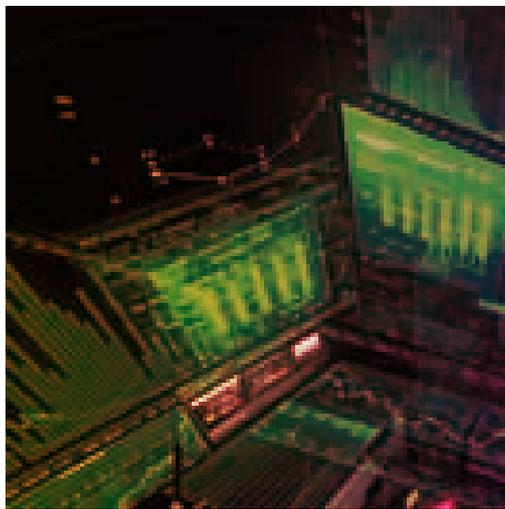


Bullish on your TRUST



Contents

Corporate Information	1
Corporate Identity	5
Financial Highlights	8
Operational Highlights	9
Letter from the CEO	16
Management Discussion and Analysis	18
Directors' Report	24
Report on Corporate Governance	30
Consolidated Financials	43
Standalone Financials	70
Statement pursuant to Section 212(1)(e) of the Companies Act	108
Details of Subsidiary Companies	109
Balance Sheet Abstract & Companies General Business Profile	110

Forward looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements written and oral that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

BOARD OF DIRECTORS:

Mr. Divyesh B. Shah
 Mr. Ashok Sharma
 Mr. Rajiv Rattan
 Mr. Saurabh K Mittal
 Mr. Aishwarya Katoch
 Mr. Karan Singh
 Mr. Prem Prakash Mirdha
 Brig. Labh Singh Sitara

COMPANY SECRETARY:

Mr. R. K. Agarwal

STATUTORY AUDITORS:

Deloitte Haskins & Sells
 Chartered Accountants
 Opp. Shiv Sagar Estate
 12, Dr. Annie Besant Road
 Worli, Mumbai - 400 018

INTERNAL AUDITORS:

N.D. Kapur & Co.
 Chartered Accountants
 2-A, Shanker Market,
 Connaught Place, New Delhi - 110 001

REGISTRARS & TRANSFER AGENTS:

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

REGISTERED OFFICE:

F-60, Malhotra Building,
 2nd Floor, Connaught Place,
 New Delhi - 110 001

CORPORATE OFFICES:

1. "Indiabulls House" 448-451,
 Udyog Vihar, Phase V,
 Gurgaon - 122 001
2. 869/F, Indiabulls Finance Centre,
 Tower 1, Elphinstone Mills,
 Senapati Bapat Marg,
 Mumbai - 400013.

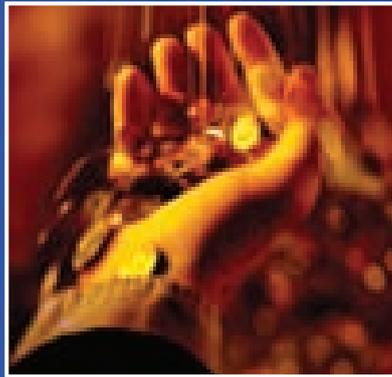
BANKERS:

ABN Amro Bank
 Allahabad Bank
 Andhra Bank
 Axis Bank
 Bank of India
 Bank of Maharashtra
 Bank of Rajasthan
 Canara Bank
 Citibank
 Dena Bank
 HDFC Bank

HSBC
 ICICI Bank
 IDBI Bank
 Indian Bank
 Indusind Bank
 ING Vyasya Bank
 Karnataka Bank
 Karur Vyasya Bank
 Oriental Bank of Commerce
 Punjab National Bank
 Punjab & Sind Bank

Standard Chartered Bank
 State Bank of India
 State Bank of Patiala
 Syndicate Bank
 UCO Bank
 Union Bank of India
 United Bank of India
 Vijaya Bank

// Trust is implicit in the way we live, dream, earn our livelihood, invest our hard-earned money and conduct daily business or commerce. //



Bullish on Your Trust

Trust, an intangible human emotion, has the power to generate tangible results with a transformational impact. Trust is implicit in the way we live, dream, earn our livelihood, invest our hard-earned money and conduct daily business or commerce.

It is the perennial flow of this fundamental human emotion that has empowered us to become what we are today: one of India's most-preferred brokerage houses with 6-lacs-plus retail clients. At IBSL, we believe trust remains critical and business-enhancing in good times and bad, across market volatilities and vicissitudes, day in and day out, forever after.

So that even as we could be temporarily bullish on a lot of market variables, we are permanently

Bullish on your trust.



“The Company is a pioneer in offering the online trading platform way back in 2000.”





Corporate Identity

Indiabulls Securities Limited (IBSL) is among the largest pan-India brokerage house with a customer base of more than 620,000 satisfied customers. The Company is a pioneer in offering the online trading platform way back in 2000.

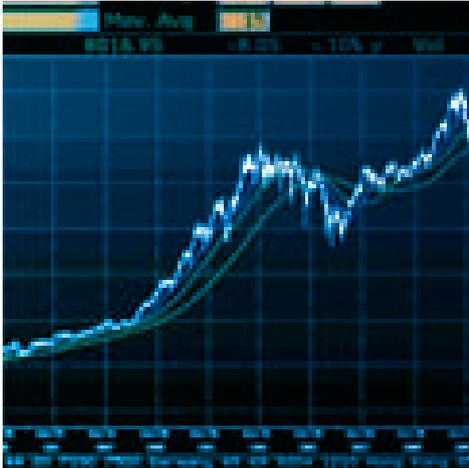
OUR PARENTAGE

- A part of the Indiabulls Group, one of India's top Business houses with businesses spread over Real Estate, Infrastructure, Financial Services, Securities, Retail, Multiplex and Power sectors
- The group enjoys a net worth of above USD 3 billion as on March 31, 2010
- The group has been conferred the status of a "Business Superbrand" by the Brand Council, Superbrands India

OUR ACCREDITATIONS AND ACHIEVEMENTS

- IBSL is the corporate member of capital market, wholesale debt market and derivative segment of NSE and of the capital market and derivative segment of BSE
- It has a pan India presence with a network of 123 branches spread across 70 cities
- It possesses state of the art trading platform, best broking practices and is always ahead in launching innovative trading products
- It is the first brokerage house to be assigned the highest rating BQ 1 by CRISIL
- It is listed on NSE, BSE & Luxembourg Stock Exchange

Retail Broking



EQUITY

IBSL through various types of brokerage accounts provides product and services related to purchase and sale of securities listed in cash as well as derivative segments of NSE and BSE. The Company also provides depository services, equity research services, mutual fund and IPO distribution to its clients.



COMMODITIES

Indiabulls Commodities Limited, a 100% subsidiary of IBSL, offers commodity brokerage services to its customers. The Company is a registered Trading-cum-Clearing member of Multi Commodity Exchange of India Ltd. (MCX) and National Commodity and Derivatives Exchange Limited (NCDEX).



CURRENCY

Being one of the early entrants into the Equity and Derivative Segments, IBSL has obtained the membership in Currency Futures to offer new asset class for its customers. The Company offers trading in the Currency Derivatives Segment in National Stock Exchange (NSE).

Institutional Broking

IBSL has in place a high quality institutional equities research and sales team.

The high quality research reports, produced by “out of box thinkers” research analysts sets the Company apart from the rest of the pack, and has opened doors for us with various institutional clients, both locals and FII. This will enable the Company to garner a significant slice of the Institutional Business. The focus would be to expand research coverage and strive to offer the clients an unbiased high quality research product in a “sanitised and secured” environment.





Financial Highlights

Total Income



Total Expenses*



* Total Expenses excluding Bad Debts written off and Provision for Bad Debts and Advances

Net Worth



Dividend



Increasing Client Base



Operational Highlights

- A full fledged division for institutional sales was created in December 2009. A team of high profile research analysts was developed especially to cater the institutional clients. Within a short span of time, the Company has successfully developed relationship with several institutions
- The Company successfully concluded the buyback of 23,486,341 equity shares (Face value of Rs. 2 each) at an average price of Rs. 31.49 per share utilizing Rs. 73.96 crore (excluding brokerage and other expenses) on March 5, 2010
- The number of Active Unique Clients traded during FY 2009-10 increased considerably to 164,716 clients from 118,970 client in FY 2008-09
- Opened 58,224 new equity trading accounts during the year
- Added 8,612 new trading accounts for commodities during the year
- Being rated as 'P1+' by CRISIL, the company's short term debt program was enhanced from Rs. 1,000 crore to Rs. 1,200 crore

Financial Snapshot

Standalone

(Rs. in mn)

	09-10	08-09	07-08	06-07
Total income	3,447.54	4,032.80	6,286.69	4,466.14
Operating Expenses	278.14	308.97	432.30	616.06
Employee cost	1,335.72	1,116.06	1,054.13	1,059.78
Administration & other Expenses	491.28	2,365.83	713.52	506.28
EBITDA	1,342.40	241.94	4,086.74	2,284.02
Interest	190.80	194.53	156.91	141.45
Depreciation	212.16	242.22	212.11	144.39
PBT	939.44	(194.81)	3,717.72	1,998.18
Tax	327.27	(65.98)	1,231.14	624.24
PAT	612.17	(128.83)	2,486.58	1,373.94
Equity Share Capital	459.88	506.85	506.85	178.34
Reserves & Surplus	1,739.43	2,360.25	3,087.45	3,013.29
Net Worth	2,199.31	2,867.10	3,594.30	3,191.63
Basic EPS (Rs.)*	2.43	(0.53)	9.80	77.04
NPM (%)	17.76%	-3.19%	39.55%	30.76%
RONW (%)	27.83%	-4.49%	69.18%	43.05%

* EPS for 2008 - 09 and 2007 - 08 has been computed on the basis of 253,426,989 fully paid up Equity Shares of Rs 2/- each whereas EPS for 2006 - 07 has been computed on the basis of 17,834,099 fully paid up Equity Shares of Rs 10/- each.

We know investor trust is invaluable.

And we respond with speed to prevent its erosion.

IBSL has consistently paid high dividends to investors and follows a practice of on-time disclosures to enhance corporate transparency, win investor trust and maintain high ethical standards.

The result is that, as high as 40 foreign institutional investors hold stake in IBSL including few of the leading Global Investment Bankers. Besides, the Company's nearly 1,25,000 shareowners repose continued faith in the way we conduct our business and the way we want to take it ahead.



// 40 foreign institutional investors hold stake in IBSL including few of the leading Global Investment Bankers. //



We acknowledge client trust demands superior service.

And we ensure that with a smile.

We pamper our customers with real-time information to keep them updated all the year around. Besides, our dedicated customer service call centre (100 seater) caters to client requirements and grievances.

We even provide dedicated security IDs to our customers. Our indigenously developed sound and scalable technology accelerates transactions and enhances customer delight even in peak hours. Our technological superiority and resilience remain our unbeatable edge in a highly competitive market where a single systemic failure can be business impacting.



// We even provide dedicated security IDs to our customers. //



We believe employee trust is organizationally empowering.

And we travel the extra mile to make that happen.

IBSL is an equal opportunity employer, attracting the brightest and the best talent from the market. We do not discriminate on the grounds of age, gender, colour, race, ethnicity, language, caste, creed, economic or social status or disability.

The Company has even put in place ESOPs to reward and motivate the employees. The result is that our people enjoy a sense of belonging to the organization, and are willing to put in the extra effort to drive the Indiabulls brand.



// Our people enjoy a sense of belonging to the organization, and are willing to put in the extra effort to drive the Indiabulls brand. //



Letter from the CEO



“ One of our major achievements has been to successfully complete a buy-back of our Equity Shares as well declare a 100% dividend, both in the same year ”

Mr. Divyesh Shah
CEO, Indiabulls Securities Limited

Dear Shareholders,

The acute worldwide financial crisis seems to be slowly receding, and a global economic recovery is underway. The immediate effect of the rebound in the global economy could be seen in the financial markets that have posted spectacular gains within a short span of time.

The money has started pouring back into the markets around the world as investors are optimistic about the economic recovery. Moreover, Companies across the world have posted better than expected earnings in their last two quarters indicating the signs of operational recovery.

The Indian economy showed quicker signs of recovery. The growth rate has been far better than other emerging economies primarily due to higher reliance on domestic demand for growth. Moreover, the market sentiments also stabilized followed by a decisive mandate by Indian voters in the last general elections, announcement of stimulus packages as an active response to the crisis by the government of India and the central bank (RBI), good corporate earnings and increase in foreign investments. This also resulted in increasing the consumer confidence, indicating a positive growth in the coming fiscal. India's economic growth and deepening of the financial system will present leading Indian broking firms with numerous opportunities for growth and expansion. Integration of the financial markets will enhance the scope of their business and scalability. Access to public equity markets will enable them to raise resources to fund expansion and growths as also pursue useful business acquisitions. Growing international investor interest in India will add newer opportunities to scale up the business as also harmonising with global standard and practices. Introduction of new products such as mini contracts in the derivatives and other futures and options products will add new opportunities for creating new business segments.

Risk aversion has come down significantly on account of strong revival in the market, which coupled with improving economic fundamentals augurs well for the broking industry in general and your company in particular. Thanks to our strong core values and system, your company could largely weather the storm caused by the global meltdown two years ago. Our fundamentally sound business model and our pan-India presence enabled us to develop critical competencies that consolidated our position as a national level brokerage

house. Our foundation of people, processes, sound technology, stable balance sheet and organizational flexibility further differentiated us from our competitors and enabled us to deliver superior customer service.

One of our major achievements has been to successfully complete a buy-back of our Equity Shares as well declare a 100% dividend, both in the same year. High dividend payout is consistent with our philosophy to reward our shareholders, particularly when there are no immediate CAPEX requirements. Our continued focus will be to build a long term stable business on the strengths of our scalable technology platform, enhanced customer service and introduction of applications that enhance customer satisfaction. Customer security has further been strengthened through the roll-out of SECURID, to nearly 100,000 clients. It is this inherent strength through service maxim that has helped us withstand the financial turmoil and has enabled us to post significant increase in our commodities broking business.

I am pleased to announce that CRISIL has once again reaffirmed the BQ-1 grading, which is a reflection on our quality of operations and customer service strengths.

The future augurs well for the Industry and your Company. Rising disposable incomes and the new breed of the young professionals wanting to park their funds in the equity markets will provide the fillip to the business.

Having consolidated our leadership status in the equity broking, we are fast moving towards making our presence felt in the commodities broking as well. The recently set-up Institutional Equities team will help us emerge as an integrated capital market player, straddling both retail as well as institutional space. The product offering will be complete with our foray into the Portfolio Management and Investment Banking space in not too distant future.

I take this opportunity to thank all our shareholders, customers, lenders and our employees for reposing their faith in us and our abilities and look forward to taking on new challenges and scaling new heights of performance in the future.

Management Discussion and Analysis

“ The economy stabilised in the first quarter of 2009-10 itself, when it clocked a GDP growth of 6.1%, as against 5.8% in the fourth quarter of the preceding year. ”

ECONOMIC REVIEW

The FY 2009-10 began on a positive note with the economies world over showing signs of recovery from the serious recessionary effects which had crippled it for greater part of FY 2008-09 with each sector of the economy getting seriously affected.

For the Indian economy, which had witnessed severe downturn during the recessionary phase, FY 2009-10 was a challenging year. The significant deceleration in the second half of FY 2008-09, brought the real GDP growth down to 6.7%, from an average of over 9% in the preceding three years. India was among the first few countries in the world to implement a broad-based counter-cyclic policy package which included a substantial fiscal expansion along with liberal monetary policy support to respond to the negative fallout of the global slowdown.

The effectiveness of these policy measures became evident with fast paced recovery. The economy stabilised in the first quarter of FY 2009-10 itself, when it clocked a GDP growth of 6.1%, as against 5.8% in the fourth quarter of the preceding year. It registered a strong rebound in the second quarter, when the growth rate rose to 7.9%. This recovery is very encouraging for it has come about despite a slackened economic growth. More importantly, it is the result of a renewed momentum in the manufacturing sector. There are also signs of a turnaround in the merchandise exports with a positive growth after a decline of about twelve successive months.

With the GDP growth having stabilised and projections

for the future reflecting optimism, we can say with confidence that India has weathered the crisis well and the Indian economy now is in a far better position than it was a year ago.

INDUSTRY OVERVIEW

The Indian Capital Market which had witnessed a bull phase between FY 2004-05 to FY 2007-08 experienced a severe setback during FY 2008-09, triggered by the global financial market meltdown and worsened by the rising inflationary pressures in the domestic economy. The dislocation in the financial and capital market seriously impacted the financial performance of the domestic brokerage houses.

With the brokerage income getting adversely impacted and the turnover declining with falling stock prices and average brokerage yield, the brokerage houses profitability was severely impacted and they were faced with the challenge of protecting their capital from erosion in the adverse capital market movement.

The FY 2009-10, however, saw a turnaround in the fortunes of the Capital Markets in India.

On the back of easing global concerns, stable government at the centre and improving market sentiments, the industry turnover registered a strong performance marking a huge improvement over the position in FY 2008-09.

