by derivative instruments or otherwise are given below :

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Amount receivable on loan notes and escrow receivable account (in USD)	1,291,918	1,588,136
Amount receivable on loan notes and escrow receivable account (in INR)	77,643,988	86,377,601

Consolidated Notes forming part of the Financial Statements

for the year ended March 31, 2014 (contd.)

Note - 40

No borrowing cost has been capitalised during the year.

Note - 41

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 under the Companies (Accounting Standards) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources which would be required to settle the obligation.

Note - 42

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

For and on behalf of the Board of Directors

Divyesh B. Shah

Whole Time Director &
Chief Executive Officer

Ashok Sharma

Whole Time
Director

Rajeev Lochan Agrawal

Chief Financial Officer

R. K. Agarwal

Company Secretary

Mumbai, April 22, 2014

Independent Auditors' Report

TO THE MEMBERS OF INDIABULLS SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **INDIABULLS SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

A. Siddharth
Partner

MUMBAI, 22nd April, 2014

(Membership No. 031467)

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (viii), (xii), (xiii), (xiv) and (xix) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the year, there were no transactions in respect of purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, having regards to our comments in paragraph (iv) above, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available and in respect of which we are, therefore, unable to comment if the transactions have been carried out at prices having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. During the year, there were no dues payable in respect of Investor Education and Protection Fund. Dues relating to Employees' State Insurance, Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Wealth Tax, Service Tax, and Cess which have not been deposited as on 31st March, 2014 on account of dispute.

Annexure to the Independent Auditors' Report (contd.)

- (ix) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. During the year, the Company has not obtained any borrowings from financial institutions or by way of debentures.
- (xi) In our opinion and according to the information and explanations given to us, during the year, the Company has not provided guarantees for loans taken by others from banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xiv) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xv) The Company has not raised any money by way of public issues during the year.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

A. Siddharth
Partner

MUMBAI, 22nd April, 2014 (Membership No. 031467)

Balance Sheet

as at March 31, 2014

Particulars	Note No.	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	462,225,022	462,225,022
(b) Reserves and surplus	4	1,384,615,397	1,503,769,517
(c) Money received against Share Warrants	5	189,182,500	—
		<u>2,036,022,919</u>	<u>1,965,994,539</u>
(2) Non-current liabilities			
(a) Long-term borrowings	6	941,132	2,242,229
(b) Other long-term liabilities	7	99,786,644	99,786,644
(c) Long-term provisions	8	21,965,846	41,553,342
		<u>122,693,622</u>	<u>143,582,215</u>
(3) Current liabilities			
(a) Short-term borrowings	9	2,000,000,000	1,358,953,141
(b) Trade payables	10	3,780,017	9,294,398
(c) Other current liabilities	11	852,211,829	1,003,965,140
(d) Short-term provisions	12	310,529,229	300,992,928
		<u>3,166,521,075</u>	<u>2,673,205,607</u>
TOTAL		<u>5,325,237,616</u>	<u>4,782,782,361</u>
II. ASSETS			
(1) Non - current assets			
(a) Fixed assets	13		
(i) Tangible assets		232,186,539	297,412,597
(ii) Intangible assets		2,852,426	3,785,688
		<u>235,038,965</u>	<u>301,198,285</u>
(b) Non-current investments	14	187,342,488	187,342,488
(c) Deferred tax assets (net)	15	36,191,661	55,520,450
(d) Long-term loans and advances	16	376,710,005	611,627,047
(e) Other non-current assets	17	15,350,495	4,841,862
		<u>850,633,614</u>	<u>1,160,530,132</u>
(2) Current assets			
(a) Trade receivables	18	201,724,836	213,562,283
(b) Cash and bank balances	19	2,903,782,543	2,144,529,649
(c) Short-term loans and advances	20	1,348,973,286	1,244,397,724
(d) Other current assets	21	20,123,337	19,762,573
		<u>4,474,604,002</u>	<u>3,622,252,229</u>
TOTAL		<u>5,325,237,616</u>	<u>4,782,782,361</u>

Notes forming part of the financial statements 1 - 40

In terms of our report attached

For Deloitte Haskins & Sells LLP For and on behalf of the Board of Directors
Chartered AccountantsA. Siddharth
PartnerDivyesh B. Shah
Whole Time Director &
Chief Executive OfficerAshok Sharma
Whole Time
DirectorRajeev Lochan Agrawal
Chief Financial OfficerR. K. Agarwal
Company Secretary

Mumbai, April 22, 2014

Mumbai, April 22, 2014

Statement of Profit and Loss

for the year ended March 31, 2014

Particulars	Note No.	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
I. Revenue from operations	22	763,114,231	1,080,905,496
II. Other income	23	871,748,662	238,965,531
III. Total Revenue (I + II)		1,634,862,893	1,319,871,027
IV. Expenses :			
Operating expenses	24	79,748,236	111,808,738
Employee benefits expense	25	192,362,542	283,818,813
Interest and finance costs	26	149,618,723	71,843,542
Depreciation and amortisation expense	13	46,426,894	76,491,625
Other expenses	27	144,402,661	283,341,010
Total Expenses		612,559,056	827,303,728
V. Profit before tax (III-IV)		1,022,303,837	492,567,299
VI. Tax expense / (benefit) :			
(1) Current tax		123,700,000	136,600,000
(2) Short/(Excess) provision for tax relating to prior years		6,706,858	(210,535,333)
(3) Deferred tax (net) (Refer note - 15)		19,328,789	8,147,362
		149,735,647	(65,787,971)
VII. Profit for the year (V-VI)		872,568,190	558,355,270
VIII. Earnings per Equity Share:	28		
(1) Basic		3.78	2.42
(2) Diluted		3.68	2.42
Face value per Equity Share		2.00	2.00
Notes forming part of the financial statements	1 - 40		

In terms of our report attached

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

A. Siddharth
Partner

Divyesh B. Shah
Whole Time Director &
Chief Executive Officer

Ashok Sharma
Whole Time
Director

Rajeev Lochan Agrawal
Chief Financial Officer

R. K. Agarwal
Company Secretary

Mumbai, April 22, 2014

Mumbai, April 22, 2014

Cash Flow Statement

for the year ended March 31, 2014

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A Cash flows from operating activities :				
Profit before tax		1,022,303,837		492,567,299
Adjustments for :				
Depreciation and amortisation expense	46,426,894		76,491,625	
Provision for Gratuity and Compensated Absences	(22,728,506)		(1,614,494)	
Provision for doubtful debts, advances and security deposits	3,952,788		50,744,708	
Bad debts / advances written off	136,462		2,793,302	
Loss on sale / scrapping of fixed assets	23,369,029		9,054,669	
Sundry credit balances written back	(8,372,467)		(3,401,436)	
Excess provision for incentive, bonus and other expenses no longer required written back	(30,928,800)		(75,502,783)	
Profit on sale of long-term investments	(6,687,129)		(1,297,121)	
Profit on sale of current investments	—		(469,703)	
Unrealised foreign exchange gain	(2,898,649)		(977,638)	
Dividend income on investments	(619,043,863)		(14,693,286)	
Interest income from inter corporate deposits	(200,592,328)		(137,709,753)	
Interest expense	134,039,487		57,495,303	
		(683,327,082)		(39,086,607)
Operating Profit before working capital changes		338,976,755		453,480,692
Adjustments for:				
Trade receivables and other assets	397,194,686		196,296,467	
Trade payables and other liabilities	(123,549,859)		(742,013,956)	
		273,644,827		(545,717,489)
Cash generated from / (used in) operations		612,621,582		(92,236,797)
Income tax (paid) (net)	(105,386,878)		(80,578,858)	
		(105,386,878)		(80,578,858)
Net cash generated from/(used in) operating activities		507,234,704		(172,815,655)
B Cash flows from investing activities :				
Purchase of fixed assets (including capital advances given)		(8,027,430)		(10,612,929)
Proceeds from sale of fixed assets		6,913,652		3,996,369
Proceeds from Escrow Account		16,049,110		—
Proceeds from sale of long-term investment		6,687,129		1,297,121
Dividend income on investments		449,043,863		14,693,286
Redemption of units of mutual funds		—		350,469,703
Inter-Corporate Deposits received back from / (given to) subsidiary (net)		258,750,000		(532,000,000)
Interest income from inter-corporate deposits to subsidiary		200,592,328		137,709,753
Net cash generated from/(used in) investing activities		930,008,652		(34,446,697)

Cash Flow Statement

for the year ended March 31, 2014 (contd.)

Particulars	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
C Cash flows from financing activities		
Interest paid	(156,832,610)	(68,728,213)
Payment of Final Dividend on Equity Shares pertaining to prior years	(53,513)	(27,635)
Payment of interim dividend on Equity Shares	(918,824,337)	(456,100,654)
Corporate dividend tax on interim dividend on Equity Shares	(84,031,784)	(74,984,454)
(Repayment of) / Proceeds from bank loans (net)	(860,242,998)	495,790,972
Proceeds from commercial papers	4,000,000,000	1,250,000,000
Repayment of commercial papers	(2,500,000,000)	(750,000,000)
Money received against Share Warrants	189,182,500	—
Net cash (used in)/generated from financing activities	(330,802,742)	395,950,016
D Net Increase in cash and cash equivalents (A+B+C)	1,106,440,614	188,687,664
E Cash and cash equivalents at the beginning of the year	471,329,649	282,641,985
F Cash and cash equivalents at the end of the year (D+E) (Refer Note - 2 below)	1,577,770,263	471,329,649

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006, as amended.
- Cash and cash equivalents at the end of the year include:

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Cash and Bank Balances (Refer Note - 19)	2,903,782,543	2,144,529,649
Less: In Fixed Deposit Accounts having maturity of more than three months	1,326,012,280	1,673,200,000
Cash and Cash Equivalents as restated	1,577,770,263	471,329,649

- Unpaid dividend account balances in designated Bank accounts aggregating to ₹ 22,280,766 (Previous year ₹ 16,708,572) are not available for use by the Company (Refer note - 19(B)).
- Previous year's figures are regrouped wherever considered necessary to conform with current year's groupings/classifications.

In terms of our report attached

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

A. Siddharth
Partner

Divyesh B. Shah
Whole Time Director &
Chief Executive Officer

Ashok Sharma
Whole Time
Director

Rajeev Lochan Agrawal
Chief Financial Officer

R. K. Agarwal
Company Secretary

Mumbai, April 22, 2014

Mumbai, April 22, 2014

Notes forming part of the financial statements

for the year ended March 31, 2014

Note - 1

Corporate Information:

Indiabulls Securities Limited ("IBSL" or "the Company") carries on the business as stock and share brokers on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"); depository participants and other related ancillary services. On February 1, 1996 IBSL received a certificate of registration from the Securities and Exchange Board of India ("SEBI") under sub-section 1 of section 12 of the Securities and Exchange Board of India Act, 1992 to carry on the business as a stock broker. Accordingly, all provisions of the Securities and Exchange Board of India Act, 1992, and Rules and Regulations relating thereto are applicable to the Company. On April 2, 2008 the Equity shares of the Company were listed on the NSE and the BSE after the demerger of the Company from Indiabulls Financial Services Limited (erstwhile holding company) vide Scheme of Arrangement.

Note - 2

Significant Accounting Policies:

a) Basis of Accounting and Preparation of Financial Statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) 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) 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.

c) Cash and Cash Equivalents (for purposes of Cash Flow Statement):

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.

d) Cash Flow Statement:

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

e) Revenue Recognition:

- Revenue from brokerage activities is accounted for on the trade date of the transaction.
- Income from fee based advisory services and consultancy is recognised on an accrual basis.
- Revenue from interest charged to customers on margin funding is recognised on a daily/monthly basis up to the last day of accounting period.
- Depository income is accounted on an accrual basis as and when the right to receive the income is established. Annual Maintenance charges are recognised pro-rata over the period it is charged.
- Income from trading account maintenance is accounted on an accrual basis and when the right to receive the income is established.
- Revenue from interest on fixed deposits is recognised on an accrual basis.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

- Commission on mutual funds is recognised on an accrual basis.
 - Dividend income on Equity shares is recognised when the right to receive the dividend is unconditional as at the Balance Sheet date.
 - Dividend income on units of mutual funds is recognised when the right to receive the dividend is unconditional as at the Balance Sheet date. Any gains/losses on sale / redemption of units are recognised on the date of sale / redemption.
 - Interest income on Inter-Corporate Deposits is recognised on an accrual basis.
- f) **Stock-in-trade:**
Stock-in-trade comprising of securities held for the purposes of trading is valued at lower of cost and net realisable value. Profit or loss on sale of such securities is determined using the weighted average cost method.
- g) **Commercial Papers:**
The liability is recognised at face value of the commercial paper at the time of issue of the commercial paper. The discount on issue of the commercial paper is amortised over the tenure of the instrument.
- h) **Fixed Assets:**
- (i) **Tangible Assets:**
Tangible fixed assets are stated at cost, net of tax / duty credits availed, if any, less accumulated depreciation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.
- (ii) **Intangible Assets:**
Intangible assets are stated at cost, net of tax / duty credits availed, if any, less accumulated amortisation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.
- i) **Depreciation and Amortisation:**
Depreciation on tangible fixed assets is provided on a straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except leasehold improvements which are amortised over the tenure of the lease. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / deduction from fixed assets is provided for up to the date of sale / deduction / scrapping, as the case may be. Assets costing ₹ 5,000 or less per item are fully depreciated in the year of capitalisation.

Intangible assets consisting of Membership Rights of the BSE Limited are amortised on a straight-line method basis over a period of five years from the date when the rights became available for use.

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.
- j) **Impairment of Assets:**
The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.
- k) **Investments:**
Investments are classified as long-term and current. Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

l) Foreign Currency Transactions and Translations:

Recognition & translation

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

Exchange Differences

- i. Exchange differences arising on a monetary item that in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.
- ii. The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "Foreign currency translation reserve" until disposal / recovery of the net investment. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.
- iii. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
- iv. All other exchange differences are recognised as income or as expenses in the period in which they arise.

m) Employee Benefits:

The Company has a defined contribution plan namely Provident Fund. Annual contribution to the Employees Provident Fund Organisation is charged to the Statement of Profit and Loss. The Company has unfunded defined benefit plans namely long-term compensated absences and gratuity for all eligible employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the Projected Unit Credit Method. Actuarial gains / losses comprise experience adjustments and the effects of change in actuarial assumptions and are recognised in the Statement of Profit and Loss as income or expenses as applicable.

n) Deferred Employee Stock Compensation Cost:

The Company follows the intrinsic value method as per the Guidance Note on "Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India for accounting for Employee Stock Options granted. Deferred employee stock compensation cost for stock options are recognised and measured by the difference between the intrinsic value of the Company's shares of the stock options at the grant date and the exercise price to be paid by the option holders. The compensation expense is amortised over the vesting period of the options. The fair value of options for disclosure purposes is measured on the basis of a fair valuation certified by an independent firm of Chartered Accountants in respect of the stock options granted.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

o) 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 provisions of the Income Tax Act, 1961.

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 probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

p) Leases:

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

q) Share Issue Expenses:

Share issue expenses are adjusted against the Securities Premium Account to the extent of the balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

r) Borrowing Costs:

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

s) 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.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segment on the basis of their relationship to the operating activities of the segments.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities."

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

t) Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

u) Derivative Contracts:

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

Note - 3 Share capital	As at March 31, 2014		As at March 31, 2013	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
Authorised				
Equity Shares of face value of ₹ 2 each	500,000,000	1,000,000,000	500,000,000	1,000,000,000
Preference Shares of face value of ₹ 4.61 each	25,000,000	115,250,000	25,000,000	115,250,000
		1,115,250,000		1,115,250,000
Issued, subscribed and fully paid up ^{(i) to (v)}				
Equity Shares of face value of ₹ 2 each fully paid up	231,112,511	462,225,022	231,112,511	462,225,022
The Company has only one class of Equity Shares having a face value of ₹ 2 per share. Each holder of Equity Share is entitled to one vote per share. The final dividend proposed by the Board of Directors if any is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
		462,225,022		462,225,022

- (i) 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.
- (ii) Holders of Global Depository Receipts ('GDRs') will be entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares, less the fees and expenses payable under such Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDRs don't have voting rights with respect to the Deposited Shares. The GDRs may not be transferred to any person located in India including Indian residents or ineligible investors except as permitted by Indian laws and regulations.
- (iii) 23,486,341 Equity Shares of face value of ₹ 2 each were bought back by the Company during the year ended March 31, 2010.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

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

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 2 each fully paid up Promoters and Promoter Group				
Sameer Gehlaut	34,171,089	14.78%	34,171,089	14.78%
Rajiv Rattan	17,330,253	7.50%	17,330,253	7.50%
Saurabh Mittal	17,212,083	7.45%	17,212,083	7.45%
Orthia Properties Private Limited	23,400,000	10.12%	21,407,000	9.26%
	92,113,425	39.85%	90,120,425	38.99%

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

(v) Shares reserved for issue under options:

- (a) 10,435,525 Equity Shares (Previous year 11,465,083 Equity Shares) of face value of ₹ 2 each are reserved under various option schemes of the Company (Refer note - 32).
- (b) 58,210,000 Equity Shares (Previous year Nil) of face value of ₹ 2 each are reserved towards Share Warrants of the Company (Refer note - 5(i)).