Going forward there is a need for exercise of caution as the market volatility, both in terms of stock prices and trading turnover, is expected to continue and the pressure on profitability is likely to persist.

Management Discussion and Analysis

(Contd.)

19

“ The turnaround in the fortunes of the broking industry, brought about by easing global concerns, a stable government and improving market sentiments, helped the Company to strengthen further. ”

The industry needs to stay vigilant on risks by conducting stress testing periodic intervals to ascertain capital requirements for maintaining adequate margins and financial resources to withstand any systemic shocks including delay in margin payments by clients.

SEBI has taken several measures to improve the integrity of the secondary market. Legislative and regulatory changes have facilitated the corporatisation of stockbrokers. Capital adequacy norms have been prescribed and are being enforced. A mark-to-margin and intraday trading limit have also been imposed. Further, the stock exchanges have put in place circuit breakers, which are applied in times of excessive volatility. The disclosure of short sales and long purchases is now required at the end of the day to reduce price volatility and further enhance the integrity of the secondary market. While there is still a lot to be done to make capital markets more efficient in mobilising and allocating capital and additional steps to increase investor protection and improvement in transparency, corporate governance and monitoring will be necessary to enhance investors' confidence in the capital market, however very good progress has been made.

BUSINESS REVIEW

The Company's core business is stock and share broking and commodities broking. It has also recently set-up an Institutional Equities team. To complement these businesses, the Company provides depository services, equity research services and IPO distribution to its clients. The Company is a corporate member of the capital market, wholesale debt market and derivative

segment of the NSE and a corporate member of the capital market and Derivative segment of the BSE. The Company had over 6.20 lacs client relationships as on March 31, 2010.

The turnaround in the fortunes of the broking industry, brought about by easing global concerns, a stable government and improving market sentiments, helped the Company to strengthen further.

The Company has during the year completed its Buy back offer on March 5, 2010. The total numbers of Equity Shares bought back under the Buy back offer were 23,486,341, at an average price of Rs. 31.49/- per Equity share. The said shares got extinguished, consequent to which the paid-up Equity Share Capital of the Company stands reduced from Rs. 506,853,978/- (comprising of 253,426,989 Equity Shares of Rs. 2/- each) to Rs. 459,881,296/- (comprising of 229,940,648 Equity Shares of Rs. 2/- each).

The Company's maxim is to consistently reward its shareholders. Keeping this intact, the Company has recommended a dividend of Rs. 2/- per Equity Share i.e. 100% of the face value of Rs. 2/- per Equity Share, out of current year profits, amounting to a total dividend payout of Rs. 53.63 crore including Corporate Dividend tax.

STRENGTHS

Equity, Debt and Derivative Brokerage

The Company's retail equity business primarily covers secondary market equity broking and mainly targets retail investors. It offers automated on-line investing trading facilities as well as broker assisted

Management Discussion and Analysis

(Contd.)

trade execution to its customers. Investors have full access to personalised portfolio tracking, charting and quote applications, real-time market commentary, and real-time quotes and news. The Company also offers brokerage services for debt and derivatives markets.

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 on-line. 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 specialised advanced trading platform which has direct connectivity with the Company, Power Indiabulls. On-line trading is convenient for clients and also minimises the typical off-line costs incurred in responding to and processing routine client transactions.

The Company has also introduced a seamless funds transfer platform to its clients where-in the clients can transfer funds from their own bank accounts to Indiabulls Securities Limited 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 trade will be sent to the client. The trade 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 website, <http://www.indiabulls.com/securities/> 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. Some of these products are provided at an additional cost to the client.

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 a dial-up network. It provides integrated market watch for securities and derivatives, advanced technical analysis of various securities, risk management reports, single key stroke order entry and two second order confirmation turnaround time, even in peak hours of trading.

SecurID

IBSL has always been at the forefront in introducing cutting edge technologies to enhance our customers' overall broking experience. As another step in this direction we launched SecurID, a hardware authentication device for our customers. This reiterates our constant commitment towards creating a secure and robust trading platform for our customers.

The SecurID device generates a new 6 digit 'Security Code' every 30 seconds and ensures highest level of security for clients' account. Clients, who have been issued SecurID, need to enter 'Security Code' being displayed in their SecurID device, along with the 'Client ID' and 'Password' to login and place orders through their Indiabulls Internet Trading Account/ Power Indiabulls (PIB). These clients are also required to quote this 'Security Code' while placing orders over phone at their Service Branch. This concept of SecurID is considered to be most advance and safest mechanism for trading.

We are thankful to our customers for their overwhelming response to this pioneering concept. The introduction of SecurID further cements our position as an innovative and leading brokerage house of the country.

Indiabulls Signature Client

Indiabulls Signature Client is designed for self-directed

Management Discussion and Analysis

(Contd.)

21

experienced individual investors who want to manage their own portfolios. This service offers a stock trading account, Indiabulls Signature Account, which assists clients by allowing them to combine investments and cash in one account and trade securities on-line. Clients have full access to Indiabulls Equity Analysis, an objective analysis of stocks, usually available only on subscription. Other features of the Indiabulls Signature Account include on-line access to their portfolio statements and dedicated relationship manager support.

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.

Indiabulls Equity Analysis

Indiabulls Equity Analysis is an analysis of stocks, which can be accessed online. It provides clients with customised research reports and a rating system on top Indian companies. Indiabulls Equity Analysis does not provide a recommendation based upon its own assessment; instead it uses a formula to track previous historical performance and combines this with "buy" or "sell" recommendations from analyst reports to generate a rating.

Centralised Customer Care Helpdesk

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

queries. 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 "BQI".

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.

BUSINESS STRATEGY

The Company is focused on capturing significant growth opportunities in the financial services market and its strategy is driven by the following key principles:

A. Aggressively grow the client base

The Company's primary focus is on increasing its client base by:

- (i) expanding its geographic presence in new cities as well as increasing its presence in existing cities by opening new offices;
- (ii) increasing sales force to provide personal attention and improve customer service; including trained relationship managers operating across the country, and

Management Discussion and Analysis

(Contd.)

- (iii) cross selling our various services and wealth management solutions.

The Company has a large and well distributed network of branches across India, which provides securities broking service. The Company believes that this network will enable it to offer its services with increased convenience to the customers and to expand its market share and client base. This extensive distribution network provides us further opportunities to cross-sell products and services as we diversify into new business streams.

B. Institutional Equities

The Company has in place a high quality institutional equities team. Our high quality research reports, produced by our "out of box thinkers", research analysts sets us apart from the rest of the pack, and has opened doors for us with various institutional clients, both locals and FI. This will enable us to garner a significant slice of the Institutional Business. Our focus would be to expand our research coverage and strive to offer our clients an unbiased high quality research product in a "sanitised and secured" environment.

C. Portfolio Management Services

The Company plans to expand its operations by providing portfolio management advisory services to its high net worth clients that offer superior margins and are complementary to existing operations.

D. Enforce 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.

BUSINESS OUTLOOK

The easing of global concerns, a stable government, and improving market sentiments augurs well for the Indian Capital Market. The increase in volumes in the second half of the year indicates the revival of investor confidence and their faith in the equity market. The markets could well be set to reach the high levels of the past. The launch of our Institutional Equities business coupled with scalability of the Company's technological platform will help consolidate our position further in the market.

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 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.

Management Discussion and Analysis

(Contd.)

23

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

Your Directors have pleasure in presenting the Fifteenth Annual Report and the audited accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS

The highlights of the financial results for the year ended March 31, 2010 are as under:

	Amount (Rs.)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit Before Tax and Depreciation	1,151,597,171	47,412,160
Less: Depreciation	212,153,895	242,220,256
Profit / (Loss) Before Tax	939,443,276	(194,808,096)
Less: Provision for Taxation & Prior Period Tax Adjustments	327,268,409	(65,977,042)
Profit/ (Loss) After Tax and Prior Period Tax Adjustments	612,174,867	(128,831,054)
Add: Balance of Profit brought forward	1,594,074,288	2,564,282,211
Amount Available for Appropriation	2,206,249,155	2,435,451,157
Appropriations		
Dividend on Preference Shares	1,548,328	4,594,632
Proposed Dividend on Equity Shares	459,881,296	506,853,978
Corporate Dividend Tax on		
- Preference Dividend	263,319	780,858
- Proposed Dividend on Equity Shares	76,380,535	86,139,834
Transfer to Capital Redemption Reserve		
- On buy back of equity shares	46,972,682	-
- On redemption of preference shares	45,946,335	-
Adjusted against premium paid on buy back	195,880,224	-
Transfer to General Reserve	61,300,000	243,007,567
Proposed Final Dividend for previous year on Equity Shares written back on shares bought back	(14,542)	-
Corporate Dividend Tax on Proposed Final Dividend for previous year on Equity Shares written back on shares bought back	(2,471)	-
Balance of Profit carried forward to Balance Sheet	1,318,093,629	1,594,074,288

Directors' Report (Contd.)

OPERATIONS REVIEW

The Company's core business is stock and share broking and commodities broking. It has also recently set up the Institutional Equities Business. To complement these businesses, the Company provides depository services, equity research services and IPO distribution to its clients. 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) and a corporate member of the capital market and derivative segment of the Bombay Stock Exchange Limited (BSE).

The total income of the Company during the year stood at Rs. 344.75 crores with a net profit after tax of Rs. 61.22 crores. The consolidated revenues of the Company for the year ended March 31, 2010 stood at Rs. 359.79 crores and the consolidated profit stood at Rs. 67.47 crores respectively.

FUTURE BUSINESS OUTLOOK

The Company is focused on building a long term stable business with emphasis on retail brokerage that does not rely on highly-leveraged trading clients. The Company's position will be further strengthened by the set-up of its Institutional Equity business and its future foray into Portfolio Management, Wealth Management and Investment Banking.

BUYBACK OF EQUITY SHARES

In accordance with Sections 77A, 77AA and 77B and all other applicable provisions, if any, of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended, the Company commenced from May 14, 2009 its Offer of Buy back of Equity Shares of the face value of Rs. 2/- each fully paid up, from its shareholders from the open market through the electronic trading facilities of the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited, at a maximum price of Rs. 33/- per equity share payable in cash, up to or less than a maximum amount of Rs. 831,796,227. The Buy back offer closed on March 5, 2010. The Company has utilised 88.91% of the amount authorised for the Buy back.

The total numbers of Equity shares bought back under the Buy back offer were 23,486,341, at an average price of Rs. 31.49 per equity share. The said shares got extinguished, consequent to which the paid-up equity share capital of the Company stands reduced from Rs. 506,853,978 (comprising of 253,426,989 equity shares of Rs. 2/- each) to Rs. 459,881,296 (comprising of 229,940,648 equity shares of Rs. 2/- each).

DIVIDEND

In keeping with Company's policy of rewarding its shareholders, your Directors recommend a dividend of Rs. 2/- per equity share (i.e. 100% on the face value of Rs. 2/- per equity share) for FY2009-10, which if approved at the ensuing Annual General Meeting, will be paid to (i) all those Members whose names appear in the Register of Members as on June 5, 2010 and (ii) all those Members whose names appear on that date as beneficial owners of shares in the beneficial holder data as furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

The proposed equity dividend along with the Corporate Dividend Tax would consume an aggregate amount of Rs. 536,261,831.

In addition to the above, the Company has paid preference dividend @10% aggregating Rs. 1,548,328 to Oberon Limited, a foreign entity, as per the agreed terms.

EMPLOYEE STOCK OPTIONS

With a view to reward performance and to retain talented employees of the Company and its subsidiaries, a new scheme was launched titled 'Indiabulls Securities Limited Employees Stock Option Scheme - 2009', covering 20 mn stock options, convertible into equal number of equity shares of face value Rs. 2/- each. The Compensation Committee has granted 10.00 mn options to the eligible employees under the said scheme during the Financial Year ended March 31, 2010.

The disclosures as required under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in respect of schemes of the Company viz - Indiabulls Securities Limited Employees Stock

Directors' Report (Contd.)

Option Scheme - 2008 and Indiabulls Securities Limited Employees Stock Option Scheme - 2009 are set out in the Annexure to this Report.

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Prem Prakash Mirdha and Brig. Labh Singh Sitara retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

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

The resignations of Mr. Rajiv Rattan and Mr. Saurabh K. Mittal who had resigned from the office of directorship of the Company w.e.f. August 05, 2009 are not yet effective. The same shall be effective upon receipt of approval from the membership departments of NSE & BSE as the Company is a member of these Exchanges.

FIXED DEPOSITS

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

SUBSIDIARIES

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

In terms of approval granted by the Ministry of Corporate Affairs, Government of India vide letter No. 47/399/2010-CL-III dated May 04, 2010, under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries of the Company as of March 31, 2010 have not been attached with the Balance Sheet of the Company. These documents and the related detailed information will be made available upon request

by any Member of the Company and its subsidiaries interested in obtaining the same. The annual accounts of the subsidiary companies are also kept at the registered office of the Company and that of its subsidiaries for inspection by any member. The details of subsidiary companies accounts are also put up on the website of the Company. Further, as directed by the Ministry of Corporate Affairs, the financial data of the subsidiaries have been furnished under 'Details of Subsidiary Companies' forming part of the Annual Report. Further, pursuant to Accounting Standard (AS) 21 as notified under the Companies (Accounting Standards) Rules, 2006, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management 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 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;

Directors' Report (Contd.)

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, 2010 and the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

M/s Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with Section 224(IB) of the Companies Act - 1956. The Board recommends their re-appointment.

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information required to be disclosed under Section 217 (l) (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, as per the provisions of Section 219(l) (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 employees of the Company.

For and on behalf of the Board of Directors

Divyesh B. Shah **Ashok Sharma**
Whole-Time Director Whole-Time Director

Date : May 17, 2010

Place : New Delhi

Annexure

to the Directors' Report

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 AND OUTGO.

A. ENERGY CONSERVATION

The Company uses electric energy for its equipment such as office equipment, computers, lighting and utilities in the work premises. As an ongoing process, the following measures are undertaken to conserve energy:

- Implementation of viable energy saving proposals.
- Installation of automatic power controllers to save maximum demand charges and energy.
- Training front end operational personnel on opportunities of energy conservation.
- 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.

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

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

Particulars	Amount in Rs.
	Year ended March 31, 2010
Interim Dividend paid on Preference shares	2,681,251
Dividend paid on Equity Shares	25,620,286

ANNEXURE TO THE DIRECTORS' REPORT REGARDING THE ESOP ISSUE UNDER 'INDIABULLS SECURITIES LIMITED EMPLOYEES STOCK OPTION SCHEME 2008', AS ON MARCH 31, 2010

Particulars	
a. Options granted	20,000,000
b. Exercise price	Rs. 17.40
c. Options vested	2,761,474
d. Options exercised	Nil
e. The total number of shares arising as a result of exercise of option	Nil
f. Options lapsed*	1,852,675
g. Variation in terms of options	Nil
h. Money realised by exercise of options	Nil
i. Total number of options in force	18,147,325
j. Employee wise details of options granted to;	
i. senior management personnel	Mr. Divyesh B. Shah 2,500,000
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil
k. Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	2.34 per share
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 recognised 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 Schedule 'O' Part B Notes to Accounts forming part of the Annual Report.

* Available for regrant

Annexure

to the Directors' Report (Contd.)

ANNEXURE TO THE DIRECTORS' REPORT REGARDING THE ESOP ISSUE UNDER 'INDIABULLS SECURITIES LIMITED EMPLOYEES STOCK OPTION SCHEME - 2008' (Contd.)

Particulars

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: Rs.17.40 per option Weighted average fair value: Rs. 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:	Refer to Schedule 'O' Part B - Notes to Accounts 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	

ANNEXURE TO THE DIRECTORS' REPORT REGARDING THE ESOP ISSUE UNDER 'INDIABULLS SECURITIES LIMITED EMPLOYEES STOCK OPTION SCHEME - 2009', AS ON MARCH 31, 2010

Particulars

a. Options granted	10,000,000
b. Exercise price	Rs. 35.25
c. Options vested	Nil
d. Options exercised	Nil
e. The total number of shares arising as a result of exercise of option	Nil
f. Options lapsed	Nil
g. Variation in terms of options	Nil
h. Money realised by exercise of options	Nil
i. Total number of options in force	20,000,000
j. Employee wise details of options granted to;	
i. senior management personnel	Mr. Ajay Bhatia 10,000,000
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Mr. Ajay Bhatia 10,000,000
k. Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	2.34 per share
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 recognised 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 Schedule 'O' Part B Notes to Accounts 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: Rs. 35.25 per option Weighted average fair value: Rs. 6.48 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 Schedule 'O' Part B - Notes to Accounts 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	

Report on Corporate Governance

// Business practices based on these principles and responsible corporate behaviour contribute to superior long term performance of the companies. //

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 behaviour 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 to 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 Indiabulls Securities Ltd has been constituted in a manner which ensures appropriate mix of executive/non-executive and Independent Directors to ensure proper governance and management. The Board members have collective experience in diverse fields like finance, banking, engineering and technology.

Report on Corporate Governance

(Contd.)