Note - 4 Reserves and surplus	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Capital Redemption Reserve		
Balance as per last Balance Sheet	360,036,184	360,036,184
Securities Premium Account		
Balance as per last Balance Sheet	18,046,690	18,046,690
Foreign Currency Monetary Item Translation Difference Account ⁽ⁱ⁾		
Opening balance	7,294,807	3,138,319
Add : Additions during the year	7,377,496	5,134,126
Less: Amortised during the year	1,738,680	977,638
Less: Utilised during the year	1,221,967	—
Closing balance	11,711,656	7,294,807
General Reserve		
Balance as per last Balance Sheet	154,535,527	98,700,000
Add: Transfer from the Statement of Profit and Loss	183,642,450	55,835,527
Closing balance	338,177,977	154,535,527
Surplus in the Statement of Profit and Loss		
Opening balance	963,856,309	1,268,936,124
Add: Profit for the year	872,568,190	558,355,270
Amount available for appropriation (a)	1,836,424,499	1,827,291,394
Less: Appropriations :		
Interim Dividend on Equity Shares ⁽ⁱⁱ⁾	938,594,948	693,337,533
Corporate Dividend Tax on Interim Dividend on Equity Shares	57,544,211	114,262,025
Transfer to General Reserve	183,642,450	55,835,527
Total Appropriations (b)	1,179,781,609	863,435,085
Balance of Profit Carried Forward (a)-(b)	656,642,890	963,856,309
	1,384,615,397	1,503,769,517

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

- (i) Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending Accounting Standard 11 - 'Accounting for the Effects of Changes in Foreign Exchange Rates' as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company has exercised the option as per Paragraph 46A inserted in the said Accounting Standard for amortisation of foreign exchange gain/loss on long-term monetary items over the remaining life of the concerned monetary items. Consequently, an amount of ₹ 11,711,656 (Previous year ₹ 7,294,807) is carried forward in the Foreign Exchange Monetary Item Translation Difference Account as on March 31, 2014, net of forex gain amounting to ₹ 1,738,680 (Previous year ₹ 977,638) amortised in the Statement of Profit and Loss and ₹ 1,221,967 (Previous year ₹ Nil) utilised towards the partial amount received from the Escrow Account.
- (ii) During the year the Company has declared and paid Interim Dividend per Share aggregating to ₹ 3 (Previous Year ₹ 2 in the respective quarters) vide Board Resolution dated July 24, 2013, October 21, 2013 and January 23, 2014. Further, the Company has declared interim dividend of ₹ 1 (Previous Year ₹ 1) vide Board Resolution dated April 22, 2014.

Note - 5	As at	As at
Money received against Share Warrants	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
Money received against Share Warrants ⁽ⁱ⁾	189,182,500	—
	189,182,500	—

- (i) The Board of Directors of the Company at their meeting held on October 21, 2013 and as approved at its Extra-Ordinary General Meeting held on November 20, 2013 have resolved to create, offer, issue and allot up to 58,210,000 warrants, convertible into 58,210,000 equity shares of ₹ 2/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹ 13/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and subsequently these warrants were allotted on December 2, 2013 to the promoters, certain promoters entities and to an executive director and 25% application money amounting to ₹ 189,182,500/- was received from them. The warrants will be converted into equivalent number of equity shares on payment of the balance amount at any time on or before June 1, 2015. In the event the warrants are not converted into equity shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants. Further, subsequent to the Balance Sheet date the Company has allotted 14,144,904 Equity Shares on April 11, 2014 on conversion of 14,144,904 warrants to one of the promoter group entity on realisation of balance 75% towards these warrants. Also, the provision of interim dividend is made towards the converted warrants amounting to ₹ 14,144,904 (₹ 1 per equity share).

Note - 6	As at	As at
Long-term borrowings	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
Term Loans		
Secured		
From Banks ⁽ⁱ⁾	941,132	2,242,229
	941,132	2,242,229

- (i) Term loans are secured against hypothecation of the vehicles purchased. The rate of interest of such term loans ranges between 9% p.a. to 12% p.a. The term loans are repayable in equated monthly installments ranging for a period of 3 to 5 years.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 7 Other long-term liabilities	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Other Liabilities - Amount received from Depository for GDR	99,786,644	99,786,644
	99,786,644	99,786,644

Note - 8 Long-term provisions	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Provision for Employee Benefits		
Provision for Gratuity (Refer note - 35)	16,749,457	32,410,834
Provision for Compensated Absences (Refer note - 35)	5,216,389	9,142,508
	21,965,846	41,553,342

Note - 9 Short-term borrowings	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Secured loans		
From Banks ⁽ⁱ⁾		
Bank Overdraft	—	858,953,141
Unsecured loans		
Commercial papers	2,000,000,000	500,000,000
(Maximum balance outstanding during the year ₹ 2,000,000,000 (Previous year ₹ 500,000,000))		
	2,000,000,000	1,358,953,141

(i) Bank overdraft amounting to ₹ Nil (Previous year ₹ 792,821,373) are secured against fixed deposit placed and ₹ Nil (Previous year ₹ 66,131,768) are secured against book debt placed with respective banks.

Note - 10 Trade payables	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
(a) Dues to Micro and Small Enterprises ⁽ⁱ⁾	—	—
(b) Dues to others	3,780,017	9,294,398
	3,780,017	9,294,398

- (i) Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:
- An amount of ₹ Nil (Previous year ₹ Nil) and ₹ Nil (Previous year ₹ Nil) was due and outstanding to suppliers as at the end of the accounting year on account of principal and interest respectively.
 - No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006; no amount was paid to the supplier beyond the appointed date.
 - No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
 - No amount of interest was accrued and unpaid at the end of the accounting year.

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

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 11	As at	As at
Other current liabilities	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
Current maturity of long-term loans (Refer note - 6(i))	1,301,097	1,289,857
Brokerage/Depository income received in advance	6,600,710	4,747,996
Unpaid dividends ⁽ⁱ⁾	22,280,766	16,708,572
Margin from customers (Refer note - 19(ii))	658,197,951	653,155,511
Temporary overdrawn bank balances as per books	5,704,675	18,796,100
Others - Current liabilities for expense provisions and Statutory dues	158,126,630	309,267,104
	852,211,829	1,003,965,140

(i) In respect of amounts mentioned under Section 205C of the Companies Act, 1956, ₹ Nil (Previous year ₹ Nil) were required to be credited to the Investor Education and Protection Fund as at March 31, 2014.

Note - 12	As at	As at
Short-term provisions	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
Provision for Gratuity (Refer note - 35)	663,144	2,611,759
Provision for Compensated Absences (Refer note - 35)	162,022	1,354,417
Provision for Taxation (net of advance tax ₹ 266,108,554 (Previous year ₹ 325,924,235))	51,656,650	26,636,670
Provision for Interim Dividend on Equity Shares (Refer note - 5(i))	245,257,415	231,112,511
Provision for Corporate Dividend Tax on Interim Dividend on Equity Shares	12,789,998	39,277,571
	310,529,229	300,992,928

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Particulars	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 01, 2013	Addition during the year	Adjustments/ sales during the year	As at March 31, 2014	As at April 01, 2013	Provided during the year	Adjustments/ sales during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
A. Tangible Assets										
Furniture and Fixtures	22,861,246	41,291	1,826,293	21,076,244	18,347,291	474,035	1,467,209	17,354,117	3,722,127	4,513,955
Vehicles*	75,959,727	—	18,911,515	57,048,212	43,018,638	6,488,444	12,535,736	36,971,346	20,076,866	32,941,089
Office equipment	221,299,514	1,411,944	30,387,894	192,323,564	73,152,469	10,003,319	11,801,428	71,354,360	120,969,204	148,147,045
Computers	435,517,837	6,700,906	17,716,310	424,502,433	395,625,379	20,134,425	17,576,227	398,183,577	26,318,856	39,892,458
Leasehold improvements	117,301,413	1,680,950	12,659,555	106,322,808	45,383,363	7,678,245	7,838,286	45,223,322	61,099,486	71,918,050
Total (a)	872,939,737	9,835,091	81,501,567	801,273,261	575,527,140	44,778,468	51,218,886	569,086,722	232,186,539	297,412,597
Previous year (i)	895,161,800	6,117,852	28,339,915	872,939,737	526,627,569	64,188,448	15,288,877	575,527,140	297,412,597	
B. Intangible Assets										
Membership rights of BSE Limited	7,005,000	—	—	7,005,000	7,005,000	—	—	7,005,000	—	—
Software	591,597,466	715,164	—	592,312,630	587,811,778	1,648,426	—	589,460,204	2,852,426	3,785,688
Indiabulls.com website	5,262,584	—	—	5,262,584	5,262,584	—	—	5,262,584	—	—
Total (b)	603,865,050	715,164	—	604,580,214	600,079,362	1,648,426	—	601,727,788	2,852,426	3,785,688
Previous year (ii)	601,830,791	2,034,259	—	603,865,050	587,776,185	12,303,177	—	600,079,362	3,785,688	14,054,606
Current year total ((a)+(b))	1,476,804,787	10,550,255	81,501,567	1,405,853,475	1,175,606,502	46,426,894	51,218,886	1,170,814,510	235,038,965	301,198,285
Previous year total ((i) + (ii))	1,496,992,591	8,152,111	28,339,915	1,476,804,787	1,114,403,754	76,491,625	15,288,877	1,175,606,502	301,198,285	