The Board consists of eight Directors, two of whom, including the CEO, are Executive Directors. The remaining six Directors are Non-Executive Directors, with four of such Directors being Independent Directors. The Chairman of the Board being an Executive Director, the number of Independent Non-Executive Directors on the Board is 50% of the Board strength at any point of time. The details of Directors, number of directorships held by them in other companies as also the number of their memberships and chairmanships on various board committees as on March 31, 2010 are depicted in the table given below:

Sl. No.	Name of the Director	Category of Directorship	No. of Directorships in other Companies**	No. of Memberships/ Chairmanships in Board Committees of various companies (including the Company)***	
				Member	Chairman
1.	Mr. Divyesh B. Shah	Executive Director	12	1	Nil
2.	Mr. Ashok Sharma	Executive Director	12	6	Nil
3.	Mr. Rajiv Rattan*	Non-Executive Promoter Director	9	2	Nil
4.	Mr. Saurabh K. Mittal *	Non-Executive Promoter Director	3	3	Nil
5.	Mr. Aishwarya Katoch	Non-Executive Independent Director	4	8	4
6.	Brig. Labh Singh Sitara	Non-Executive Independent Director	2	2	Nil
7.	Mr. Karan Singh	Non-Executive Independent Director	6	4	2
8.	Mr. Prem Prakash Mirdha	Non-Executive Independent Director	4	4	Nil

* The resignations of Mr. Rajiv Rattan and Mr. Saurabh K. Mittal who had resigned from the office of directorship of the Company w.e.f. August 05, 2009 are not yet effective. The same shall be effective upon receipt of approval from the membership departments of NSE and BSE as the Company is a member of these Exchanges.

**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 Shareholders' Grievance Committees in various public limited companies, considered.

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 there at

During FY 2009-10 the Board met 11 (Eleven) times. The dates of the Board meetings were April 16, 2009, June 2, 2009, June 25, 2009, July 30, 2009, August 1, 2009, August 11, 2009, September 1, 2009, October 30, 2009, December 15, 2009, January 25, 2010 and March 22, 2010.

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

Report on Corporate Governance

(Contd.)

A table depicting the attendance of Directors at various board meetings and the annual general meeting held during FY2009-10 is given below:

Sl. No.	Name of the Director	No. of board meetings attended	Attendance at the last AGM
1.	Mr. Divyesh B. Shah	11	Yes
2.	Mr. Ashok Sharma	11	Yes
3.	Mr. Rajiv Rattan	4	No
4.	Mr. Saurabh K. Mittal	5	No
5.	Mr. Aishwarya Katoch	11	Yes
6.	Brig. Labh Singh Sitara	7	No
7.	Mr. Karan Singh	11	Yes
8.	Mr. Prem Prakash Mirdha	8	No

(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, Remuneration Committee and Shareholders'/Investors' Grievance Committee act in accordance with the terms of reference determined by the Board. Meetings of each of these Committees are convened by the respective Chairmen. Matters requiring Board's attention / approval are placed before the Board. The role, the composition of these Committees including the number of meetings held during the financial year and the related attendance details are provided below:

(A) Audit Committee

Composition

The Audit Committee comprises of four members namely Mr. Karan Singh as the Chairman, Mr. Prem Prakash Mirdha, Mr. Ashok Sharma and Mr. Aishwarya Katoch as members. Three out of the four members namely Mr. Karan Singh, Mr. Prem Prakash Mirdha and Mr. Aishwarya Katoch, are Independent Directors. Mr. R.K. Agarwal 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.

Report on Corporate Governance

(Contd.)

33

Meetings and Attendance during the year

During the year, five committee meetings were held respectively on April 23, 2009, June 25, 2009, July 30, 2009, October 30, 2009 and January 20, 2010 and the same were attended as under:

Name of the Member	No. of meetings held during the tenure	No. of meetings attended
Mr. Karan Singh	5	5
Mr. Prem Prakash Mirdha	5	1
Mr. Ashok Sharma	5	5
Mr. Aishwarya Katoch	5	5

The Chief Financial Officer, Statutory Auditors and Internal Auditors attended the meeting(s) by invitation.

(B) Remuneration Committee

Composition

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

Terms of reference

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

- To recommend to the Board, compensation terms of the Executive Directors.
- To assist the Board in determining and implementing the Company's Policy on the remuneration of Executive Directors.

Meetings and Attendance during the year

During the year three committee meetings were held respectively on April 16, 2009, June 23, 2009 and March 30, 2010 and the same were attended as under:

Name of the Member	No. of meetings held during the tenure	No. of meetings attended
Mr. Aishwarya Katoch	3	3
Mr. Karan Singh	3	3
Mr. Prem Prakash Mirdha	3	0

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 (Rs.)	Monetary Value of perquisites (Rs.)	Total (Rs.)
Mr. Divyesh B. Shah	None	29,007,478	581,947	29,589,425

Notes:

1. Remuneration includes Basic Salary, Allowances, Incentives and Bonus.
2. Perquisites represent Leave Encashment and Gratuity, based on actuarial valuation.
3. Mr. Divyesh B. Shah held 769,000 Equity Shares Rs. 2/- each, in the Company, as on March 31, 2010.
4. The Company granted 2,500,000 stock options to Mr. Divyesh B. Shah, convertible into an equivalent number of Equity shares during the exercise periods prescribed under the relevant - Stock Option Scheme.
5. Terms and conditions of service of Executive Director are governed by the applicable Rules and Policy of the Company.

(ii) Remuneration of Non-Executive Directors

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

Report on Corporate Governance

(Contd.)

(C) Shareholders' / Investors' Grievance Committee

Composition

Mr. Labh Singh Sitara, an Independent Director on the Board of the Company, was co-opted as one of the members of the Shareholder's/Investor's Grievance Committee w.e.f. September 1, 2009, in place of Mr. Rajiv Rattan. The Committee comprises of three Directors as its members namely Mr. Karan Singh, Mr. Prem Prakash Mirdha and Mr. Labh Singh Sitara. Mr. Karan Singh 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.

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

Name and designation of compliance officer

Mr. R. K. Agarwal, 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 FY 2009-10

During FY 2009-10, 322 investor complaints with regard to non-receipt of dividend and change/correction of bank mandate on dividend warrants were received and all were resolved to the satisfaction of the shareholders.

4. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2006-07	F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi 110 001	July 9, 2007	10:00 A.M.
2007-08	Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi 110 037	September 5, 2008	11:30 A.M.
2008-09	Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi 110 037	September 30, 2009	11:00 A.M.

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

In the AGM of the Company for the year 2006-2007 no special resolution was passed. However, in the AGM for the years 2007-08 and 2008-09, special resolutions as per detail hereunder, were passed:

Special Resolutions passed in AGM for the year 2007-08:

- Special Resolution seeking members' approval under Section 372A of the Companies Act, 1956, to invest the Company's funds to acquire by way of subscription, purchase or otherwise, the securities of Devata Tradelink Limited and India Ethanol and Sugar Limited from time to time in one or more tranches up to an aggregate sum of Rs. 1,000 Crore (Rupees One Thousand crore only) in each Company.
- Special Resolution seeking members' approval for enhancing the exercise period of the options granted to the employees of the Company under "Employees Stock Option Scheme 2007" from 90 (ninety) days to 5 (five) years and amendment of relevant clause of the said scheme.
- Special Resolution seeking members' approval for enhancing the exercise period of the options granted to the employees of subsidiary companies under "Employees Stock Option Scheme - 2007" from 90 (ninety) days to 5 (five) years and amendment of relevant clause of the said scheme.

Special Resolutions passed in AGM for the year 2008-09:

- Special Resolution seeking members' approval to the appointment of Mr. Divyesh Bharat Kumar Shah as Whole-Time Director of the Company for a period of five years, with effect from April 1, 2009, up to a

Report on Corporate Governance

(Contd.)

35

- remuneration as may be recommended by the Remuneration Committee and fixed by the Board, from time to time, within a maximum ceiling of Rs. Thirty lacs per month, along with the benefit of Earned and Medical leave, Leave encashment and Gratuity as per the Company Rules, so however that the actual remuneration, payable to Mr. Shah during his tenure, shall be within the said overall limit.
- (b) Special Resolution seeking members' approval to the appointment of Mr. Ashok Kumar Sharma as Whole-Time Director of the Company for a period of five years, with effect from April 1, 2009 on NIL remuneration.
- (c) Special Resolution seeking members' approval for alteration of Articles of Association of the Company for deletion of all clauses relating to the non-convertible preference shares which had since been redeemed by the Company.
- (d) Special Resolution seeking members' approval to create, issue, offer and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director, whether Whole-Time or otherwise (except the Promoter Directors of the Company, or any other Director holding, directly or indirectly, more than 10% of the outstanding Equity shares of the Company), under the employee stock option scheme titled "Indiabulls Securities Limited Employees Stock Option Scheme - 2009", (hereinafter referred to as the "IBSL ESOP - 2009" or "Scheme"), 20,000,000 (Two Crores) Equity Options entitling the option holders to purchase an equivalent number of Equity Shares of face value Rs. 2/- (Rupees Two) each of the Company, at such price, in one or more tranches, and on such terms and conditions as may be decided by the Board under "IBSL ESOP - 2009 and/or amendments thereto and as allowed under prevailing laws, rules and regulations and/or amendments thereto, from time to time.
- (e) Special Resolution seeking members' approval to extend the benefits of "IBSL ESOP - 2009" to or for the benefit of Employees of the Company's subsidiaries, including Directors (except Promoter Directors and any Director holding, directly or indirectly, more than 10% of the outstanding Equity shares of the Company) of such subsidiary companies, and on such terms and conditions as may be decided by the Board under "IBSL ESOP - 2009" and/or amendments thereto and as allowed under prevailing laws, rules and regulations and/or amendments thereto, from time to time.
- (f) Special Resolution seeking members' approval to create, issue, offer and allot the Stock Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant of options to certain eligible employees under the scheme titled "Indiabulls Securities Limited Employees Stock Option Scheme - 2009", (hereinafter referred to as the "IBSL ESOP - 2009" or "Scheme"), at such price, in one or more tranches, and on such terms and conditions as may be decided by the Board under "IBSL ESOP - 2009" and/or amendments thereto and as allowed under prevailing laws, rules and regulations and/or amendments thereto, from time to time.
- (C) Special Resolutions passed during FY 2009-10 through postal ballot**
During FY 2009-10, no Special Resolution was passed by the members' of the Company through Postal Ballot under Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.
- (D) Procedure for Postal Ballot**
For conducting a postal ballot, notice specifying the resolutions proposed to be passed through postal ballot as also the relevant explanatory statement and the postal ballot forms, are dispatched to all the shareholders along with self addressed postage pre paid envelope. The shareholders

Report on Corporate Governance

(Contd.)

are requested to send back the postal ballot forms duly filled up and signed, in the postage pre paid envelopes provided to them by the Company, so as to reach the Scrutinizer (in whose name the envelopes are marked) on or before the 30th day from the date of issue of notice by the Company.

The Scrutinizer compiles the postal ballot result out of the postal ballot forms found valid and hands over the results to the Chairman. The Chairman thereupon declares the results of the postal ballot and the same are also displayed on a notice board at the Registered office of the Company.

5. DISCLOSURES

(i) Details on materially significant related party transactions

Details of materially significant related party transactions made during the FY 2009-10, are contained in the notes to the annual accounts which form a part of the Annual Report.

(ii) Details of non compliance, penalties etc., imposed by Stock Exchange, SEBI etc. on any matter related to capital markets, since the date of listing

SEBI vide its order dated February 25, 2009 levied a penalty of Rs. 15 lacs against the Company for entering into synchronized trades in F&O contracts during the period January to March 2007. Hearing in respect of an appeal filed by the company before SAT was concluded on April 22, 2010 and reserved for order.

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

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

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

Further, in order to encourage the employees to freely air their views and voice their concerns on various matters and to prevent

any victimisation of the employees, identity of the employees is kept strictly confidential.

It would be 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.

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

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

Mr. Sameer Gehlaut
 Mr. Rajiv Rattan
 Mr. Saurabh Mittal
 Inuus Developers Private Limited
 Orthia Properties Private Limited
 Inuus Properties Private Limited
 Orthia Constructions Private Limited
 Priapus Land Development Private Limited
 Inuus Constructions Private Limited
 Hespera Land Development Private Limited
 Hespera Constructions Private Limited

6. MEANS OF COMMUNICATION

(i) Publication of Results:

The quarterly/annual results of the Company are published in the leading newspapers viz The Financial Express/ The Asian Age/ Business Standard (English) and Jansatta/Hari Bhoomi/Business Standard (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

Report on Corporate Governance

(Contd.)

performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations etc. are regularly posted on the website

(iii) Management 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 Relations" where general information to shareholder is available.

7. GENERAL SHAREHOLDERS' INFORMATION

(A) 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 is annexed to the Annual Report

(B) Profile of Directors seeking re-appointment

Mr. Prem Prakash Mirdha

Mr. Prem Prakash Mirdha, aged 54 years, is an Independent Director on the Board of Directors since January 15, 2008. Mr. Mirdha was a second mate foreign going in the merchant navy. After his association of 11 years with the merchant navy, he set up his own cement plants and is currently running the same. He also operates lime kilns which are suppliers to enterprises engaged in steel and sugar industries. Mr. Mirdha is also on the Board of Indiabulls Financial Services Limited, Indiabulls Real Estate Limited, Indiabulls Power Limited. and Store One Retail India Limited. He is also a member of Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee of the Company, a member of Audit Committee, Shareholders'/Investors' Grievance Committee and Compensation Committee of Indiabulls Power Limited, a member of Remuneration Committee of Indiabulls Financial Services Limited, Indiabulls Power Limited, Indiabulls Real Estate Limited and Store One Retail India Limited. Mr. Mirdha does not hold any equity shares in the company.

Brigadier Labh Singh Sitara

Brigadier Labh Singh Sitara, aged 71 years, is an Independent Director on the Board of Directors since January 15, 2008. He graduated from

Government College, Maler Kotla, Punjab with a degree in economics and joined the National College of Physical Education, Gwalior. He has represented India at an international level and won three medals in the Asian Games. Brigadier Sitara joined the Indian army in 1962 and had a career spanning three decades during which he led troops both in war and peace. 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 District Sainik Welfare Department of the Government of Punjab. Brigadier Sitara is also on the Board of Indiabulls Power Limited. and Indiabulls Real Estate Limited. He is also a member of Shareholders'/Investors' Grievance Committee of the Company and a member of Shareholders'/Investors' Grievance Committee, Remuneration Committee and Compensation Committee of Indiabulls Power Limited. Brig. Sitara does not hold any equity shares in the company.

(C) Financial Calendar 2010-2011 (tentative)

Tentative Schedule

Financial reporting for the quarter ending June 30, 2010	By Mid August 2010
Financial reporting for the half year ending September 30, 2010	By Mid November 2010
Financial reporting for the quarter ending December 31, 2010	By Mid February 2011
Financial reporting for the quarter and year ending March 31, 2011	By End May 2011*
Annual General Meeting for the year ending March 31, 2011	By End September 2011

* Pursuant to Clause 41 of the Listing Agreement, Board may also consider publication of Audited results for FY 2010-2011 by May 30, 2011, instead of publishing unaudited results for the fourth quarter.

(D) Date of Book Closure

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

(E) Dividend Payment date

Dividend payout date has been provided in the Notice convening the AGM forming part of this Annual Report.

Report on Corporate Governance

(Contd.)

(F) (i) Distribution of shareholding as on March 31, 2010

SL. No.	Shareholding of nominal value (in Rs.)		No. of holders	% to total holders	Value in Rs.	% to nominal value
	From	To				
1	Upto	- 5,000	120,297	96.65	62,388,242	13.57
2	5,001	- 10,000	2,156	1.73	16,162,062	3.51
3	10,001	- 20,000	981	0.79	14,860,022	3.23
4	20,001	- 30,000	332	0.27	8,361,918	1.82
5	30,001	- 40,000	166	0.13	5,956,312	1.30
6	40,001	- 50,000	89	0.07	4,111,140	0.89
7	50,001	- 1,00,000	195	0.16	13,844,304	3.01
8	1,00,001	and above	249	0.20	334,197,296	72.67
TOTAL			124,465	100.00	459,881,296	100.00

(ii) Shareholding pattern as on March 31, 2010

Sr. No.	Category	No. of Shares	% holding
1.	Promoters	68,713,425	29.88
2.	Financial Institutions/Banks	277,310	0.12
3.	FII's	32,268,919	14.03
4.	Private Bodies Corporate	43,362,921	18.86
5.	Indian Public	63,610,672	27.66
6.	NRIs / OCBs	4,173,954	1.82
7.	GDRs (Shares underlying)	4,688,982	2.04
8.	Other foreign entities	11,610,034	5.05
9.	Others	1,234,431	0.54
TOTAL		229,940,648	100.00

(G) Dematerialisation of shares and liquidity

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

As on March 31, 2010, 97.24% Equity shares of the Company representing 223,602,074 out of a total of 229,940,648 Equity shares were held in dematerialised form and the balance 6,338,574 shares representing 2.76% of the total equity capital of the Company were held in physical form.

(H) Outstanding GDRs

The number of outstanding GDRs as on March 31, 2010 were 4,688,982. Each GDR represents one equity share of Rs. 2/- in the equity capital of the Company.

(I) Listing on Stock Exchanges

The Company's securities are 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-Nenve, L-2227, Luxembourg
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	

(J) Stock Code

Bombay Stock Exchange Ltd.	-	532960
National Stock Exchange of India Ltd.	-	IBSEC/EQ
ISIN for Dematerialisation	-	INE274G01010

Report on Corporate Governance

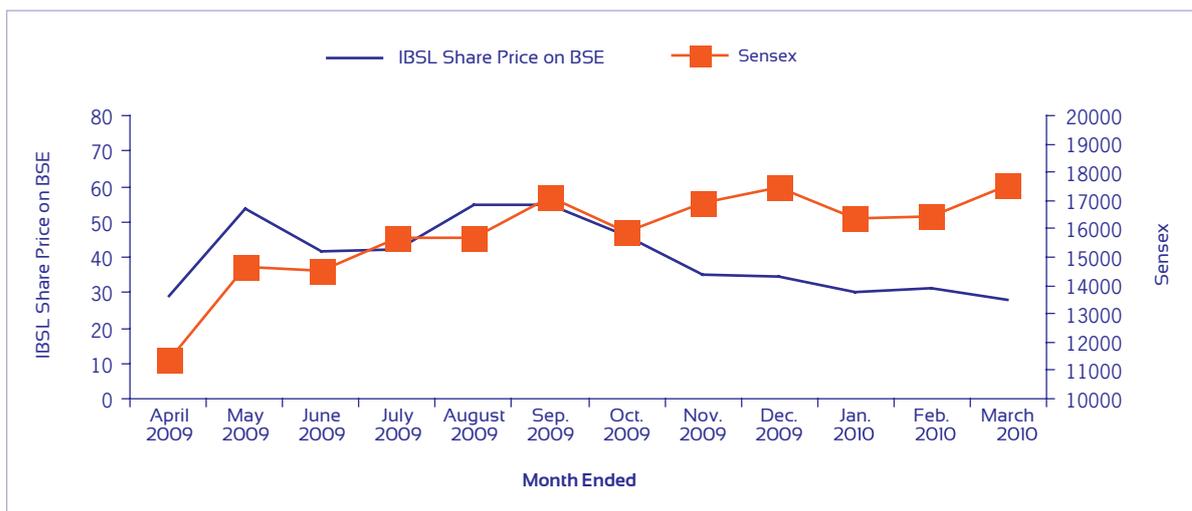
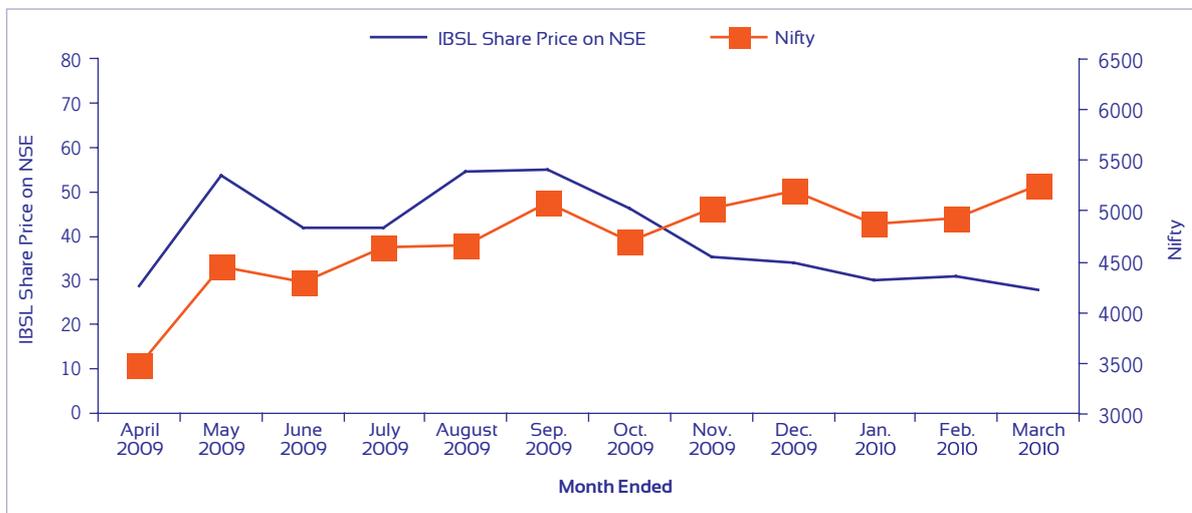
(Contd.)

63

(K) Market Price data

The monthly high and low market prices of Equity Shares at the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for the year ended March 31, 2010 are as under:

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	33.85	20.85	33.90	21.00
May 2009	57.30	27.10	57.40	27.05
June 2009	59.80	39.80	56.65	39.55
July 2009	45.20	28.75	45.20	28.85
August 2009	56.25	41.50	56.30	41.50
September 2009	55.60	48.50	55.70	48.45
October 2009	61.30	46.00	61.20	45.90
November 2009	46.25	33.25	46.50	33.30
December 2009	39.60	32.25	39.50	32.40
January 2010	37.55	29.35	37.60	29.35
February 2010	32.30	28.55	32.40	29.00
March 2010	34.50	26.95	34.00	26.80

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

Report on Corporate Governance

(Contd.)

(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. Ltd
Unit : Indiabulls Securities Ltd
Plot No.17-24 Vittal Rao Nagar
Madhapur Hyderabad 500081
Phone : 040-44655000/
23420815-23420825
Fax : 040-23420814
E-mail : einward.ris@karvy.com
for investors/shareholders
Contact Person : Mr. K. Sreedhara Murthy,
Assistant General Manager
E-mail : sreedharamurthy@karvy.com

(N) Share Transfer System

For smooth and speedy processing of share transfers, the authority to approve share transfers has been delegated to the Shareholders'/Investors' Grievance Committee of the Board. The share transfer requests are processed on the first and third Monday of every month ensuring thereby that share transfers are processed without delay and the transferred certificates sent to the concerned investor(s) well within the stipulated time as prescribed under the Listing agreements.

(O) Address for Correspondence

- (i) Registered Office:
Indiabulls Securities Limited
F-60, Malhotra Building, 2nd Floor,
Connaught Place, New Delhi- 110 001
- (ii) Corporate Office:
"Indiabulls House"
448-451, Udyog Vihar, Phase V,
Gurgaon- 122 001, Haryana

8&9/F, Indiabulls Finance Centre,
Tower 1, Elphinstone Mills,
Senapati Bapat Marg,
Mumbai - 400013.

8. COMPLIANCE CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY

A certificate from M/s. S. Khandelwal & Co, Company Secretaries, 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 AND CFO CERTIFICATION

The certificate required under Clause 49(V) of the listing agreement duly signed by the CEO and CFO has been given 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 Board has an executive Chairman and hence the requirements recommended as to a Non-Executive chairman under clause 49, are not required to be adopted by the Company.

(B) Remuneration Committee

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

(C) Shareholders' Rights

The Company is getting its quarterly / half yearly and annual financial results published in leading newspapers with wide circulation across the country and regularly updates the same and other important information on its public domain website.

In view of the same individual communication of quarterly / annual financial results to the shareholders is not being made at present.

(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 ID of the Clause 49 of the Listing Agreements with the Stock Exchanges.

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 FY 2009-10.

Date : May 17, 2010

Place : New Delhi

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, 2010, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

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

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

We state that there are no investor grievances as on March 31, 2010 as per the records maintained by the Company.

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

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

Sanjay Khandelwal
Proprietor
Membership No: FCS 5945
CP No.: 6128

Date : May 17, 2010
Place : New Delhi

Auditors' Report

To The Board of Directors of Indiabulls Securities Limited

37

1. We have audited the attached Consolidated Balance Sheet of Indiabulls Securities Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 428,337,621 as at March 31, 2010, total revenue of Rs. 150,402,944 and net cash inflows amounting to Rs. 96,312,825 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Group, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010.
 - b. in the case of the Consolidated Profit and Loss account, of the profit of the Group for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

K. A. Katki
Partner
(Membership No. : 038568)

Mumbai, April 24, 2010

Consolidated Balance Sheet

as at March 31, 2010

	Schedule	Amount (Rs.)	
		As At March 31, 2010	As At March 31, 2009
I. SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	A	459,881,296	552,800,313
(b) Reserves and Surplus	B	1,855,893,376	2,414,150,497
		2,315,774,672	2,966,950,810
Loan Funds			
(a) Secured Loans	C	1,655,157,478	497,235,027
(b) Unsecured Loans	D	1,736,775,036	667,512,795
		3,391,932,514	1,164,747,822
Deferred Tax Liability (Net) (Refer Note B 16 of Schedule O)		26,183,709	9,661,967
TOTAL		5,733,890,895	4,141,360,599
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1,639,155,180	1,627,499,131
Less : Depreciation / Amortisation		919,777,177	716,156,037
Net Block		719,378,003	911,343,094
Capital Work in Progress (including Capital Advances)		15,377,893	1,824,957
		734,755,896	913,168,051
Investments			
Current Assets, Loans and Advances			
(a) Stock-in-trade	F	476,729,365	476,727,511
(b) Sundry Debtors	G	49,949,898	-
(c) Cash and Bank Balances		1,023,891,479	270,213,465
(d) Other Current Assets		5,939,945,196	4,758,652,828
(e) Loans and Advances		97,350,170	181,876,044
		1,903,818,560	1,089,762,009
		9,014,955,303	6,300,504,346
Less : Current Liabilities and Provisions	H		
(a) Current Liabilities		3,835,252,995	2,887,187,008
(b) Provisions		657,296,674	661,852,301
		4,492,549,669	3,549,039,309
Net Current Assets		4,522,405,634	2,751,465,037
TOTAL		5,733,890,895	4,141,360,599
Significant accounting policies and notes to accounts	O		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

K. A. Katki
Partner

Mumbai, April 24, 2010

For and on behalf of the Board

Divyesh B. Shah
Director

Mumbai, April 24, 2010

Ashok Sharma
Director

R. K. Agarwal
Company Secretary

Consolidated Profit and Loss Account

For the year ended March 31, 2010

54

	Schedule	Amount (Rs.)	
		Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Revenue from Operations	I	3,515,746,484	3,953,577,302
Other Income	J	82,197,175	129,896,614
		3,597,943,659	4,083,473,916
EXPENDITURE			
Operating Expenses	K	295,581,241	319,466,396
Personnel Cost	L	1,370,266,473	1,149,365,491
Administrative and Other Expenses	M	506,235,428	2,096,199,808
Interest and Finance Charges	N	190,882,894	468,195,848
Depreciation / Amortisation		214,148,041	243,928,044
		2,577,114,077	4,277,155,587
Profit / (Loss) before tax		1,020,829,582	(193,681,671)
Provision for Taxation			
- Current Tax (Refer Note B 25 of Schedule O)		329,304,800	5,607,245
- Tax Adjustment in respect of earlier years		267,365	17,705,321
- Deferred Tax Charge / (Credit) (net)		16,521,743	(92,857,493)
- Fringe Benefits Tax		-	6,285,245
Net Profit / (Loss) after tax		674,735,674	(130,421,989)
Add: Balance of Profit brought forward		1,623,531,614	2,595,330,472
Amount available for appropriation		2,298,267,288	2,464,908,483
Appropriations			
Interim Dividend on Preference shares paid		1,548,328	3,461,709
Proposed Dividend on Preference Shares		-	1,132,923
Proposed Final Dividend on Equity Shares		459,881,296	506,853,978
Corporate Dividend Tax on Preference dividend paid		263,139	588,318
Corporate Dividend Tax on Proposed Dividend on Preference Shares		-	192,540
Corporate Dividend Tax on Proposed Final Dividend on Equity shares		76,380,535	86,139,834
Transfer to Capital Redemption Reserve:			
- On buy back of equity shares (Refer Note B 5 of Schedule O)		46,972,682	-
- On redemption of preference shares (Refer Note B 3 of Schedule O)		45,946,335	-
Adjusted against premium paid on buy back (Refer Note B 5 of Schedule O)		195,880,224	-
Transfer to General Reserve (Refer Note B 27 of Schedule O)		61,300,000	243,007,567
Proposed Final Dividend for previous year on Equity Shares written back on shares bought back		(14,542)	-
Corporate Dividend Tax on Proposed Final Dividend for previous year on Equity Shares written back on shares bought back		(2,471)	-
Balance of Profit Carried forward		1,410,111,762	1,623,531,614
Earnings Per Share (Refer Note B 15 of Schedule O)			
- Basic Earnings per Share (Rs.)		2.68	(0.54)
- Diluted Earnings per Share (Rs.)		2.58	(0.54)
Face value per Equity Share (Rs.)		2.00	2.00
Significant accounting policies and notes to accounts	O		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Mumbai, April 24, 2010

For and on behalf of the Board

Divyesh B. Shah
Director

Mumbai, April 24, 2010

Ashok Sharma
Director

R. K. Agarwal
Company Secretary

Consolidated Cash Flow Statement

for the Year ended March 31, 2010

	Year ended March 31, 2010		Year ended March 31, 2009	Amount (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit / (Loss) before tax		1,020,829,582		(193,681,671)
Adjustments for:				
Depreciation / Amortisation	214,148,041		243,928,044	
Provision for Gratuity and Compensated Absences	14,886,212		27,080,654	
Provision for doubtful debts and Advances	24,175,825		26,858,975	
Bad debts / Advances w/off	1,816,635		-	
Loss on sale / scrap of fixed assets	13,950,937		27,626,843	
Sundry Credit balances written back	(55,105,290)		(30,224,012)	
(Profit) / Loss on sale of Non trade Current Investments / Dealing in Securities	(4,758,603)		1,534,528,877	
Dividend Income on Current Investments	(22,260,994)		(91,314,048)	
Interest Income	(349,920,960)		(476,291,713)	
Interest Expenses	131,509,902		395,251,335	
		(31,558,295)		1,657,444,955
Operating Profit before Working Capital Changes		989,271,287		1,463,763,284
Adjustments for:				
Trade and Other Receivables	(1,550,110,669)		563,062,790	
Trade Payables and Other Liabilities	1,001,503,151		(1,279,290,590)	
		(548,607,518)		(716,227,800)
Cash generated from operations		440,663,769		747,535,484
Direct taxes paid	(384,726,592)		(461,922,055)	
		(384,726,592)		(461,922,055)
Net cash generated from operating activities		55,937,177		285,613,429
B CASH FLOW FROM INVESTING ACTIVITIES:				
(Purchase) / Sale of fixed assets (including Capital Work in Progress) (Net)		(49,686,823)		(92,699,209)
Dividend Income on Current Investments		22,260,994		91,314,048
Net proceeds / (outflow) from sale of Non Trade Investment/Dealing in Securities		4,758,603		(796,184,049)
Proceeds from sale of Long Term Investments		-		459,236,343
Purchase of Long Term Investments		(1,854)		(2,828)
Investment in Fixed Deposits		(516,980,629)		(187,161,112)
Interest received		434,446,834		447,233,297
Net cash used in investing activities		(105,202,875)		(78,263,510)
C CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid		(133,038,669)		(372,990,736)
Payment of Dividend on Preference Shares		(2,681,251)		(4,403,233)
Corporate Dividend tax on Dividend on Preference Shares		(455,679)		(748,330)
Payment of Final Dividend on Equity Shares		(504,967,532)		(1,896,105,277)
Corporate dividend tax on Final Dividend on Equity Shares		(86,137,363)		(323,024,376)
Redemption of Preference Share Capital		(45,946,335)		-
Amount paid on Buy Back of Equity Shares		(741,909,192)		-
Net Proceeds / (Repayment) of Bank Loans		1,159,451,217		46,099,386
Net Proceeds from Commercial Papers		1,014,262,241		472,512,795
Intercompany Deposit taken / (repaid) (net)		55,000,000		(4,428,500,000)
Net cash generated from / (used in) financing activities		713,577,437		(6,507,159,771)

Consolidated Cash Flow Statement

For the Year ended March 31, 2010 (Contd.)

47

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	664,311,739	(6,299,809,852)
E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	337,080,644	6,636,890,496
F CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (D + E)	1,001,392,383	337,080,644

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 on 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006.

2 Cash and cash equivalents as at the end of the year include:			
Cash In Hand		159,768	179,944
Balances with Schedule Banks:			
- in Current Accounts		994,714,022	332,256,290
- In Fixed Deposit Accounts			
Having maturity less than 3 months (Refer Note 3 below)		49,548	47,269
- In Unclaimed Dividend (Designated Bank Accounts) (Refer Note 4 below)		6,469,045	4,597,141
Cash and Cash Equivalents at the end of the year		1,001,392,383	337,080,644
- In Fixed Deposit Accounts			
Having maturity more than 3 months		4,938,552,813	4,421,572,184
Cash and Bank Balance at the end of the year as per Schedule G		5,939,945,196	4,758,652,828

3 Fixed Deposits amounting to Rs. 49,548 (Previous Year Rs. 47,269) are pledged with Stock Exchanges for arbitration matters.