* Includes vehicles having carrying cost of ₹ 4,651,799 (Previous year ₹ 5,999,762) which are hypothecated to banks against the respective loans.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 14 Non-current investments	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Long-term - Trade - Unquoted (at cost unless otherwise stated)		
Investments in Equity Instruments		
130,000 (Previous year 130,000)	10,000	10,000
fully paid up Equity Shares of face value of ₹ 1 each in BSE Limited		
Total (A)	10,000	10,000
Long-term - Others - Unquoted (at cost unless otherwise stated)		
Investments in Equity Instruments		
(i) In wholly owned subsidiary companies (unless otherwise stated)		
600,000 (Previous year 600,000)	6,000,000	6,000,000
fully paid up Equity Shares of face value ₹10 each in Indiabulls Commodities Limited		
5,500,000 (Previous year 5,500,000)	55,000,000	55,000,000
fully paid up Equity Shares of face value ₹10 each in Indiabulls Brokerage Limited		
50,000 (Previous year 50,000)	500,000	500,000
fully paid up Equity Shares of face value ₹10 each in Indiabulls Distribution Services Limited		
50,000 (Previous year 50,000)	500,000	500,000
fully paid up Equity Shares of face value ₹10 each in Auxesia Soft Solutions Limited		
50,000 (Previous year 50,000)	500,000	500,000
fully paid up Equity Shares of face value ₹10 each in Devata Tradelink Limited		
Less: Provision for diminution in the value of investment	500,000	500,000
Total (B)	62,000,000	62,000,000
(ii) Other Long-Term Investments		
288,722 (Previous year 288,722)		
fully paid-up Ordinary Shares of face value of £ 0.001 in Copal Partners Limited ^(a)	125,332,488	125,332,488
Total (C)	125,332,488	125,332,488
Total (A)+(B)+(C)	187,342,488	187,342,488
Aggregate market value of quoted investments	—	—
Aggregate book value of quoted investments	—	—
Aggregate book value of unquoted investments	187,842,488	187,842,488
Aggregate provision for diminution in value of investments	500,000	500,000

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

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- (a) During the year ended March 31, 2012, Copal Partners Limited had bought back 223,222 shares held by the Company vide the Purchase and Cancellation Agreement for the consideration of ₹ 86,226,344. Further, the Company had sold 586,193 shares held by it in Copal Partners Limited to Moody's Group UK LTD for the consideration of ₹ 231,992,806 vide the Share Purchase Deed. Further, the Company had also received ₹ 6,687,129 (Previous year ₹ 1,297,121) as an additional consideration during the year. As a result thereof, the stake of the Company in Copal Partners Limited had been reduced from 4.74% to 1.63%. The proportionate cost of the shares bought back and sold aggregates to ₹ 351,362,195. Out of the total consideration of ₹ 231,992,806 receivable from Moody's Group UK LTD, the Company has received partial amount of ₹ 16,049,110 towards Escrow Account in the current year and ₹ 63,412,482 (excluding foreign exchange gain of ₹ 14,231,506) [Previous year ₹ 77,952,063 (excluding foreign exchange gain of ₹ 8,425,538)] is receivable as at the year ended March 31, 2014 in the form of Loan Notes and Escrow account of the Moody's Group UK LTD.

Note - 15

Deferred tax assets (net)

In compliance with Accounting Standard 22 - 'Accounting for Taxes on Income' as notified under the Companies (Accounting Standards) Rules, 2006, as amended, deferred tax (net) of ₹ 19,328,789 (Previous year ₹ 8,147,362) has been debited to the Statement of Profit and Loss for the year ended March 31, 2014. The breakup of deferred tax into major components is as under:

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Deferred tax assets:		
Provision for doubtful debts, advances and security deposits	22,015,386	38,266,182
Disallowances u/s. 43B of the Income-Tax Act, 1961	1,828,122	3,567,905
Disallowances u/s. 40A(7) of the Income-Tax Act, 1961	5,918,543	11,904,179
Difference between book balance and tax balance of fixed assets	5,874,163	—
Others	555,447	4,629,973
(a)	36,191,661	58,368,239
Deferred tax liability:		
Difference between book balance and tax balance of fixed assets	—	2,847,789
(b)	—	2,847,789
Deferred tax assets (net)	(a) - (b) 36,191,661	55,520,450

Note - 16

Long-term loans and advances

	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Unsecured		
(a) Capital advances		
Considered good	100,000,000	102,522,825
(b) Security deposits		
(i) Deposits (including margin money) with stock exchanges, (considered good)	32,462,791	41,875,087
(ii) Deposits with others		
Considered good	53,718,591	75,592,205
Considered doubtful	20,435,139	16,903,403
	74,153,730	92,495,608
Less: Provision for doubtful deposits	20,435,139	16,903,403
	53,718,591	75,592,205

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 16 Long-term loans and advances (contd..)	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
(c) Loans and advances to related parties - (considered good)		
Devata Tradelink Limited	108,750,000	300,000,000
(Maximum balance outstanding at any time during the year ₹300,000,000, Previous year ₹300,000,000)		
(d) Loan Notes, Escrow Receivable account and others (Refer note - 14(a))		
Considered good	81,778,623	91,636,930
Considered doubtful	1,267,137	2,677,302
	<u>83,045,760</u>	<u>94,314,232</u>
Less: Provision for doubtful advances	1,267,137	2,677,302
	<u>81,778,623</u>	<u>91,636,930</u>
	<u>376,710,005</u>	<u>611,627,047</u>
Note - 17 Other non-current assets	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Balance with Banks - in fixed deposit accounts (Refer note - 19(B)(i))	15,350,495	4,841,862
	<u>15,350,495</u>	<u>4,841,862</u>
Note - 18 Trade receivables Unsecured	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Outstanding for a period exceeding six months		
Considered good	138,461,218	96,294,267
Considered doubtful	43,067,907	93,000,000
	<u>181,529,125</u>	<u>189,294,267</u>
Less: Provision for doubtful debts	43,067,907	93,000,000
	<u>138,461,218</u>	<u>96,294,267</u>
Others		
Considered good	63,263,618	117,268,016
Considered doubtful	—	—
	<u>63,263,618</u>	<u>117,268,016</u>
	<u>201,724,836</u>	<u>213,562,283</u>

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 19 Cash and bank balances	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
(A) Cash and cash equivalents		
Balance with banks		
– in current accounts	762,963,486	454,573,808
– in fixed deposits with original maturity of less than three months ⁽ⁱ⁾	792,500,000	—
	<u>1,555,463,486</u>	<u>454,573,808</u>
Cash on hand	26,011	47,269
	<u>1,555,489,497</u>	<u>454,621,077</u>
(B) Other bank balances		
In other deposit accounts		
– in fixed deposit accounts having original maturity of more than twelve months ^{(i) & (ii)}	1,151,012,280	1,298,200,000
– in fixed deposit accounts having original maturity upto twelve months ^{(i) & (ii)}	175,000,000	375,000,000
	<u>1,326,012,280</u>	<u>1,673,200,000</u>
In earmarked accounts		
– in unpaid dividend accounts	22,280,766	16,708,572
	<u>1,348,293,046</u>	<u>1,689,908,572</u>
(A) + (B)	<u>2,903,782,543</u>	<u>2,144,529,649</u>

(i) Fixed deposits includes:

- a. ₹ 446,500,000 (Previous year ₹ 747,300,000) pledged with the banks against bank guarantees issued by banks for base capital and additional base capital to the National Stock Exchange of India, BSE Limited and the National Securities Clearing Corporation Limited.
- b. ₹ 12,500,000 (Previous year ₹ 47,400,000) pledged with the National Stock Exchange of India, BSE Limited and National Securities Clearing Corporation Limited for the purpose of base capital and additional base capital.
- c. ₹ 1,664,250,000 (Previous year ₹ 874,500,000) pledged with banks for overdraft facilities availed by the Company and its subsidiary companies.
- d. ₹ 10,325,495 (Previous year ₹ 4,554,582) pledged for arbitration matters.
- e. ₹ 25,000 (Previous year ₹ 25,000) pledged with State Commission, New Delhi for appeal filed by the Company in a consumer dispute matter.