4 Unclaimed Dividend Balances in designated bank accounts are not available for use by the Company.

5 Previous year's figures are regrouped wherever considered necessary.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katti
Partner

Mumbai, April 24, 2010

For and on behalf of the Board

Divyesh B. Shah
Director

Mumbai, April 24, 2010

Ashok Sharma
Director

R. K. Agarwal
Company Secretary

Consolidated Schedules

forming part of Balance Sheet as at March 31, 2010

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
500,000,000 (Previous Year 500,000,000) Equity Shares of Rs. 2 each	1,000,000,000	1,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 4.61 each	115,250,000	115,250,000
	1,115,250,000	1,115,250,000
Issued, Subscribed and Paid up		
229,940,648 (Previous Year 253,426,989) Equity Shares of Rs. 2 each fully paid up (Refer Note B 5 of Schedule O)	459,881,296	506,853,978
Nil (Previous Year 9,966,667) 10% Cumulative, non-convertible Preference Shares of Rs.4.61 each fully paid up (Refer Note B 3 of Schedule O)	-	45,946,335
Per Balance Sheet	459,881,296	552,800,313
SCHEDULE - B		
RESERVES AND SURPLUS		
1. Capital Reserve arising on Consolidation	24,445,430	24,445,430
2. Capital Redemption Reserve		
Balance as per last balance sheet	267,117,167	267,117,167
Add: Addition during the year (Refer Note B 3 and B 5 of Schedule O)	92,919,017	-
	360,036,184	267,117,167
3. Securities Premium Account		
Balance as per last balance sheet	40,000	40,000
Less: Utilised during the year (Refer Note B 5 of Schedule O)	40,000	-
	-	40,000
4. General Reserve		
Balance as per last balance sheet	499,016,286	256,008,719
Add: Addition during the year (Refer Note B 27 of Schedule O)	61,300,000	243,007,567
Less: Utilised during the year (Refer Note B 5 of Schedule O)	499,016,286	-
	61,300,000	499,016,286
5. Surplus as per Profit and Loss account	1,410,111,762	1,623,531,614
Per Balance Sheet	1,855,893,376	2,414,150,497
SCHEDULE - C		
SECURED LOANS		
From Banks (Refer Note B 7 of Schedule O)		
- Vehicle Loans	4,589,805	20,902,980
- Bank Overdraft	1,148,019,728	72,255,335
- Working Capital Loans	500,000,000	400,000,000
- Interest accrued and due on Working Capital Loan	2,547,945	4,076,712
Per Balance Sheet	1,655,157,478	497,235,027
SCHEDULE - D		
UNSECURED LOANS		
Short Term Loans		
From Others		
Commercial Papers	1,500,000,000	500,000,000
Less: Unamortised Discount on issue of Commercial Paper	13,224,964	27,487,205
(Maximum Balance outstanding during the year Rs. 6,000,000,000 (Previous Year - Rs. 1,000,000,000))	1,486,775,036	472,512,795
Intercorporate Deposits	250,000,000	195,000,000
Per Balance Sheet	1,736,775,036	667,512,795

Consolidated Schedules

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

SCHEDULE - E FIXED ASSETS

Particulars	GROSS BLOCK AT COST			DEPRECIATION / AMORTISATION			NETBLOCK	
	As at April 01, 2009	As at March 31, 2010	As at April 01, 2009	Provided during the year	Adjustments during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
A. Tangible Assets								
Computers	461,458,298	471,021,549	218,005,964	68,954,189	4,271,011	282,689,142	188,332,407	243,452,334
Office Equipment	263,315,249	262,849,334	43,810,942	12,322,401	1,001,307	55,132,036	207,717,298	219,504,307
Furniture and Fixtures	226,933,343	214,004,922	58,419,168	13,025,524	3,991,420	67,453,272	146,551,650	168,514,175
Vehicles*	95,373,201	91,161,263	23,365,704	8,783,531	1,263,163	30,886,072	60,275,191	72,007,497
TOTAL (A)	1,047,080,091	1,039,037,068	343,601,778	103,085,645	10,526,901	436,160,522	602,876,546	703,478,313
B. Intangible Assets								
Membership Rights of The Stock Exchange, Mumbai	7,005,000	7,005,000	6,413,010	591,990	-	7,005,000	-	591,990
Software	568,151,456	587,850,528	360,878,665	110,470,406	-	471,349,071	116,501,457	207,272,791
India Bulls.Com Web Site	5,262,584	5,262,584	5,262,584	-	-	5,262,584	-	-
TOTAL (B)	580,419,040	600,118,112	372,554,259	111,062,396	-	483,616,655	116,501,457	207,864,781
TOTAL (A+B)	1,627,499,131	1,639,155,180	716,156,037	214,148,041	10,526,901	919,777,177	719,378,003	911,343,094
Previous Year	1,565,748,615	1,627,499,131	483,536,910	243,928,044	11,308,917	716,156,037	911,343,094	911,343,094
Capital Work-in-Progress and Advances there against, at cost							15,377,893	1,824,957
							734,755,896	913,168,051

* Including assets having original cost of Rs. 32,481,509 (Previous Year Rs. 67,589,167) hypothecated to banks against the loans.

Consolidated Schedules

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

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
SCHEDULE - F		
INVESTMENTS (At cost, unless otherwise stated)		
Long Term - Trade - Unquoted		
130,000 (Previous Year 130,000) Fully paid up Equity Shares of face value of Re. 1 each in Bombay Stock Exchange Limited	10,000	10,000
Long Term - Non Trade - Unquoted		
1,098,137 (Previous Year 1,098,137) Fully paid up Ordinary Shares of face value of ₹.001 each in Copal Partners Limited	476,694,683	476,694,683
Investment in 6th issue National Saving Certificate (Pledged with Sales Tax Authorities)	24,682	22,828
Per Balance Sheet	476,729,365	476,727,511
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market Value of Quoted Investments	-	-
Aggregate Book Value of Unquoted Investments	476,729,365	476,727,511
SCHEDULE - G		
CURRENT ASSETS, LOANS AND ADVANCES		
A. Current Assets		
1. Stock-in-trade (Securities) (Valued at lower of cost and market value)	49,949,898	-
	49,949,898	-
Aggregate Book Value of Stock-in-trade	49,949,898	-
Aggregate Market Value of Stock-in-trade	49,949,898	-
2. Sundry Debtors (Unsecured, considered good, unless otherwise stated) Debts outstanding for a period exceeding six months		
Considered Good	296,624,920	164,785,206
Considered Doubtful	115,086,916	102,656,843
	411,711,836	267,442,049
Other Debts		
Considered Good	727,266,559	105,428,259
Considered Doubtful	-	1,380,020
	727,266,559	106,808,279
Less: Provision for Doubtful Debts	115,086,916	104,036,863
	1,023,891,479	270,213,465
3. Cash and Bank Balances		
Cash on Hand	159,768	179,944
Balance with Scheduled Banks		
In Current Accounts	1,001,183,067	336,853,431
In Fixed Deposit Accounts (Refer Note B 9 of Schedule O)	4,938,602,361	4,421,619,453
	5,939,945,196	4,758,652,828
4. Other Current Assets		
Interest Accrued on Fixed Deposits	97,350,170	181,876,044
Total (A)	7,111,136,743	5,210,742,337

Consolidated Schedules

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

	As At March 31, 2010	Amount (Rs.) As At March 31, 2009
SCHEDULE - G (Contd.)		
B. Loans And Advances		
Loans and Advances (Unsecured, considered good, unless otherwise stated)		
1. Advances recoverable in cash or in kind or for value to be received:		
Considered Good	82,417,975	62,850,210
Considered Doubtful	6,601,015	5,197,810
	89,018,990	68,048,020
Less: Provision for Doubtful Advances	6,601,015	5,197,810
	82,417,975	62,850,210
2. Margin Funding Loan Receivables (Secured)	1,330,966,466	695,230,986
Less: Margin received	371,529,334	345,098,724
	959,437,132	350,132,262
3. Security Deposits		
Considered Good	131,705,501	237,962,432
Considered Doubtful	6,027,431	972,442
	137,732,932	238,934,874
Less: Provision for Doubtful Deposits	6,027,431	972,442
	131,705,501	237,962,432
4. Deposits (including margin money) with Stock Exchanges	276,893,056	79,018,463
5. Advance Income Tax / Tax Deducted At Source (Net of Provision for tax Rs. 1,217,100,000; Previous Year Rs. 1,795,561,988)	453,364,896	359,798,642
Total (B)	1,903,818,560	1,089,762,009
Per Balance Sheet Total (A + B)	9,014,955,303	6,300,504,346

SCHEDULE - H

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

1. Sundry Creditors (Refer Note B 22 of Schedule O)		
- Dues to Micro and Small Enterprises	-	-
- Dues to Others	9,579,882	12,293,845
2. Margin from Customers	3,102,297,495	2,478,119,841
3. Temporary Overdrawn bank balances as per books	342,689,949	67,134,386
4. Other Liabilities	374,216,624	325,041,795
5. Unclaimed Dividends	6,469,045	4,597,141
	3,835,252,995	2,887,187,008

B. Provisions

1. Provision for Gratuity (Refer Note B 17 of schedule O)	57,315,798	42,905,358
2. Provision for Compensated Absences (Refer Note B 17 of schedule O)	24,303,972	23,828,200
3. Provision for Taxation (Net of Advance Tax of Rs. 310,842,705 ; Previous Year Rs. 36,815,176)	39,189,283	777,456
4. Provision for Fringe Benefits Tax (Net of advance tax of Rs. 59,078,961; Previous Year Rs. 59,120,961)	22,012	22,012
5. Proposed Dividend on Preference Shares	-	1,132,923
6. Corporate Dividend Tax on Proposed Dividend on Preference Shares	-	192,540
7. Proposed Final Dividend on Equity Shares	459,881,296	506,853,978
8. Corporate Dividend Tax on Proposed Final Dividend on Equity shares	76,380,535	86,139,834
9. Excess of Provision for Loss - Equity Stock Futures Account over Mark-to-Market - ESF Account	203,778	-
	657,296,674	661,852,301
Per Balance Sheet	4,492,549,669	3,549,039,309

Consolidated Schedules

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

	Year ended March 31, 2010	Amount (Rs.) Year ended March 31, 2009
SCHEDULE - I		
REVENUE		
Brokerage Income	2,466,635,999	2,788,215,410
Interest on Margin funding	261,434,186	200,371,713
Income from Depository Services	43,504,483	25,106,756
Transaction and Other Charges	279,637,776	318,579,587
Interest on Fixed Deposits (Tax deducted at source Rs. 26,294,495; Previous Year Rs. 107,788,636)	349,920,960	476,291,713
Advisory Income	7,500,000	67,598,196
Income From Equity Analysis, Mutual Funds, Account Opening & Other Charges	107,113,080	77,413,927
Per Profit and Loss Account	3,515,746,484	3,953,577,302
SCHEDULE - J		
OTHER INCOME		
Profit on Sale of Current Investments / Dealing in Securities	4,758,603	-
Dividend Income on Current Investments	22,260,994	91,314,048
Interest Income	-	8,356,543
Miscellaneous Income	72,288	2,011
Sundry Credit Balances Written Back	55,105,290	30,224,012
Per Profit and Loss Account	82,197,175	129,896,614
SCHEDULE - K		
OPERATING EXPENSES		
Stamp Duty	89,505,176	106,619,695
Demat Charges	-	10,405
SEBI Charges	4,402,270	5,321,239
Commission	7,097,180	4,832,766
Depository Charges	18,038,346	14,430,819
Transaction Charges	96,628,931	92,692,846
Membership Fees	2,346,379	1,508,266
Web Hosting Expenses	21,541,637	21,153,287
VSAT Charges	7,448,883	13,707,889
Leased Line Expenses	36,573,629	44,509,205
Content Expenses	4,686,750	4,734,241
Software Expenses	7,312,060	9,945,738
Per Profit and Loss Account	295,581,241	319,466,396
SCHEDULE - L		
PERSONNEL COSTS		
Salaries	1,333,375,447	1,102,635,480
Contribution to Provident Fund and Other Funds	1,438,681	1,587,007
Staff Welfare Expenses	17,806,906	18,062,350
Provision for Gratuity and Leave Compensated absences (Refer Note B 17 of Schedule O)	17,645,439	27,080,654
Per Profit and Loss Account	1,370,266,473	1,149,365,491

Consolidated Schedules

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

		Year ended March 31, 2010	Amount (Rs.) Year ended March 31, 2009
SCHEDULE - M			
ADMINISTRATIVE AND OTHER EXPENSES			
Lease Rent (Refer Note B II of Schedule O)		118,712,271	158,513,730
Recruitment Expenses		1,806,665	2,572,556
Rates and Taxes		5,351,719	8,399,734
Electricity Expenses		26,762,106	31,907,573
Insurance		561,209	810,360
Communication Expenses		85,315,077	91,506,450
Professional Charges		78,391,678	65,474,502
Traveling & Conveyance		14,982,336	13,183,123
Printing and Stationery		26,552,706	26,291,708
Office Maintenance		31,528,482	40,969,978
Repairs and Maintenance - Others		49,054,526	41,322,919
Business Promotion		10,505,768	18,783,061
Advertisement		2,009,282	121,538
Auditors' Remuneration			
- As Auditors		5,440,600	4,320,000
- Other Services - Certifications		800,000	900,000
- Out of Pocket Expenses		700,000	400,000
Loss on erroneous transactions (Refer Note B 12 of Schedule O)		7,080,857	1,470,863
Loss on Sale of Current Investments / Dealing in Securities		-	1,534,528,877
Loss on Sale / Scrap of fixed assets		13,950,937	27,626,843
Bad Debts / advances written off	6,583,235		-
Less: Adjusted against provision of earlier years	4,766,600		-
		1,816,635	-
Provision for Doubtful Debts and Advances		24,175,825	26,858,975
Preliminary Expenses		239,200	-
Miscellaneous Expenses		497,549	237,018
Per Profit and Loss Account		506,235,428	2,096,199,808

SCHEDULE - N			
INTEREST AND FINANCE CHARGES			
Bank Charges		59,372,992	72,944,513
Interest on Inter Corporate Deposits		24,684,448	292,414,652
Interest on Taxes		-	21,496,216
Interest on Working Capital Loan		40,438,664	43,150,685
Interest on Bank Overdraft		14,566,790	1,257,346
Interest on Vehicle loans		1,106,579	3,408,141
Interest on Debentures		670,180	-
Interest on Commercial Papers		50,043,241	33,524,295
Per Profit and Loss Account		190,882,894	468,195,848

Significant Accounting Policies and Notes

forming part of the Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010

SCHEDULE - O

A. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Consolidation:

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 - Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006. Reference in these notes to Company, Holding Company, Companies or Group shall mean to include Indiabulls Securities Limited or any of its subsidiaries, unless otherwise stated.

b) Principles of consolidation:

The Consolidated Financial Statements comprise of the Financial Statements of Indiabulls Securities Limited and its subsidiaries. The financial statements of the group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in

India. The effects of inter company transactions are eliminated on consolidation.

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, 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) Companies included in consolidation:

Name of Subsidiaries	Country of Incorporation	Year / Period ended included in consolidation	Proportion of Ownership	Auditors
Indiabulls Commodities Limited (formerly Indiabulls Commodities Private Limited)	India	April 01, 2009 to March 31, 2010	100%	Ajay Sardana Associates
		April 01, 2008 to March 31, 2009	100%	A Sardana & Co
India Ethanol And Sugar Limited (Subsidiary of Indiabulls Commodities Limited)	India	April 01, 2009 to March 31, 2010	100%	Ajay Sardana Associates
		April 01, 2008 to March 31, 2009	100%	A Sardana & Co.
Devata Tradelink Limited	India	April 01, 2009 to March 31, 2010	100%	Sumit Mohit & Company
		April 01, 2008 to March 31, 2009	100%	Sumit Mohit & Company
Indiabulls Brokerage Limited	India	April 01, 2009 to March 31, 2010	100%	Ajay Sardana Associates
		April 01, 2008 to March 31, 2009	100%	A Sardana & Co.
Indiabulls Distribution Services Limited	India	June 11, 2009 to March 31, 2010	100%	A Sardana & Co.

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

Significant Accounting Policies and Notes

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

e) Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India and Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006.

f) Use of Estimates:

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

g) Revenue Recognition:

- Revenue from brokerage activities is accounted for on the trade date of transaction.
- 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 accrual basis as and when the right to receive the income is established.
- Revenue from interest from fixed deposits is recognised on accrual basis.
- Commission on mutual fund is recognised on accrual basis.
- Income from fee based advisory services is recognised on an accrual basis.
- Dividend income on equity shares is recognised when the right to receive the dividend is unconditional at the balance sheet date.
- Dividend Income on units of Mutual Fund is recognised when the right to receive the dividend is unconditional at the balance sheet date and any gains/losses are recognised on the date of redemption.

- ## h) Income from arbitrage and trading in securities and derivatives comprises profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments. Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold. Profit/loss on equity derivative transactions is accounted for based on the 'Guidance Note on Accounting for Equity Index and Equity Stock Futures and Options' issued by the Institute of Chartered Accountants of India which is more fully explained in i) and ii) below :-

Equity Index / Stock Futures:

In accordance with Guidance Note on "Accounting for Equity Index and Equity Stock Futures and Options" issued by The Institute of Chartered Accountants of India

- (i) Initial Margin - Equity Index/ Stock Futures, representing the initial margin paid, and margin deposits representing additional margin paid over and above the initial margin, for entering into a contract for equity index/ stock futures which are released on final settlement / squaring-up of the underlying contract, are disclosed under Loans and Advances.
- (ii) Equity Index / Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin - Equity Index/ Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the balance sheet date.
- (iii) As on the balance sheet date, profit/loss on open positions in Equity index/ stock futures is accounted for as follows:
 - Credit balance in the "Mark-to-Market Margin - Equity Index/Stock Futures Account", being the anticipated profit, is ignored and no credit for the same is taken in the profit and loss account.
 - Debit balance in the "Mark-to-Market Margin - Equity Index/Stock Futures

Significant Accounting Policies and Notes

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

Account", being the anticipated loss, is adjusted in the profit and loss account.