(ii) Pursuant to the Arbitration order received in March 31, 2012, the Company had thus invested sums of money aggregating to ₹ Nil (Previous Year - ₹ 662,315,671) (Net) in various fixed deposits with a scheduled bank and the said fixed deposits were netted off against the dues payable to the customer. Further, in the current year, the Company has settled the same.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 20	As at	As at
Short-term loans and advances	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
(a) Loans and advances to related parties (unsecured, considered good)		
Indiabulls Distribution Services Limited	1,108,000,000	1,175,500,000
(Maximum balance outstanding at any time during the year		
₹ 3,051,500,000, Previous year ₹ 2,013,000,000)		
(b) Margin funding loan receivables (secured, considered good)	39,557,708	47,822,195
Less: Margin received	31,650,545	24,036,657
	<u>7,907,163</u>	<u>23,785,538</u>
(c) Security deposits (unsecured, considered good)	17,683,202	6,641,932
(d) Prepaid Expenses, Cenvat Credit Receivable and		
Others (unsecured, considered good)	45,382,921	38,470,254
(e) Dividend receivable from subsidiary company		
(unsecured, considered good)	170,000,000	—
	<u><u>1,348,973,286</u></u>	<u><u>1,244,397,724</u></u>
Note - 21	As at	As at
Other current assets	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
Interest accrued on fixed deposits	20,123,337	19,762,573
	<u><u>20,123,337</u></u>	<u><u>19,762,573</u></u>
Note - 22	For the year ended	For the year ended
Revenue from operations	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
(a) Sale of services ⁽ⁱ⁾	570,653,821	852,251,097
(b) Other operating revenues ⁽ⁱⁱ⁾	192,460,410	228,654,399
	<u><u>763,114,231</u></u>	<u><u>1,080,905,496</u></u>
(i) Sale of services includes :		
Brokerage income	390,421,842	638,171,327
Interest on margin funding	35,978,548	62,315,745
Income from depository services	78,916,642	93,753,836
Other charges including transaction charges	65,336,789	58,010,189
	<u>570,653,821</u>	<u>852,251,097</u>
(ii) Other operating revenues includes :		
Interest on fixed deposits	141,450,105	168,051,489
Advisory Income	1,779,745	36,727
Consultancy Fees	—	50,000,000
Income from IPO commission, Mutual Funds commission,		
Account Opening and Other miscellaneous income	49,230,560	10,566,183
	<u>192,460,410</u>	<u>228,654,399</u>

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 23		
Other income	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
Interest Income		
Interest income from Inter-Corporate Deposits	200,592,328	137,709,753
Interest income from Income Tax Refund	2,970,817	2,728,133
	<u>203,563,145</u>	<u>140,437,886</u>
Dividend Income		
Dividend income on other long-term investments	19,043,863	14,076,733
Dividend income on current investments	—	616,553
Dividend Income from Subsidiary Company	600,000,000	—
	<u>619,043,863</u>	<u>14,693,286</u>
Other non-operating income		
Profit on Sale of Current Investments	—	469,703
Profit on Sale of Long-Term Investments (Refer Note - 14(b))	6,687,129	1,297,121
Excess provision for incentive, bonus and other expenses no longer required written back	30,928,800	75,502,783
Sundry credit balances written back	8,372,467	3,401,436
Gain on Foreign exchange fluctuations (Refer Note - 4(i))	2,898,649	977,638
Bad debts recovered	254,609	2,185,678
	<u>49,141,654</u>	<u>83,834,359</u>
	<u>871,748,662</u>	<u>238,965,531</u>

Note - 24		
Operating expenses	For the year ended	For the year ended
	March 31, 2014	March 31, 2013
	Amount (₹)	Amount (₹)
Stamp duty	25,127,619	32,849,279
Demat charges	1,500	1,500
SEBI charges	1,244,047	1,514,119
Commission	2,500,466	3,543,443
Depository charges	5,488,743	6,411,804
Transaction charges	20,748,859	28,514,779
Membership fees	1,253,176	2,565,782
Web hosting expenses	11,184,729	12,784,501
VSAT charges	1,278,358	3,409,784
Leased line expenses	7,233,808	14,366,120
Content expenses	2,733,168	4,325,195
Software expenses	953,763	1,522,432
	<u>79,748,236</u>	<u>111,808,738</u>

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 25 Employee benefits expense	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
Salaries ⁽ⁱ⁾	184,021,564	258,991,489
Contribution to Provident fund and other funds	413,168	535,780
Staff welfare expenses	2,258,198	13,244,931
Provision for Gratuity and Compensated Absences (Refer note - 35)	5,669,612	11,046,613
	192,362,542	283,818,813

- (i) During the year, personnel costs (excluding service tax) amounting to ₹ 54,201,976 (Previous Year ₹ 222,846,929) were apportioned to Indiabulls Distribution Services Limited - a wholly owned subsidiary of the Company.

Note - 26 Interest and finance costs	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
Bank charges	11,008,082	14,290,674
Interest on bank overdraft	66,735,742	37,989,768
Interest on working capital loan	5,513,014	6,312,329
Interest on vehicle loans	268,694	548,866
Interest on commercial papers	61,522,037	12,644,340
Interest on taxes	4,571,154	57,565
	149,618,723	71,843,542

Note - 27 Other expenses	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
Lease rent ^{(i) & (iii)} (Refer note 29)	24,349,002	58,792,839
Rates and taxes	3,131,636	11,490,296
Electricity expenses	12,577,893	19,893,328
Insurance	509,714	601,909
Communication expenses	19,054,860	33,110,148
Professional charges	22,658,895	15,661,920
Travelling and conveyance	4,542,511	10,609,055
Printing and stationery	6,634,926	10,670,300
Office maintenance	6,003,871	22,898,402
Repairs and maintenance - others	12,663,073	24,768,056
Business promotion	811,573	3,905,568
Payment to Statutory Auditors (net of service tax of ₹ 444,960; Previous year ₹ 889,920)		
- For Statutory Audit	2,650,000	5,300,000
- For Certification	500,000	1,000,000
- Reimbursement of Expenses	450,000	900,000

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 27 Other expenses (contd.)	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
Loss on erroneous transactions (net) (Refer note - 30)	32,468	302,749
Loss on sale/ scrapping of fixed assets	23,369,029	9,054,669
Provision for doubtful debts, advances and security deposits	3,952,788	50,744,708
Bad debts / advances written off	51,899,772	96,538,453
Less : Adjusted against provision of earlier years	51,763,310	93,745,151
	136,462	2,793,302
Miscellaneous expenses	373,960	843,761
	144,402,661	283,341,010

- (i) During the year, Lease rent amounting to ₹ 74,118,193 (Previous Year ₹ 73,277,459) was apportioned to Indiabulls Distribution Services Limited - a wholly owned subsidiary of the Company.
- (ii) During the year, Lease rent amounting to ₹ 434,786 (Previous Year ₹ Nil) was apportioned to the Company by Indiabulls Distribution Services Limited - a wholly owned subsidiary of the Company.

Note - 28

Earnings per Equity Share (EPS) :

Disclosure in respect of Accounting Standard – 20 'Earnings Per Share' as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

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

Dilutive potential Equity Shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of Equity Shares and potential dilutive Equity Shares are adjusted for the potential dilutive effect of Employee Stock Option Plan and warrants as appropriate.

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Profit available for Equity Shareholders (₹)	872,568,190	558,355,270
Basic / Diluted Earnings per Equity Share:		
Weighted average number of Equity Shares used for computing Basic Earnings per Equity Share	231,112,511	231,112,511
Add: Potential number of Equity Shares that could arise on exercise of Employee Stock Options	357,152	—
Add: Potential number of Equity Shares that could arise on exercise of Warrants	5,353,352	—
Weighted average number of Equity Shares used in computing Diluted Earnings per Equity Share	236,823,015	231,112,511
Face Value of Equity Share (₹)	2.00	2.00
Earnings Per Equity Share - Basic (₹)	3.78	2.42
Earnings Per Equity Share - Diluted (₹)	3.68	2.42

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 29**Leases :**

The Company has taken office premises on operating lease at various locations in India and lease rent in respect of the same amounting to ₹ 24,349,002 (Previous Year ₹ 58,792,839) net of apportionment has been charged to the Statement of Profit and Loss. (Refer note - 27(i)). The minimum lease rental outstanding are as under:

Particulars	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Future minimum lease payments		
Not later than one year	56,897,089	125,395,306
Later than one year and not later than five years	20,257,008	116,833,695
Later than five years	—	—

The agreements are executed for a period ranging from 11 months to 10 years with a renewable clause and in many cases, it also provides for termination at will by either party giving a prior notice period between 30 to 90 days.

Note - 30**Loss on Erroneous Transactions :**

The loss on squaring off of erroneous transactions on account of trading in securities amounting to ₹ 32,468 (net) (Previous year ₹ 302,749 (net)) has been debited to the Statement of Profit and Loss.