- (iv) On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin - Equity Index/Stock Futures Account" after adjustment of the provision for anticipated losses is recognised in the profit and loss account. When more than one contract in respect of the relevant series of equity index/stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

i) Stock-in-trade:

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

j) Commercial Papers:

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

k) 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.

l) Depreciation / Amortisation:

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date the asset is put to use. Depreciation on sale / deduction from fixed asset is provided for up to the date of sale / deduction / scrapping, as the case may be. Assets taken on finance lease are depreciated over the tenure of the lease. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Intangible assets consisting of Membership Rights of the Bombay Stock Exchange Limited are amortised on 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.

m) Impairment of Assets:

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

Significant Accounting Policies and Notes

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

n) Investments:

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

o) Employee Benefits:

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

p) Deferred Employee Stock Compensation Cost:

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

q) Taxes on Income:

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

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively

enacted tax rates at the Balance Sheet Date, as applicable, to the extent that the timing differences are expected to crystallise.

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

r) Fringe Benefits Tax:

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

s) Leases:

In case of assets taken on operating lease, the lease rentals are charged to the profit and loss account and assets taken on finance lease have been capitalised, in accordance with Accounting Standard (AS) 19 - Leases as notified under the Companies (Accounting Standards) Rules, 2006.

t) Preliminary Expenses:

Preliminary expenses are adjusted against Securities Premium account (net of tax) to the extent available and the balance, if any, is charged off to the Profit and Loss account, as incurred.

u) Share Issue Expenses:

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

v) 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 revenue.

Significant Accounting Policies and Notes

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

w) Provisions, Contingent Liabilities and Contingent Assets:

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

B. NOTES TO ACCOUNTS:

1. Indiabulls Securities Limited ("IBSL" or "the Company") carries on the business as stock and share brokers on the National Stock Exchange of India Limited and Bombay Stock

Exchange Limited; 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 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 IBSL. On April 02, 2008 the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) after the demerger of the Company from Indiabulls Financial Services Limited.

The Consolidated Financial Statements comprise of the Financial Statements of IBSL and its subsidiaries. These consolidated financial statements are prepared in accordance with Accounting Standard - 21 Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

2. Contingent liability not provided for in respect of:

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
Bank Guarantees		
Credit facilities availed from banks	5,170,000,000	4,130,000,000
Others	300,000	-
Claims against the Company not acknowledged as debts in respect of:		
Penalty on synchronised trading under SEBI regulations	1,500,000	1,500,000
Arbitration matters	7,732,045	-
Capital Commitments	3,560,258	2,881,074

3. During the year, the Company has redeemed 9,966,667 10% Cumulative, Non-convertible Preference Shares of face value Rs. 4.61 per share amounting to Rs. 45,946,335, held by Oberon Limited. Consequently, the paid-up Preference Share Capital of the Company stands fully repaid.

4. Employee Stock Option Schemes:

Employees Stock Option Scheme - 2008

Pursuant to 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 option and establish 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

Significant Accounting Policies and Notes

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

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 Rs. 2/- each in the Company, to

the eligible employees, at an exercise price of Rs. 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 issued by the Institute of Chartered Accountants of India on Accounting for Employees Share based Payments ("the Guidelines"). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. 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.

The fair value of the options under the plans using the Black-Scholes model based on the following parameters is Re. 0.84 per option.

S. No	Particulars	IBSL ESOP - 2008
1	Exercise price	Rs. 17.40
2	Expected volatility	79%
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%

The expected volatility was determined based on historical volatility data.

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 Rs. 2 each in one or more tranches, pursuant to a new 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 market price of the day of prior to the date of grant and on such terms and conditions as may be decided by the Board, to the eligible employees of the Company and its subsidiaries. The Compensation Committee constituted by the Board of Directors of the Company has, at its meeting held on December 01, 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 Rs. 2/- each in the Company, at an exercise price of Rs. 35.25, being the latest available closing market price on the National Stock Exchange of India Ltd., as on November 30, 2009. The Stock Options so granted, shall vest uniformly within 10 years beginning from December 02, 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.

Significant Accounting Policies and Notes

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

The fair value of the options under the plans using the Black-Scholes model based on the following parameters is Rs. 6.48 per option.

S. No	Particulars	IBSL ESOP - 2009
1	Exercise price	Rs. 35.25
2	Expected volatility	77%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	10 Years
5	Expected Dividends yield	13.48%
6	Risk Free Interest rate	7.50%

The expected volatility was determined based on historical volatility data.

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

Particulars	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit /(Loss) attributable to Equity Shareholders (Refer Note B 15 of Schedule O)	672,924,206	(135,797,479)
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs. 81,600,000 (Previous Year Rs. 16,800,000)] (pro forma)	9,483,238	4,920,667
Net profit /(Loss) considered for computing EPS (pro forma)	663,440,968	(140,718,146)
Basic / Diluted Earnings Per Share:		
Weighted average number of equity shares used for computing Basic Earnings per Share	251,122,616	253,426,989
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options	9,602,680	4,954,880
Weighted average number of equity shares used for computing Diluted Earnings per Share	260,725,296	258,381,869
Basic earnings per share (as reported)	2.68	(0.54)
Basic earnings per share (pro forma)	2.64	(0.56)
Diluted earnings per share (as reported)	2.58	(0.54)
Diluted earnings per share (pro forma)	2.54	(0.56)

As the potential equity shares to be issued on conversion of ESOS resulted in a reduction in loss per share for the previous year, the same was considered as anti dilutive in nature. Accordingly Diluted Earnings Per Share is same as Basic Earnings Per Share.

Significant Accounting Policies and Notes

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

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

	IBSL ESOP - 2008	IBSL ESOP - 2009
Total Options under the Scheme	20,000,000	20,000,000
Options granted (Nos.)	20,000,000	10,000,000
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
Vesting Date	January 25th each year, commencing January 25th, 2010	December 2nd each year, commencing December 2nd, 2010
Exercise Price (Rs.)	17.40	35.25
Outstanding at the beginning of the year (Nos.)	20,000,000	-
Options vested during the year (Nos.)	2,761,474*	-
Exercised during the year (Nos.)	-	-
Expired during the year (Nos.)	-	-
Surrendered and eligible for re-grant (Nos.)	1,852,675	-
Outstanding at the end of the year (Nos.)	18,147,325	10,000,000
Exercisable at the end of the year (Nos.)	2,722,099	-
Remaining contractual Life (Weighted Months)	109	126

* Net of options surrendered before vesting.

5. During the year ended March 31, 2009, the Shareholders of the Company by means of special resolution passed through the postal ballot with requisite majority, authorised on March 06, 2009 the buy-back of the Company's fully paid-up Equity Shares of face value Rs. 2/- each from the open market through stock exchanges, at a price not exceeding Rs. 33/- per share up to a maximum amount of Rs. 831,796,227, being 25% of the total paid-up equity capital and free reserves as per the audited balance sheet of the Company as at March 31, 2008, to be financed out of the Company's free reserves and surplus and balance in the Profit and Loss Account. The Company had proposed to buyback upto 39,281,000 of its fully paid up Equity Shares and minimum number of 5,000,000 of its fully paid up Equity Shares at a price not exceeding Rs. 33/- per Equity Share.

During the year ended March 31, 2010 the Company has completed the buy back on March 05, 2010 and has bought back 23,486,341 Equity Shares of face value of Rs. 2/- each utilising an amount of Rs. 741,909,192 from General Reserve, Securities Premium and Profit & Loss Account.

6. During the previous financial year, there was variation in the terms of Appointment of Mr. Ashok Sharma pursuant to Section 302 of the Companies Act, 1956. Mr. Ashok Sharma who was appointed as a Whole-time Director of the Company on May 18, 2005 (effective from May 18, 2005) and had been drawing remuneration from the Company with effect from May 18, 2005, pursuant to the shareholders approval, accorded in the Annual General Meeting of the Company dated August 26, 2005. While the terms of his remuneration as approved by the Shareholders, he was to receive remuneration from the Company till March 31, 2009, in the Board meeting dated December 08, 2008 Mr. Ashok Sharma expressed his desire to continue as the Whole-Time Director of the Company, without any remuneration, effective December 01, 2008. The last drawn remuneration by Mr. Ashok Sharma was Rs. 200,000/- per month. Accordingly, in deference of his desire the Board had decided that with effect from December 01, 2008 Mr. Ashok Sharma would be Whole-Time Director of the Company without any remuneration.

7. Secured Loans :

- Vehicles Loans of Rs. 4,589,805 (Previous Year Rs. 20,902,980) are secured against hypothecation of Vehicles.
- Working Capital loan of Rs. 500,000,000 (Previous Year Rs. 400,000,000) and Bank Overdraft of Rs. 1,148,019,728 (Previous Year Rs. 72,255,335) are secured against Fixed Deposits placed with Banks.

Significant Accounting Policies and Notes

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

8. During the year, the Company has privately placed Unsecured Redeemable Non-Convertible Debentures, the salient features of the same are given below:

Sr. No.	Party	Face Value (Rs.)	Amount (Rs.)	Coupon Rate	Date of Allotment	Earliest date of redemption	Date of actual redemption
1	Titco Ltd Taurus Mutual Fund	1,000,000	750,000,000	4.00%	11-Feb-10	15-Feb-10	15-Feb-10
2	Titco Ltd Taurus Mutual Fund	1,000,000	750,000,000	4.00%	15-Feb-10	16-Feb-10	16-Feb-10
3	Peerless Mutual Fund	1,000,000	360,000,000	MIBOR + 75 bps	25-Feb-10	25-May-10*	26-Feb-10
4	Peerless Mutual Fund	1,000,000	500,000,000	4.00%	26-Feb-10	02-Mar-10	02-Mar-10

*Call option exercised and redeemed before the due date.

9. Fixed deposits include Rs. 2,585,562,281 (Previous Year Rs. 2,108,791,440) pledged with the banks against bank guarantees issued by banks for base capital and additional base capital to National Stock Exchange of India, Bombay Stock Exchange of India, National Securities Clearing Corporation Limited, Multi Commodity Exchange of India Limited and National Commodity and Derivative Exchange Limited.

Fixed Deposits include Rs. 190,000 (Previous Year Rs. 190,000) pledged with VAT authorities, Rs. 57,000,000 (Previous Year Rs. 25,000,000) given as cash collateral to Multi Commodity Exchange of India Limited and Rs. 500,000 (Previous Year Rs. NIL) given as earnest money deposit to Hindustan Copper Limited.

Fixed Deposits includes Rs. 500,000,000 (Previous Year Rs. 400,000,000) pledged against working capital loan taken from Bank.

Fixed Deposits include Rs. 391,400,000 (Previous Year Rs. 1,217,500,000) pledged with National Stock Exchange of India, Bombay Stock Exchange of India and National Securities Clearing Corporation Limited for the purpose of base capital and additional base capital.

Fixed Deposits includes Rs. 1,310,000,000 (Previous Year 550,000,000) pledged with banks for overdraft facilities.

Fixed Deposits includes Rs. 18,675,079 (Previous Year 19,075,733) pledged for arbitration matters.

10. During the previous year, the Company had advanced a sum of Rs. 1,809,300,000 by way of loan to one of its wholly owned subsidiary - viz Devata Tradelink Limited ("DTL"). During the previous financial year, DTL had incurred / provided for losses aggregating to Rs. 1,562,932,320 in respect of dealing in securities. Based upon the availability of

resources as at that year end to repay those loans and considering the erosion of the networth of the subsidiary, the Company had written off loans given to DTL aggregating to Rs. 1,809,300,000 as bad loans/ advances written off. Investments made by the Company in the equity share capital of DTL amounting to Rs. 500,000 though considered as strategic and long term in nature, considering the losses suffered by this subsidiary, diminution in the value of the investment is considered as other than temporary in nature and accordingly provision for diminution in value amounting to Rs. 500,000 was made in books of account in the previous financial year.

11. The Company has taken office premises on operating lease at various locations in India and lease rent in respect of the same amounting to Rs. 118,712,271 (Previous Year Rs. 158,513,730) has been charged to Profit and Loss account. The minimum lease rental outstanding as at March 31, 2010 are as under:

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
Within one year	106,667,738	77,730,560
One to Five years	136,426,817	84,263,969
More than Five years	2,108,859	-

The agreements are executed for a period ranging from 11 months to 9 years with a renewable clause and in many cases also provide for termination at will by either party giving a prior notice of 30 to 90 days.

12. The loss on squaring off of erroneous transactions on account of trading in securities amounting to Rs. 7,080,857 (Net) (Previous Year loss Rs. 1,470,863 (Net)) has been adjusted to Profit and Loss account.

Significant Accounting Policies and Notes

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

13. Segment Reporting:

Segment information for the period from April 01, 2009 to March 31, 2010

(a) Primary segment information (by business segments):

	Broking related activities	Others	Amount (Rs.) Total
(i) Segment Revenue	3,515,746,484	6,658,856	3,522,405,340
	<i>3,953,577,302</i>	<i>8,356,543</i>	<i>3,961,933,845</i>
(ii) Segment Results	1,149,020,863	1,793,958	1,150,814,821
	<i>1,652,244,587</i>	<i>(1,526,172,334)</i>	<i>126,072,253</i>
Less: Interest expenditure			131,509,902
			<i>395,251,335</i>
Add: Unallocated Income net of other unallocated Expenditure			1,524,663
			<i>75,497,411</i>
Less: Income taxes			346,093,908
			<i>(63,259,682)</i>
Total Profit / (Loss) after tax			674,735,674
			(130,421,989)
(iii) Segment Assets	7,665,078,289	69,432,042	7,734,510,331
	<i>6,433,717,498</i>	-	<i>6,433,717,498</i>
Unallocated Corporate Assets			2,491,930,233
			<i>1,256,682,410</i>
Total Assets			10,226,440,564
			7,690,399,908
(iv) Segment Liabilities	3,450,418,152	1,584,971	3,452,003,123
	<i>2,686,557,590</i>	-	<i>2,686,557,590</i>
Unallocated Corporate Liabilities			4,458,662,769
			<i>2,036,891,508</i>
Total Liabilities			7,910,665,892
			4,723,449,098
(v) Capital Expenditure including Capital Advances	54,933,343	-	54,933,343
	<i>98,776,214</i>	-	<i>98,776,214</i>
(vi) Depreciation	205,364,509	-	205,364,509
	<i>234,621,395</i>	-	<i>234,621,395</i>
(vii) Non cash expenditure other than Depreciation	39,062,037	-	39,062,037
	<i>53,939,629</i>	-	<i>53,939,629</i>

(Previous year's figures are stated in Italics)

- (b) The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.
- (c) The Company's primary Business segment is reflected based on principal business activities carried on by the Company. The Company's primary business activity is to carry on business of stock and share broker on National Stock Exchange of India Limited and Bombay Stock Exchange Limited and other related ancillary service.
- (d) "Others" business segment constitutes Investment and dealing in tradable securities and arbitrage transaction in securities. This not being the normal business activity of the Company, the same is shown as "Others".
- (e) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- (f) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in (A) above.

Significant Accounting Policies and Notes

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

14. Disclosures in respect of AS - 18 Related Party Disclosures:

(a) Other related parties:

<u>Nature of relationship</u>	<u>Name of the Party</u>
Key Management Personnel	Mr. Divyesh B. Shah, Director
	Mr. Ashok Sharma, Director
	Mr. Sameer Gehlaut, person exercising significant influence
	Mr. Rajiv Rattan, Director & person exercising significant influence*
	Mr. Saurabh K. Mittal, Director & person exercising significant influence*

* Mr. Rajiv Rattan and Mr. Saurabh K. Mittal have resigned from the office of director of the Company w.e.f. August 05, 2009. However, the said resignation shall be effective upon the receipt of the approval from the membership department of National Stock Exchange of India Limited and Bombay Stock Exchange Limited as the Company is a member of these stock exchanges.

(b) Significant Transactions with Related Parties:

<u>Nature of Transaction</u>	<u>(Amount in Rs.)</u>	
	<u>Key Management Personnel</u>	
Income		
Brokerage Income		192,620
		30,395
Expenses		
Remuneration		29,007,478
		3,700,000

(Previous year's figures are stated in Italics)

(c) Outstanding as at March 31, 2010:

<u>Remuneration Payable</u>	<u>(Amount in Rs.)</u>
Mr. Divyesh B. Shah	10,352,282
	-

(Previous year's figures are stated in Italics)

(d) Statement of Material Transactions

<u>Particulars</u>	<u>(Amount in Rs.)</u>	
	<u>Year ended March 31, 2010</u>	<u>Year ended March 31, 2009</u>
Brokerage Income		
- Mr. Rajiv Rattan	39,730	-
- Mr. Sameer Gehlaut	79,520	-
- Mr. Saurabh Mittal	36,070	-
- Mr. Ashok Sharma	6,105	12,729
- Mr. Divyesh B Shah	31,195	17,666
Remuneration		
- Mr. Ashok Sharma	-	1,600,000
- Mr. Divyesh B. Shah	29,007,478	2,100,000

Significant Accounting Policies and Notes

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

15. Earnings per share:

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

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split and bonus shares as appropriate.

	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit / (Loss) after tax (Rs.)	674,735,674	(130,421,989)
Less: Preference Dividend and tax thereon (Rs.)	1,811,467	5,375,490
Net Profit / (Loss) attributable to Equity Shareholders (Rs.)	672,924,207	(135,797,479)
Basic / Diluted Earnings per Share		
Weighted average number of equity shares used for computing Basic earnings per share	251,122,616	253,426,989
Add: Potential number of equity shares that could arise on exercise of Employee Stock Options	9,602,680	4,954,880
Weighted average number of equity shares used for computing Diluted earnings per share	260,725,296	258,381,869
Nominal Value of equity Shares - (Rs.)	2.00	2.00
Earnings Per Share - Basic (Rs.)	2.68	(0.54)
Earnings Per Share - Diluted (Rs.) (*)	2.58	(0.54)

(*) As the potential equity shares to be issued on conversion of ESOS results in a reduction in loss per share for the previous year, the same is considered as anti dilutive in nature. Accordingly Diluted Earnings Per Share is same as Basic Earnings Per Share for the previous year.

16. The breakup of Deferred Tax Liability (Net) into major components as at March 31, 2010 is as under:

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
Deferred Tax Assets		
Provision for Doubtful debts and advances	42,423,850	37,459,399
Disallowance u/s 43B of the Income Tax Act, 1961	27,094,372	22,682,736
Preliminary Expenses	22,120	36,419
Others	-	58,736,174
	69,540,342	118,914,728
Deferred Tax Liability		
Depreciation	95,724,051	128,576,695
	95,724,051	128,576,695
Deferred Tax Liability (Net)	(26,183,709)	(9,661,967)

Deferred Tax charge (net) of Rs. 16,521,743 (Previous Year credit (net) - Rs. 92,857,493) has been (debited)/ credited to the profit and loss account for the year.

Significant Accounting Policies and Notes

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

17. Employee benefits

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

Contributions are made to Government Provident Fund and Family Pension Fund 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 Rs. 1,119,768 (Previous year Rs. 1,399,916) towards employer contribution for the above mentioned funds.

Provision for Unfunded Gratuity and Long Term Compensated Absences for all employees is based upon actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. After the issuance of the Accounting Standard 15 (AS) (revised) - 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006, commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account. In respect of gratuity and leave encashment:

	Amount (Rs.)			
	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Reconciliation of liability recognised in the Balance Sheet:				
Present Value of commitments (as per Actuarial valuation)	(57,315,798)	(42,905,358)	(24,303,972)	(23,828,200)
Fair value of plans	-	-	-	-
Net liability in the Balance sheet (as per Actuarial valuation)	(57,315,798)	(42,905,358)	(24,303,972)	(23,828,200)
Movement in net liability recognised in the Balance Sheet:				
Net liability as at the beginning of the year	(42,905,358)	(26,001,637)	(23,828,200)	(15,111,517)
Amount paid during the year	584,318	1,460,250	-	-
Net expenses recognised / (reversed) in the Profit and Loss Account	(14,994,758)	(18,363,971)	(475,772)	(8,716,683)
Contribution during the year	-	-	-	-
Net liability as at the end of the year	(57,315,798)	(42,905,358)	(24,303,972)	(23,828,200)
Expenses recognised in the Profit and Loss Account:				
Current service cost	15,512,082	14,140,312	6,978,850	7,951,231
Past service cost	3,880,079	-	-	-
Interest Cost	3,217,902	2,086,466	1,787,115	1,193,732
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	(7,615,305)	2,137,193	(8,290,193)	(428,280)
Expenses charged / (reversal) to the Profit and Loss Account *	14,994,758	18,363,971	475,772	8,716,683

Significant Accounting Policies and Notes

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

	Amount (Rs.)			
	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
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 the beginning of the year	42,905,358	26,001,637	23,828,200	15,111,517
Current service cost	15,512,082	14,140,312	6,978,850	7,951,231
Past service cost	3,880,079	-	-	-
Interest cost	3,217,902	2,086,466	1,787,115	1,193,732
Paid benefits	(584,318)	(1,460,250)	-	-
Actuarial (gains) / losses	(7,615,305)	2,137,193	(8,290,193)	(428,280)
Commitments as at the end of the year	57,315,798	42,905,358	24,303,972	23,828,200
Reconciliation of Plan assets:				
Plan assets as at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions during the year	-	-	-	-
Paid benefits	-	-	-	-
Actuarial (gains) / losses	-	-	-	-
Plan assets as at the end of the year	-	-	-	-

* Excluding reversal of excess provision amounting to Rs. 2,174,909 (Previous Year Rs. NIL) included under "Sundry Credit Balances Written Back" in Schedule J.

	Amount (Rs.)					
	Gratuity (Unfunded)			Compensated Absences (Unfunded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Experience adjustment:						
On plan liabilities	3,993,908	1,509,234	*	6,788,766	2,586,005	*
On plan assets	-	-	*	-	-	*
Present value of benefit obligation	(57,315,798)	(42,905,358)	(26,001,637)	(24,303,972)	(23,828,200)	(15,111,517)
Fair value of plan assets	-	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	(57,315,798)	(42,905,358)	(26,001,637)	(24,303,972)	(23,828,200)	(15,111,517)

* Not available.

As, this is the third year in which the AS - 15 (Revised) has been applied, the amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous four years have not been furnished.

Significant Accounting Policies and Notes

forming part of the Consolidated Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (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:

	Year ended March 31, 2010	Year ended March 31, 2009
Discount rate - Gratuity and Compensated Absences	7.50%	7.00%
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96) Duly Modified

18. During the year the Company invested an amount of Rs. 500,000 (Previous Year Rs. 35,000,000) in newly formed wholly owned subsidiary Indiabulls Distribution Services Limited (Previous year - Indiabulls Brokerage Limited).
19. During the previous year, the Company had paid managerial remuneration amounting to Rs. 22,198,046 to two of its Directors. However on account of loss incurred by the Company during the previous year mainly on account of writing-off of advance given to its wholly owned subsidiary - Devata Tradelink Limited, managerial remuneration for the year was revised based on the limits specified under Schedule XIII of the Companies Act, 1956 as applicable to the Company. The amount paid to the directors in excess of the limits calculated above under Schedule XIII of the Companies Act, 1956 had been duly refunded by respective directors of the Company as at the previous year end.
20. Derivative Instruments:
The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
21. Quantitative data about derivative instruments outstanding (Open Short Positions) as at March 31, 2010 in respect of trading in Equity Futures relating to arbitrage activity of the Company:

Series	Expiry Date	Lot Size	No. of Contracts	Amount (Rs.)
				Quantity
FUTSTK APOLLOTYRE	29-Apr-10	3,400	16	54,400
FUTSTK AREVAT&D	29-Apr-10	750	1	750
FUTSTK CIPLA	29-Apr-10	1,250	2	2,500
FUTSTK CROMPGREAV	29-Apr-10	1,750	1	1,750
FUTSTK ESSAROIL	29-Apr-10	1,412	6	8,472
FUTSTK FORTIS	29-Apr-10	1,300	3	3,900
FUTSTK FSL	29-Apr-10	9,500	23	218,500
FUTSTK HDIL	29-Apr-10	774	4	3,096
FUTSTK HINDPETRO	29-Apr-10	650	1	650
FUTSTK ICICIBANK	29-Apr-10	350	20	7,000
FUTSTK ITC	29-Apr-10	1,125	5	5,625
FUTSTK JINDALSAW	29-Apr-10	5,000	2	10,000
FUTSTK JSWSTEEL	29-Apr-10	412	13	5,356
FUTSTK LITL	29-Apr-10	6,380	2	12,760
FUTSTK NEYVELILIG	29-Apr-10	1,475	6	8,850
FUTSTK NTPC	29-Apr-10	1,625	9	14,625
FUTSTK POWERGRID	29-Apr-10	1,925	11	21,175
FUTSTK PRAJIND	29-Apr-10	2,200	4	8,800
FUTSTK SBIN	29-Apr-10	132	30	3,960
FUTSTK TATAPOWER	29-Apr-10	200	7	1,400
FUTSTK VOLTAS	29-Apr-10	2,700	1	2,700

There were no outstanding derivative instruments as at March 31, 2009 in respect of trading in Equity Futures relating to arbitrage activity of the Company.

Significant Accounting Policies and Notes

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

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

(a) An amount of Rs. Nil (Previous Year Rs. Nil) and Rs. Nil (Previous Year Rs. Nil) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.

(b) No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and no amount was paid to the supplier beyond the appointed day.

(c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.

(d) No amount of interest was accrued and unpaid at the end of the accounting year.

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

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

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

25. Provision for Current Tax includes provision for Wealth Tax of Rs. 526,854 (Previous year Rs. 496,045).

26. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2010.

27. The Board of Directors of the Company at its meeting held on June 25, 2009 had recommended a Dividend of Rs. 2 per share (100% on the face value of Rs. 2 per share) for FY 2008-09, out of the opening balance in the Standalone Profit and Loss account. As the Company had incurred losses during the previous year amounting to Rs. 130,421,989, the Company had transferred an amount equivalent to 10% of the Surplus of Profit and Loss account balance brought forward after adjusting the loss incurred by the Company during the previous year and also deducting the Interim Preference Dividend (including Corporate Dividend Tax thereon) and proposed Preference Dividend (including Corporate Dividend Tax thereon) for the previous year amounting to Rs. 4,050,027 and Rs. 1,325,463 respectively.

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

Signature to Schedules A to O

For and on behalf of the Board

Divyesh B. Shah

Director

Ashok Sharma

Director

R. K. Agarwal

Company Secretary

Mumbai, April 24, 2010

Auditors' Report

To The Members of Indiabulls Securities Limited

1. We have audited the attached Balance Sheet of Indiabulls Securities Limited ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

K. A.Kathi
Partner

Mumbai, April 24, 2010

(Membership No. : 038568)

Annexure to the Auditors' Report

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

71

- i. Having regard to the nature of the Company's business/activities/results and in our opinion and according to the information and explanations given to us, clauses viii, xiii of CARO 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. Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of its inventory:
 - a. The securities held as stock-in-trade during the year in dematerialised form, were verified by the management at reasonable intervals during the year. As at the year end, there were no balances in respect of securities held as stock-in-trade. In our opinion, the frequency of such verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of securities held as stock-in-trade followed by the management was reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of securities held as stock-in-trade during the year and no discrepancies were noticed on such physical verification between book records and statement of holdings in dematerialised form.
- iv. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties

covered in the Register under Section 301 of the Companies Act, 1956; according to the information and explanations given to us;

- a. The Company has granted loans to one party during the year. As at the year end the outstanding balances of such loans aggregated to Rs. 62,500,000 and the maximum amount involved during the year was Rs. 266,000,000.
- b. The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
- c. The receipts of principal amounts and interest have been regular/as per stipulations.
- d. There are no overdue amounts in excess of Rs. 1 lakh in respect of loans granted to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- e. The Company has taken loan from one party during the year. At the year-end, the outstanding balance of such loan aggregated to Rs. 40,000,000 and the maximum amount involved during the year was Rs. 1,050,000,000.
 - f. The rate of interest and other terms and conditions of such loans, wherever stipulated, are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
 - g. The payments of principal amount and interest in respect of such loans are regular / as per stipulations.
- v. 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

Annexure to the Auditors' Report

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

- securities held as stock-in-trade and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- vi. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a. The particulars of contracts or arrangements referred to Section 301 that needed to be entered into the Register maintained under the said Section have been so entered.
 - b. Where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, except that in respect of purchase and sale of services, for which comparable quotations are not available and in respect of which we are unable to comment.
 - vii. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
 - viii. 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.
 - ix. According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Wealth Tax, Service Tax, Cess and any other material statutory dues with the appropriate authorities during the year. There were no dues payable in respect of Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Custom Duty and Excise Duty.
 - b. There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
 - c. There are no disputed dues payable in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010.
 - x. The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
 - xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and unsecured debenture holders.
 - xii. In our opinion and according to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii. Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956. There were no transactions with respect to dealing in debentures.
 - xiv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
 - xv. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

Annexure to the Auditors' Report

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

73

xvi. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

xvii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

xviii. According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any secured debentures. Accordingly, no security is created on issue of unsecured debentures during the year.

xix. The Company has not raised any money by public issues during the year.

xx. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

K. A. Katki
Partner

Mumbai, April 24, 2010

(Membership No. : 038568)

Balance Sheet

as at March 31, 2010

	Schedule	Amount (Rs.) As At March 31, 2010	As At March 31, 2009
I. SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	A	459,881,296	552,800,313
(b) Reserves and Surplus	B	1,739,429,813	2,360,247,741
		2,199,311,109	2,913,048,054
Loan Funds			
(a) Secured Loans	C	1,655,157,478	497,235,027
(b) Unsecured Loans	D	1,526,775,036	667,512,795
		3,181,932,514	1,164,747,822
Deferred Tax Liability (Net) (Refer note B 16 of Schedule O)		28,230,941	11,020,599
TOTAL		5,409,474,564	4,088,816,475
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1,622,463,805	1,613,228,064
Less : Depreciation / Amortisation		913,932,619	712,305,625
Net Block		708,531,186	900,922,439
Capital Work in Progress (including Capital Advances)		14,390,315	1,824,957
		722,921,501	902,747,396
Investments			
Current Assets, Loans and Advances			
(a) Stock-in-trade	F	518,204,683	517,704,683
(b) Sundry Debtors	G	-	-
(c) Cash and Bank Balances		1,013,485,692	262,438,838
(d) Other Current Assets		5,706,935,526	4,621,955,984
(e) Loans and Advances		96,167,545	180,965,516
		1,703,655,696	1,056,900,984
		8,520,244,459	6,122,261,322
Less : Current Liabilities and Provisions	H		
(a) Current Liabilities		3,703,858,074	2,800,383,221
(b) Provisions		648,038,005	653,513,705
		4,351,896,079	3,453,896,926
Net Current Assets		4,168,348,380	2,668,364,396
TOTAL		5,409,474,564	4,088,816,475
Significant accounting policies and notes to accounts	O		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Mumbai, April 24, 2010

For and on behalf of the Board

Divyesh B. Shah
Director

Mumbai, April 24, 2010

Ashok Sharma
Director

R. K. Agarwal
Company Secretary

Profit and Loss Account

for the year ended March 31, 2010

75

	Schedule	Amount (Rs.)	
		Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Revenue from Operations	I	3,368,914,954	3,918,820,316
Other Income	J	78,625,761	113,977,497
		3,447,540,715	4,032,797,813
EXPENDITURE			
Operating Expenses	K	278,141,187	308,972,613
Personnel Cost	L	1,335,717,956	1,116,061,766
Administrative and Other Expenses	M	491,284,933	2,365,827,165
Interest and Finance Charges	N	190,799,468	194,524,109
Depreciation / Amortisation		212,153,895	242,220,256
		2,508,097,439	4,227,605,909
Profit / (Loss) before tax		939,443,276	(194,808,096)
Provision for Taxation			
- Current Tax (Refer Note B 26 of Schedule O)		298,400,000	496,045
- Tax Adjustment in respect of earlier years		11,658,067	17,705,321
- Deferred Tax Charge / (Credit) (net)		17,210,342	(90,447,060)
- Fringe Benefits Tax		-	6,268,652
Net Profit / (Loss) After Tax		612,174,867	(128,831,054)
Add: Balance of Profit brought forward		1,594,074,288	2,564,282,211
Amount available for appropriation		2,206,249,155	2,435,451,157
Appropriations			
Interim Dividend on Preference Shares paid (Refer Note B 21 of Schedule O)		1,548,328	3,461,709
Proposed Dividend on Preference Shares		-	1,132,923
Proposed Final Dividend on Equity Shares		459,881,296	506,853,978
Corporate Dividend Tax on Preference dividend paid		263,139	588,318
Corporate Dividend Tax on Proposed Dividend on Preference Shares		-	192,540
Corporate Dividend Tax on Proposed Final Dividend on Equity Shares		76,380,535	86,139,834
Transfer to Capital Redemption Reserve:			
- On buy back of equity shares (Refer Note B 5 of Schedule O)		46,972,682	-
- On redemption of preference shares (Refer Note B 3 of Schedule O)		45,946,335	-
Adjusted against premium paid on buy back (Refer Note B 5 of Schedule O)		195,880,224	-
Transfer to General Reserve		61,300,000	243,007,567
Proposed Final Dividend for previous year on Equity Shares written back on shares bought back		(14,542)	-
Corporate Dividend Tax on Proposed Final Dividend for previous year on Equity Shares written back on shares bought back		(2,471)	-
Balance of Profit Carried Forward		1,318,093,629	1,594,074,288
Earnings per Share (Refer Note B 15 of Schedule O)			
Basic Earnings per Share (Rs.)		2.43	(0.53)
Diluted Earnings per Share (Rs.)		2.34	(0.53)
Face value per Equity Share (Rs.)		2.00	2.00
Significant accounting policies and notes to accounts	O		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Mumbai, April 24, 2010