Note - 31**A. Contingent liabilities not provided for in respect of:**

Particulars	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
– Claims against the Company not acknowledged as debts in respect of:		
Penalty for synchronised trading under SEBI regulations ⁽ⁱ⁾	1,500,000	1,500,000
Arbitration matters ⁽ⁱⁱ⁾	2,153,393	201,637
Court Cases	6,640,343	3,820,285
– Fixed Deposits pledged against overdraft facility availed by Subsidiary Companies	1,589,250,000	—
– Corporate guarantee for bank guarantees availed by subsidiary	—	100,000,000

(i) During the year ended March 31, 2011, the Securities Appellate Tribunal (“SAT”) had passed an order dated October 26, 2010 in favour of the Company setting aside the penalty imposed by SEBI. However, during the year ended March 31, 2012, SEBI had preferred an appeal at the Honourable Supreme Court of India against the judgment of the SAT.

(ii) The Company is involved in various legal proceedings as respondents / defendants for various claims including those related to conduct of its business. In respect of these claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defenses the ultimate disposition of these matters will not have material adverse effect on its financial statements / position.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

B. Commitments:

Particulars	As at March 31, 2014 Amount (₹)	As at March 31, 2013 Amount (₹)
Capital Commitments for purchase of fixed assets	400,000,000	400,759,492

Note - 32

Employee Stock Option Schemes:

a) Employees Stock Option Scheme - 2008

Pursuant to a resolution passed by the Shareholders on January 19, 2009, the Company had cancelled and withdrawn the existing "Employee Stock Option Scheme - 2007", covering 15,000,000 stock options and established a new Employee Stock Option Scheme titled "Employee Stock Option Scheme - 2008" in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines").

Under the Scheme, the Company was authorised to grant 20,000,000 Equity settled options to eligible employees including its directors (other than promoter directors) and employees of its subsidiary companies including their directors. All options under the Scheme are exercisable for Equity Shares of the Company. Employees covered by the plan were granted an option to purchase shares of the Company subject to the requirements of vesting.

A Compensation Committee constituted by the Board of Directors of the Company administered the plan. The Compensation Committee at its meeting held on January 24, 2009, had granted, under the "Indiabulls Securities Limited Employees Stock Option Scheme - 2008" ("IBSL ESOP - 2008"), 20,000,000 Stock Options representing an equal number of Equity Shares of face value ₹ 2 each in the Company, to the Eligible Employees, at an exercise price of ₹ 17.40, being the latest available closing market price on the National Stock Exchange of India Ltd., as on January 23, 2009 following the intrinsic method of accounting as is prescribed in the Guidance Note on Accounting for Employees Share-Based Payments ("the Guidelines") issued by the Institute of Chartered Accountants of India. As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. The Stock Options so granted, shall vest in the eligible employees over a period of 10 years beginning from January 25, 2010 being the first vesting date. The options granted under each of the slabs, can be exercised by the grantees within a period of five years from the relevant vesting date.

S. No.	Particulars	IBSL ESOP - 2008
1	Exercise price	₹ 17.40
2	Expected volatility	79.00%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	11 Years
5	Expected Dividends yield	22.99%
6	Risk Free Interest rate	6.50%
Fair value of the options under the plans using the Black Scholes Merton Option Pricing Model as certified by an independent firm of Chartered Accountants.		₹ 0.84

The expected volatility was determined based on historical volatility data.

b) Employees Stock Option Scheme - 2009

The Shareholders of the Company at their Annual General Meeting held on September 30, 2009 have authorised the Board of Directors to grant 20,000,000 options, representing equivalent number of Equity Shares of face value ₹ 2 each in one or more tranches, pursuant to an Employee Stock Option Scheme titled as 'Indiabulls

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Securities Limited Employees Stock Option Scheme - 2009' ("IBSL ESOP - 2009"). The options covered under the Scheme would be granted at a price and on such terms and conditions as may be decided by the Compensation Committee, to the eligible employees of the Company and its subsidiaries.

The Compensation Committee constituted by the Board of Directors of the Company, at its meeting held on December 1, 2009, granted, under the "Indiabulls Securities Limited Employees Stock Option Scheme- 2009" ("IBSL ESOP - 2009") 10,000,000 Stock Options representing an equal number of Equity Shares of face value ₹ 2 each in the Company, at an exercise price of ₹ 35.25, being the latest available closing market price on the National Stock Exchange of India Ltd., on November 30, 2009. The Stock Options so granted, shall vest uniformly over 10 years beginning from December 2, 2010 being the first vesting date. The option granted under each of the slabs, can be exercised within a period of five years from the relevant vesting date.

Further, the Compensation Committee constituted by the Board of Directors of the Company has at its meeting held on April 12, 2010, granted, under the "Indiabulls Securities Limited Employees Stock Option Scheme - 2009" ("IBSL ESOP - 2009") 2,050,000 Stock Options representing an equal number of Equity Shares of face value ₹ 2 each in the Company, at an exercise price of ₹ 31.35, being the latest available closing market price on the National Stock Exchange of India Ltd., on April 9, 2010. The Stock Options so granted, shall vest uniformly over 10 years beginning from April 13, 2011 being the first vesting date. The options granted under each of the slabs, can be exercised within a period of five years from the relevant vesting date.

S. No.	Particulars	IBSL ESOP - 2009	
		10,000,000 Options	2,050,000 Options
1	Exercise price	₹ 35.25	₹ 31.35
2	Expected volatility	77%	48.96%
3	Expected forfeiture percentage on each vesting date	Nil	Nil
4	Option Life (Weighted Average)	10 Years	10 Years
5	Expected Dividends yield	13.48%	6.86%
6	Risk Free Interest rate	7.50%	8.05%
Fair value of the options under the plans using the Black Scholes Merton Option Pricing Model as certified by an independent firm of Chartered Accountants.		₹ 6.48	₹ 9.39

The expected volatility was determined based on historical volatility data.

Had the compensation cost for the stock options granted under the IBSL ESOP - 2008 and IBSL ESOP - 2009 been determined based on the fair value approach, the Company's net profit and Basic/Diluted earnings per Equity Share would have been as per the pro forma amounts indicated below:

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Profit attributable to Equity Shareholders (refer note - 28)	872,568,190	558,355,270
Less: Stock-based compensation expense determined under the fair value based method: [Gross ₹ 16,589,166 (Previous Year ₹ 23,579,797)] (pro forma)	928,251	1,583,508
Net Profit considered for computing Earnings per Equity Share (pro forma)	871,639,939	556,771,762

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Basic / Diluted Earnings Per Equity Share:		
Weighted average number of Equity Shares used for computing Basic Earnings per Equity Share	231,112,511	231,112,511
Add: Potential number of Equity Shares that could arise on exercise of Employee Stock Options	357,152	—
Add: Potential number of Equity Shares that could arise on exercise of Warrants	5,353,352	—
Weighted average number of Equity Shares used for computing Diluted Earnings per Equity Share	236,823,015	231,112,511
Basic earnings per Equity Share (as reported)	3.78	2.42
Basic earnings per Equity Share (pro forma)	3.77	2.41
Diluted earnings per Equity Share (as reported)	3.68	2.42
Diluted earnings per Equity Share (pro forma)	3.68	2.41

The other disclosures in respect of the above Stock Option Schemes are as under:

	IBSL ESOP - 2008	IBSL ESOP - 2009	
Total Options under the Scheme (Nos.)	20,000,000	20,000,000	
Options granted (Nos.)	20,000,000	10,000,000	2,050,000
Vesting Period and Percentage	Ten years, 1 st Year - 15% 2 nd year to 9 th year - 10% each year 10 th year - 5%	Uniformly over a period of Ten years	Uniformly over a period of Ten years
Vesting Date	January 25 th each year, commencing January 25, 2010	December 2 nd each year, commencing December 2, 2010	April 13 th each year, commencing April 13, 2011
Exercise Price (₹)	17.40	35.25	31.35
Outstanding at the beginning of the year (Nos.)	10,965,083	—	500,000
Options vested during the year (Nos.)*	1,072,608	—	50,000
Exercised during the year (Nos.)	—	—	—
Expired during the year (Nos.)	—	—	—
Surrendered and eligible for re-grant during the year (Nos.)	1,029,558	—	—
Outstanding at the end of the year (Nos.)	9,935,525	—	500,000
Exercisable at the end of the year (Nos.)	5,167,742	—	150,000
Remaining contractual Life (Weighted Months)	61	Nil	90

* Net of options surrendered before vesting.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 33**Segment Reporting :**

The Company operates in one reportable business segment i.e., “Broking & related activities” and operates in one reportable geographical segment, i.e. “within India”. Hence, no separate information for segment wise disclosure is required in accordance with the requirements of Accounting Standard (AS) 17 - “Segment Reporting” as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

Note - 34**Related Party Disclosures :**

Disclosures in respect of Accounting Standard 18 - ‘Related Party Disclosures’ as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

<u>Nature of Relationship</u>	<u>Name of the Party</u>
(a) Related parties where control exists:	
Subsidiary Companies *	Indiabulls Commodities Limited
	India Ethanol and Sugar Limited
	Devata Tradelink Limited
	Indiabulls Brokerage Limited
	Indiabulls Distribution Services Limited
	Auxesia Soft Solutions Limited
	Pushpanjali Finsolutions Private Limited (w.e.f. June 28, 2013)
	Arbutus Constructions Private Limited (w.e.f. June 11, 2013)
	Gyan Sagar Buildtech Private Limited (w.e.f. June 11, 2013) (formerly known as Gyan Sagar Software Technologies Private Limited)
	Shivshakti Financial Services Private Limited (w.e.f. June 28, 2013)
	Astraea Constructions Private Limited (w.e.f. June 11, 2013)
	Silenus Buildtech Private Limited (w.e.f. June 11, 2013) (formerly known as Silenus Software Technologies Private Limited)
	Astilbe Builders Private Limited (w.e.f. June 11, 2013)
	Pushpanjali Fincon Private Limited (w.e.f. June 11, 2013)
	Viscaria Builders Private Limited (w.e.f. June 11, 2013 till February 28, 2014)

* These Companies include step down subsidiaries of the subsidiaries of the company

(b) Other Related Parties:

Key Management Personnel	Mr. Divyesh B. Shah, Whole Time Director & Chief Executive Officer
	Mr. Ashok Sharma, Whole Time Director
	Mr. Sameer Gehlaut, Dominant Promoter
	Mr. Rajiv Rattan, Dominant Promoter
	Mr. Saurabh K. Mittal, Dominant Promoter

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

(c) Significant transactions with Related Parties during the year ended March 31, 2014 (Amount in ₹)

Nature of Transaction	Subsidiaries	Key Management Personnel	Total
Income			
Consultancy Fees	— <i>50,000,000</i>	— —	— <i>50,000,000</i>
Bad Debt Recovered	— <i>2,125,942</i>	— —	— <i>2,125,942</i>
Dividend Income	600,000,000 —	— —	600,000,000 —
Expenses			
Reimbursement of expenses paid	434,786 —	— —	434,786 —
Reimbursement of expenses received	128,320,170 <i>296,371,810</i>	— —	128,320,170 <i>296,371,810</i>
Remuneration	— —	26,099,677 <i>17,420,004</i>	26,099,677 <i>17,420,004</i>
Finance			
Inter-Corporate Deposits Given (Maximum balance outstanding during the year)	3,351,500,000 <i>2,313,000,000</i>	— —	3,351,500,000 <i>2,313,000,000</i>
Interest income on Inter-Corporate Deposits	200,592,328 <i>137,709,753</i>	— —	200,592,328 <i>137,709,753</i>
Money received against Share Warrants	— —	43,780,127 —	43,780,127 —
Liabilities			
Employee Benefits Liabilities Paid	21,103,015 —	— —	21,103,015 —
Contingent Liability			
Fixed Deposits pledged against overdraft facility availed by Subsidiary Companies	1,589,250,000 —	— —	1,589,250,000 —
Guarantee			
Guarantee Given	— <i>30,000,000</i>	— —	— <i>30,000,000</i>
Guarantee Released	100,000,000 —	— —	100,000,000 —

(Previous year's figures are stated in Italics)

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

(d) Outstanding as at March 31, 2014:

(Amount in ₹)

Nature of Transaction	Subsidiaries	Key Management Personnel	Total
Inter-Corporate Deposits Given			
- Indiabulls Distribution Services Limited	1,108,000,000	—	1,108,000,000
	<i>1,175,500,000</i>	—	<i>1,175,500,000</i>
- Devata Tradelink Limited	108,750,000	—	108,750,000
	<i>300,000,000</i>	—	<i>300,000,000</i>
Dividend Receivable			
- Indiabulls Distribution Services Limited	170,000,000	—	170,000,000
	—	—	—
Money received against Share Warrants			
- Mr. Sameer Gehlaut	—	19,458,410	19,458,410
	—	—	—
- Mr. Rajiv Rattan	—	6,103,159	6,103,159
	—	—	—
- Mr. Saurabh K. Mittal	—	5,218,558	5,218,558
	—	—	—
- Mr. Divyesh B. Shah	—	13,000,000	13,000,000
	—	—	—
Fixed Deposits pledged against overdraft facility availed by Subsidiary Companies			
- Indiabulls Commodities Limited	522,500,000	—	522,500,000
	—	—	—
- Indiabulls Distribution Services Limited	1,066,750,000	—	1,066,750,000
	—	—	—
Guarantee given for Subsidiary Company			
- Indiabulls Commodities Limited	—	—	—
	<i>100,000,000</i>	—	<i>100,000,000</i>

(Previous year's figures are stated in Italics)

(e) Statement of Material Transactions :

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Consultancy Fees		
- Indiabulls Distribution Services Limited	—	50,000,000
Bad Debt Recovered		
- Devata Tradelink Limited	—	2,125,942
Dividend Income		
- Indiabulls Distribution Services Limited	600,000,000	—
Reimbursement of Expenses paid		
- Indiabulls Distribution Services Limited	434,786	—
Reimbursement of Expenses received		
- Indiabulls Commodities Limited	—	212,197

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

(e) Statement of Material Transactions (Contd.) :

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
- Indiabulls Brokerage Limited	—	12,074
- Indiabulls Distribution Services Limited	128,320,170	296,147,202
- Auxesia Soft Solutions Limited	—	337
Inter-Corporate Deposits Given (maximum balance outstanding during the year)		
- Indiabulls Distribution Services Limited	3,051,500,000	2,013,000,000
- Devata Tradelink Limited	300,000,000	300,000,000
Interest Income		
- Indiabulls Distribution Services Limited	200,592,328	137,709,753
Money received against Share Warrants		
- Mr. Sameer Gehlaut	19,458,410	—
- Mr. Rajiv Rattan	6,103,159	—
- Mr. Saurabh K. Mittal	5,218,558	—
- Mr. Divyesh B. Shah	13,000,000	—
Employee Benefits Liabilities paid		
- Indiabulls Distribution Services Limited	21,103,015	—
Fixed Deposits pledged against overdraft facility availed by subsidiary companies		
- Indiabulls Commodities Limited	522,500,000	—
- Indiabulls Distribution Services Limited	1,066,750,000	—
Guarantee Given		
- Indiabulls Commodities Limited	—	30,000,000
Guarantee Released		
- Indiabulls Commodities Limited	100,000,000	—
Remuneration		
- Mr. Divyesh B. Shah	26,099,677	17,420,004

Disclosures mandated by Clause 32 of the Listing Agreement have been included in the aforesaid Related Party Disclosures.

Note - 35

Employee Benefits:

Provident Fund, Gratuity and Compensated Absences - disclosures as per Accounting Standard 15 (Revised) - 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006, as amended:

Contributions are made to Government Provident Fund and Family Pension Fund and other statutory funds which cover all regular employees eligible under the respective acts. Both the employees and the Company make predetermined contributions to the Provident Fund. The contributions are normally based on a certain proportion of the employee's salary. The Company has recognised an amount of ₹ 413,168 (Previous year ₹ 481,561) towards Employer's Contribution for the above mentioned funds.

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Provision for unfunded Gratuity and Compensated Absences for eligible employees is based on an actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains / losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

Disclosures in respect of Gratuity and Compensated Absences:

(Amount in ₹)

Particulars	Gratuity (unfunded) 2013-14	Gratuity (unfunded) 2012-13	Compensated Absences (unfunded) 2013-14	Compensated Absences (unfunded) 2012-13
Reconciliation of Liability recognised in the Balance Sheet :				
Present Value of Commitments (as per Actuarial valuation)	17,412,601	35,022,593	5,378,411	10,496,925
Fair Value of Plans	—	—	—	—
Net Liability in the Balance Sheet (as per Actuarial valuation)	17,412,601	35,022,593	5,378,411	10,496,925
Movement in net Liability recognised in the Balance Sheet :				
Net Liability as at beginning of the year	35,022,593	34,479,164	10,496,925	12,654,848
Amount Paid during the year	6,817,357	10,503,184	451,995	669,891
Acquisition adjustment on account of transfer of employees	16,462,247	—	4,640,768	—
Net expense / (gain) recognised in the Statement of Profit and Loss	5,669,612	11,046,613	(25,751)	(1,488,032)
Contribution during the year	—	—	—	—
Net Liability as at end of the year	17,412,601	35,022,593	5,378,411	10,496,925
Expense recognised in the Statement of Profit and Loss :				
Current Service Cost	2,203,607	5,353,584	656,807	1,855,121
Past Service Cost	—	—	—	—
Interest Cost	2,229,495	2,918,871	665,707	1,024,292
Expected return on plan assets	—	—	—	—
Actuarial losses / (gains)	1,236,510	2,774,158	(1,348,265)	(4,367,445)
Expense charged / (reversal) to the Statement of Profit and Loss	5,669,612	11,046,613	(25,751)	(1,488,032)

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Disclosures in respect of Gratuity and Compensated Absences (Contd...):

(Amount in ₹)

Particulars	Gratuity	Gratuity	Compensated	Compensated
	(unfunded) 2013-14	(unfunded) 2012-13	Absences (unfunded) 2013-14	Absences (unfunded) 2012-13
Return on plan assets :				
Expected return on plan assets	—	—	—	—
Actuarial (gains) / losses	—	—	—	—
Actual return on plan assets	—	—	—	—
Reconciliation of defined-benefit Commitments :				
Commitments as at beginning of the year	35,022,593	34,479,164	10,496,925	12,654,848
Current Service Cost	2,203,607	5,353,584	656,807	1,855,121
Past Service Cost	—	—	—	—
Interest Cost	2,229,495	2,918,871	665,707	1,024,292
Paid benefits	(6,817,357)	(10,503,184)	(451,995)	(669,891)
Acquisition adjustment on account of transfer of employees	(16,462,247)	—	(4,640,768)	—
Actuarial losses / (gains)	1,236,510	2,774,158	(1,348,265)	(4,367,445)
Commitments as at end of the year	17,412,601	35,022,593	5,378,411	10,496,925
Reconciliation of plan assets :				
Plan assets as at beginning of the year	—	—	—	—
Expected return on plan assets	—	—	—	—
Contributions during the year	—	—	—	—
Paid benefits	—	—	—	—
Actuarial (gains) / losses	—	—	—	—
Plan assets as at end of the year	—	—	—	—

(Amount in ₹)

Experience adjustment:	Gratuity (Unfunded)				
	2013-14	2012-13	2011-12	2010-11	2009-10
On plan liabilities ((losses) / gains)	(2,659,739)	(2,683,314)	1,372,332	9,613,594	1,007,683
On plan assets (gains/ (losses))	—	—	—	—	—
Present value of benefit obligation	17,412,601	35,022,593	34,479,164	47,066,227	52,744,001
Fair value of plan assets	—	—	—	—	—
Excess of (obligation over plan assets) / plan assets over obligation	17,412,601	35,022,593	34,479,164	47,066,227	52,744,001

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

(Amount in ₹)

Experience adjustment:	Compensated Absences (Unfunded)				
	2013-14	2012-13	2011-12	2010-11	2009-10
On plan liabilities (Gain)	940,374	4,397,849	8,313,277	8,961,120	5,100,682
On plan assets (Gain/ (Loss))	—	—	—	—	—
Present value of benefit obligation	5,378,411	10,496,925	12,654,848	17,584,459	22,229,774
Fair value of plan assets	—	—	—	—	—
Excess of (obligation over plan assets) / plan assets over obligation	5,378,411	10,496,925	12,654,848	17,584,459	22,229,774

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

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate -		
Gratuity and Compensated Absences	8.50%	8.00%
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality	IALM (2006 - 08)	IALM (1994 - 96)

The employer's best estimate of contributions expected to be paid during the annual period beginning after the Balance Sheet Date, towards Gratuity and Compensated Absences is ₹ 4,236,745 (Previous Year ₹ 9,857,431) and ₹ 1,222,438 (Previous Year ₹ 2,670,809) respectively.

Note - 36**Earnings in Foreign Currency:**

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Advisory Income	8,942	36,727
Dividend on Long-Term Investments	18,523,863	13,296,733
Total	18,532,805	13,333,460

Note - 37**Derivative Instruments:**

The Company has not entered into any derivative contract for hedging any foreign currency exposure. The year end foreign currency exposures that have not been hedged by derivative instruments or otherwise are given below :

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Amount receivable on loan notes and escrow receivable account (in USD)	1,291,918	1,588,136
Amount receivable on loan notes and escrow receivable account (in INR)	77,643,988	86,377,601

Notes forming part of the financial statements

for the year ended March 31, 2014 (contd.)

Note - 38

No borrowing cost has been capitalised during the year.

Note - 39

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 under the Companies (Accounting Standards) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources which would be required to settle the obligation.

Note - 40

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

For and on behalf of the Board of Directors

Divyesh B. Shah

Whole Time Director &
Chief Executive Officer

Mumbai, April 22, 2014

Ashok Sharma

Whole Time
Director

Rajeev Lochan Agrawal

Chief Financial Officer

R. K. Agarwal

Company Secretary

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN ITS SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2013-14

Sr. No.	Name of the Subsidiary Company	Financial year ending of the Subsidiary Companies	Date from which they became Subsidiary Companies	Holding Company's interest (Equity Shares of ₹ 10 each stated otherwise)	Extent of Holding	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company		
						a. Not dealt with in the Holding Company Accounts	b. Dealt with in the Holding Company Accounts	
						i) For the Financial Year ended March, 31 2014	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	iii) For the previous financial years of the Holding Company since they become Holding Company's subsidiaries
1	Indiabulls Commodities Limited	31-Mar-14	1-Apr-07	600,000 Equity Shares of ₹ 10/- each fully paid up	100%	2,265,851	111,497,333	Nil
2	India Ethanol And Sugar Limited *	31-Mar-14	1-Apr-07	190,000 Equity Shares of ₹ 10/- each fully paid up	100%	140,814	(862,942)	Nil
3	Devata Tradelink Limited	31-Mar-14	9-Jan-08	50,000 Equity Shares of ₹ 10/- each fully paid up	100%	(57,177)	(1,806,204,423)	Nil
4	Indiabulls Brokerage Limited	31-Mar-14	22-Aug-08	5,500,000 Equity Shares of ₹ 10/- each fully paid up	100%	1,723,545	(18,398,306)	Nil
5	Indiabulls Distribution Services Limited	31-Mar-14	11-Jun-09	50,000 Equity Shares of ₹ 10/- each fully paid up	100%	734,479,867	81,295,120	Nil
6	Auxsia Soft Solutions Limited	31-Mar-14	30-Sep-11	50,000 Equity Shares of ₹ 10/- each fully paid up	100%	35,283	(94,395)	Nil
7	Pushpanjali Finsolutions Private Limited *	31-Mar-14	28-Jun-13	6,010,000 Equity Shares of ₹ 10/- each fully paid up	100%	1,205,585	-	Nil

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956 (contd..)

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN ITS SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2013-14

Sr. No.	Name of the Subsidiary Company	Financial year ending of the Subsidiary Companies	Date from which they became Subsidiary Companies	Holding Company's interest (Equity Shares of ₹ 10 each stated otherwise)	Extent of Holding	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company		
						a. Not dealt with in the Holding Company Accounts	i) For the Financial Year ended March, 31 2014	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries
8	Arbutus Construction's Private Limited *	31-Mar-14	11-Jun-13	110,000 Equity Shares of ₹ 10/- each fully paid up	100%	(1,955,752)	-	Nil
9	Gyan Sagar Buildtech Private Limited *	31-Mar-14	11-Jun-13	110,000 Equity Shares of ₹ 10/- each fully paid up	100%	3,007,440	-	Nil
10	Shivshakti Financial Services Private Limited *	31-Mar-14	28-Jun-13	2,316,600 Equity Shares of ₹ 10/- each fully paid up	100%	8,709,394	-	Nil
11	Astraea Construction's Private Limited *	31-Mar-14	11-Jun-13	10,000 Equity Shares of ₹ 10/- each fully paid up	100%	(2,264,070)	-	Nil
12	Silenus Buildtech Private Limited *	31-Mar-14	11-Jun-13	10,000 Equity Shares of ₹ 10/- each fully paid up	100%	(1,556,135)	-	Nil
13	Astilbe Builders Private Limited *	31-Mar-14	11-Jun-13	10,000 Equity Shares of ₹ 10/- each fully paid up	100%	(68,566)	-	Nil
14	Pushpanjii Fincon Private Limited *	31-Mar-14	11-Jun-13	4,010,000 Equity Shares of ₹ 10/- each fully paid up	100%	(3,185,116)	-	Nil

Notes:

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

For and on behalf of the Board

Divyesh B. Shah
Whole Time Director &
Chief Executive Officer

Ashok Sharma
Whole Time Director

Rajesh Lochan Agrawal
Chief Financial Officer

R. K. Agarwal
Company Secretary

Mumbai, April 22, 2014



Indiabulls
S E C U R I T I E S

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