For and on behalf of the Board

Divyesh B. Shah
Director

Mumbai, April 24, 2010

Ashok Sharma
Director

R. K. Agarwal
Company Secretary

Cash Flow Statement

for the year ended March 31, 2010

	Year ended March 31, 2010		Year ended March 31, 2009	
				Amount (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit /(Loss) before tax		939,443,276		(194,808,096)
Adjustments for:				
Depreciation / Amortisation	212,153,895		242,220,256	
Provision for Gratuity and Compensated Absences	16,298,414		19,462,931	
Provision for doubtful debts and Advances	13,508,247		26,738,785	
Bad debts / Advances w/off	1,816,635		1,809,300,000	
Provision for Diminution in value of Investments	-		500,000	
Loss on sale / scrap of fixed assets	13,950,937		27,626,843	
Sundry Credit balances written back	(52,728,408)		(30,069,187)	
(Profit) / Loss on sale of Non trade Current Investments/Dealing in Securities	(5,218,120)		25,062	
Dividend Income on Current Investments	(20,679,233)		(83,908,310)	
Interest Income	(340,285,413)		(469,628,094)	
Interest Expense	132,412,896		122,931,263	
		(28,770,150)		1,665,199,549
Operating Profit before working capital changes		910,673,126		1,470,391,453
Adjustments for:				
Trade and other receivables	(1,266,311,147)		583,438,088	
Trade Payables and other liabilities	954,331,357		(1,343,325,398)	
		(311,979,790)		(759,887,310)
Cash generated from operations		598,693,336		710,504,143
Direct taxes paid	(358,090,038)		(443,188,109)	
		(358,090,038)		(443,188,109)
Net cash generated from operating activities		240,603,298		267,316,034
B CASH FLOW FROM INVESTING ACTIVITIES:				
(Purchase) / Sale of fixed assets / Capital Work in Progress (Net)		(46,278,937)		(91,484,708)
Net proceeds / (outflow) from sale of Non Trade Investment/ Dealing in Securities		5,218,120		(25,062)
Dividend Income on Current Investments		20,679,233		83,908,310
Investment in wholly owned subsidiary		(500,000)		(35,000,000)
Investment in Fixed Deposits		(435,530,629)		(231,861,112)
Interest received		425,083,384		440,933,801
Net cash (used in) / generated from investing activities		(31,328,829)		166,471,229
C CASH FLOW FROM FINANCING ACTIVITIES:				
Interest paid		(132,412,896)		(102,319,871)
Payment of Dividend on Preference Shares		(2,681,251)		(3,461,709)
Corporate Dividend Tax Dividend on Preference Shares		(455,679)		(588,318)
Payment of Final Dividend on Equity Shares		(504,967,532)		(1,896,105,277)
Corporate dividend tax on Final Dividend on Equity Shares		(86,137,363)		(323,024,376)
Net Proceeds / (Repayment) of Bank Loans		1,157,922,451		46,863,769
Net Proceeds from Commercial Paper		1,014,262,241		472,512,795
Intercompany Deposit taken / (repaid) (net)		(155,000,000)		(3,155,000,000)
Intercompany Deposit (given) / received back (net)		(62,500,000)		(1,809,300,000)
Amount paid on Buy Back of Equity Shares		(741,909,192)		-
Redemption of Preference Share Capital		(45,946,335)		-
Net cash generated from / (used in) financing activities		440,174,444		(6,770,422,987)

Cash Flow Statement

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

77

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	649,448,913	(6,336,635,724)
E CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	276,373,800	6,613,009,524
F CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR (D+E)	925,822,713	276,373,800

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 on 'Cash Flow Statements' as notified by the Companies (Accounting Standards) Rules, 2006.

2 Cash and cash equivalents as at the end of the year includes:			
Cash In Hand		146,647	147,392
Balances with Schedule Banks:			
- in current accounts		919,157,473	271,581,998
- In Fixed Deposit Accounts			
Having maturity less than 3 months (Refer Note 3 below)		49,548	47,269
- In Unclaimed Dividend (Designated Bank Accounts) (Refer Note 4 below)		6,469,045	4,597,141
Cash and Cash Equivalents at the end of the year		925,822,713	276,373,800
- In Fixed Deposit Accounts			
Having maturity more than 3 months		4,781,112,813	4,345,582,184
Cash and Bank Balance at the end of the year as per Schedule G		5,706,935,526	4,621,955,984

- 3 Fixed Deposits amounting to Rs. 49,548 (Previous Year Rs. 47,269) are pledged with Stock Exchanges for arbitration matters.
- 4 Unclaimed Dividend Balances in designated bank accounts are not available for use by the Company.
- 5 Previous year's figures are regrouped wherever considered necessary.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katti
Partner

Mumbai, April 24, 2010

For and on behalf of the Board

Divyesh B. Shah
Director

Mumbai, April 24, 2010

Ashok Sharma
Director

R. K. Agarwal
Company Secretary

Schedules

forming part of Balance Sheet as at March 31, 2010

	As At March 31, 2010	Amount (Rs.) As At March 31, 2009
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
500,000,000 (Previous Year 500,000,000) Equity shares of Rs. 2 each	1,000,000,000	1,000,000,000
25,000,000 (Previous Year 25,000,000) Preference Share of Rs. 4.61 each	115,250,000	115,250,000
	1,115,250,000	1,115,250,000
Issued, Subscribed and Paid up		
229,940,648 (Previous Year 253,426,989) Equity Shares of Rs. 2 each fully paid up (Refer Note B 5 of Schedule O)	459,881,296	506,853,978
Nil (Previous Year 9,966,667) 10% Cumulative, non-convertible Preference Shares of Rs.4.61 each fully paid up (Refer Note B 3 of Schedule O)	-	45,946,335
Per Balance Sheet	459,881,296	552,800,313
SCHEDULE - B		
RESERVES AND SURPLUS		
1. Capital Redemption Reserve		
Balance as per last balance sheet	267,117,167	267,117,167
Add: Addition during the year (Refer Note B 3 and B 5 of Schedule O)	92,919,017	-
	360,036,184	267,117,167
2. Securities Premium Account		
Balance as per last balance sheet	40,000	40,000
Less: Utilised during the year (Refer Note B 5 of Schedule O)	40,000	-
	-	40,000
3. General Reserve		
Balance as per last balance sheet	499,016,286	256,008,719
Add: Addition during the year (Refer Note B 29 of Schedule O)	61,300,000	243,007,567
Less: Utilised during the year (Refer Note B 5 of Schedule O)	499,016,286	-
	61,300,000	499,016,286
4. Surplus as per Profit and Loss account	1,318,093,629	1,594,074,288
Per Balance Sheet	1,739,429,813	2,360,247,741
SCHEDULE - C		
SECURED LOANS		
From Banks (Refer Note B 7 of Schedule O)		
- Vehicle Loans	4,589,805	20,902,980
- Bank Overdraft	1,148,019,728	72,255,335
- Working Capital Loan	500,000,000	400,000,000
- Interest accrued and due on Working Capital Loan	2,547,945	4,076,712
Per Balance Sheet	1,655,157,478	497,235,027
SCHEDULE - D		
UNSECURED LOANS		
Short Term Loans		
From Others		
Commercial Papers	1,500,000,000	500,000,000
Less: Unamortised Discount on issue of Commercial Paper	13,224,964	27,487,205
(Maximum Balance outstanding during the year Rs. 6,000,000,000 (Previous Year - Rs. 1,000,000,000))	1,486,775,036	472,512,795
Inter Corporate Deposits	40,000,000	195,000,000
Per Balance Sheet	1,526,775,036	667,512,795

Schedules

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

Particulars	Amount (Rs.)									
	GROSS BLOCK AT COST			DEPRECIATION / AMORTISATION			NETBLOCK			
	As at April 01, 2009	Additions during the year	As at March 31, 2010	As at April 01, 2009	Provided during the year	Adjustments during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	
A. Tangible Assets										
Computers	459,815,167	14,164,844	467,714,932	217,428,539	68,676,438	4,271,011	281,833,966	185,880,966	242,386,628	
Office Equipment	256,173,337	3,375,271	254,988,880	42,535,598	11,979,543	1,001,307	53,513,834	201,445,046	213,637,739	
Furniture and Fixtures	226,933,343	1,720,912	213,996,642	58,419,168	13,017,244	3,991,420	67,444,992	146,551,650	168,514,175	
Vehicles*	95,373,201	-	91,161,263	23,365,704	8,783,531	1,263,163	30,886,072	60,275,191	72,007,497	
TOTAL (A)	1,038,295,048	19,261,027	1,027,831,717	341,749,009	102,456,756	10,526,901	433,678,864	594,152,853	696,546,039	
B. Intangible Assets										
Membership Rights of The Stock Exchange, Mumbai	7,005,000	-	7,005,000	6,413,011	591,989	-	7,005,000	-	591,989	
Software	562,665,432	19,699,072	582,364,504	358,881,021	109,105,150	-	467,986,171	114,378,333	203,784,411	
India Bulls.Com Web Site	5,262,584	-	5,262,584	5,262,584	-	-	5,262,584	-	-	
TOTAL (B)	574,933,016	19,699,072	594,632,088	370,556,616	109,697,139	-	480,253,755	114,378,333	204,376,400	
TOTAL (A+B)	1,613,228,064	38,960,099	1,622,463,805	712,305,625	212,153,895	10,526,901	913,932,619	708,531,186	900,922,439	
Previous Year	1,553,292,049	105,374,865	1,613,228,064	481,394,286	242,220,256	11,308,917	712,305,625	900,922,439		
Capital Work-in-Progress and Advances thereagainst, at cost								14,390,315	1,824,957	
								722,921,501	902,747,396	

* Including assets having original cost of Rs. 32,481,509 (Previous Year Rs. 67,589,167) hypothecated to banks against the loans.



Schedules

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

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
SCHEDULE - F		
INVESTMENTS (At cost unless otherwise stated)		
(Refer Note B 25 of Schedule O)		
Long Term - Trade - Unquoted		
(i) In Others		
130,000 (Previous Year 130,000) Fully paid up Equity Shares of face value of Re 1 each in Bombay Stock Exchange Limited	10,000	10,000
Long Term - Non Trade - Unquoted		
(i) In Subsidiary Companies		
600,000 (Previous Year 600,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Commodities Limited (Formerly Indiabulls Commodities Private Limited)	6,000,000	6,000,000
3,500,000 (Previous Year 3,500,000) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Brokerage Limited	35,000,000	35,000,000
50,000 (Previous Year Nil) Fully paid up Equity shares of face value Rs. 10 each in Indiabulls Distribution Services Limited	500,000	-
50,000 (Previous Year 50,000) Fully paid up Equity shares of face value Rs. 10 each in Devata Tradelink Limited	500,000	500,000
Less: Provision for Diminution in the value of investment	500,000	500,000
	-	-
(ii) In Others		
1,098,137 (Previous Year 1,098,137) Fully paid up Ordinary Shares of face value of ₹.001 each in Copal Partners Limited	476,694,683	476,694,683
Per Balance Sheet	518,204,683	517,704,683
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market Value of Quoted Investments	-	-
Aggregate Book Value of Unquoted Investments	518,204,683	517,704,683

SCHEDULE - G		
CURRENT ASSETS, LOANS AND ADVANCES		
A. Current Assets		
1. Stock-in-trade (Securities)		
(Valued at lower of cost and market value)		
	-	-
Aggregate Book Value of Stock-in-trade	-	-
Aggregate Market Value of Stock-in-trade	-	-
2. Sundry Debtors		
(Unsecured, considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered Good	292,458,888	156,850,031
Considered Doubtful	110,545,660	102,115,587
	403,004,548	258,965,618
Other Debts		
Considered Good	721,026,804	105,588,807
Considered Doubtful	-	1,380,020
	721,026,804	106,968,827
Less: Provision for Doubtful Debts	110,545,660	103,495,607
	1,013,485,692	262,438,838
3. Cash and Bank Balances		
Cash on Hand	146,647	147,392
Balance with Scheduled Banks		
In Current Accounts	925,626,518	276,179,139
In Fixed Deposit Accounts (Refer Note B 9 of Schedule O)	4,781,162,361	4,345,629,453
	5,706,935,526	4,621,955,984
4. Other Current Assets		
Interest Accrued on Fixed Deposits	96,167,545	180,965,516
Total (A)	6,816,588,763	5,065,360,338

Schedules

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

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
SCHEDULE - G (Contd.)		
B. Loans and Advances		
(Unsecured, considered good, unless otherwise stated)		
1. Advances recoverable in cash or in kind or for value to be received:		
Considered Good	63,248,774	59,968,473
Considered Doubtful	6,601,015	5,197,810
	69,849,789	65,166,283
Less: Provision for Doubtful Advances	6,601,015	5,197,810
	63,248,774	59,968,473
2. Margin Funding Loan Receivables (Secured)	1,330,966,466	695,230,986
Less: Margin received	371,529,334	345,098,724
	959,437,132	350,132,262
3. Loan to Subsidiary Company		
Indiabulls Brokerage Limited	62,500,000	-
(Maximum balance outstanding during the year Rs. 266,000,000, Previous Year Rs. Nil)		
Devata Tradelink Limited	-	-
(Maximum balance outstanding during the year Rs. Nil, Previous Year Rs.1,809,300,000)		
4. Security Deposits		
Considered Good	129,342,001	237,862,354
Considered Doubtful	6,027,431	972,442
	135,369,432	238,834,796
Less: Provision for Doubtful Deposits	6,027,431	972,442
	129,342,001	237,862,354
5. Deposits (including margin money) with Stock Exchanges	51,343,056	55,468,463
6. Advance Income Tax/Tax Deducted At Source (Net of Provision for tax Rs. 1,217,100,000; Previous Year Rs. 1,772,400,000)	437,784,733	353,469,432
Total (B)	1,703,655,696	1,056,900,984
Per Balance Sheet (A + B)	8,520,244,459	6,122,261,322

SCHEDULE - H		
CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
1. Sundry Creditors (Refer Note B 23 of Schedule O)		
- Dues to Micro and Small Enterprises	-	-
- Dues to Others	9,493,250	12,286,635
2. Margin from Customers	2,982,118,090	2,408,234,304
3. Temporary Overdrawn bank balances as per books	341,028,531	67,134,386
4. Other Liabilities	364,749,158	308,130,755
5. Unclaimed Dividends	6,469,045	4,597,141
Total	3,703,858,074	2,800,383,221
B. Provisions		
1. Provision for Gratuity (Refer Note B 17 of Schedule O)	52,744,001	37,557,305
2. Provision for Compensated Absences (Refer Note B 17 of Schedule O)	22,229,774	21,118,056
3. Provision for Taxation (Net of Advance Tax of Rs. 261,619,613; Previous Year Rs. Nil)	36,780,387	497,057
4. Provision for Fringe Benefits Tax (Net of advance tax of Rs. 59,078,961; Previous Year Rs. 59,078,961)	22,012	22,012
5. Proposed Dividend on Preference Shares	-	1,132,923
6. Corporate Dividend Tax on Proposed Dividend on Preference Shares	-	192,540
7. Proposed Final Dividend on Equity Shares	459,881,296	506,853,978
8. Corporate Dividend Tax on Proposed Final Dividend on Equity Shares	76,380,535	86,139,834
Total	648,038,005	653,513,705
Per Balance Sheet	4,351,896,079	3,453,896,926

Schedules

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

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE - I		
REVENUE		
Brokerage Income	2,360,092,475	2,763,697,860
Interest on Margin funding	260,932,020	199,739,468
Income from Depository Services	43,504,483	25,106,756
Transaction and Other Charges	256,127,181	319,485,330
Interest on Fixed Deposits (Tax deducted at source Rs. 25,289,604 (Previous Year Rs.106,417,726))	340,285,413	469,628,094
Advisory Income	7,500,000	66,398,196
Income From Equity Analysis, Mutual Funds, Account Opening & Other Charges	100,473,382	74,764,612
Per Profit and Loss Account	3,368,914,954	3,918,820,316
SCHEDULE - J		
OTHER INCOME		
Profit on Sale of Current Investments/Dealing in Securities (Refer Note B 25 of Schedule O)	5,218,120	-
Dividend Income on Current Investments	20,679,233	83,908,310
Sundry Credit Balances Written Back	52,728,408	30,069,187
Per Profit and Loss Account	78,625,761	113,977,497
SCHEDULE - K		
OPERATING EXPENSES		
Stamp Duty	88,107,573	106,098,172
Demat Charges	-	10,405
SEBI Charges	4,402,270	5,321,239
Commission	7,097,180	4,832,766
Depository Charges	18,038,346	14,430,819
Transaction Charges	83,605,271	87,151,316
Membership Fees	2,020,512	780,561
Web Hosting Expenses	21,541,637	21,153,287
VSAT Charges	6,883,132	12,402,311
Leased Line Expenses	35,662,388	44,348,163
Content Expenses	4,302,559	3,919,804
Software Expenses	6,480,319	8,523,770
Per Profit and Loss Account	278,141,187	308,972,613
SCHEDULE - L		
PERSONNEL COST		
Salaries	1,300,182,760	1,077,476,100
Contribution to Provident Fund and Other Funds (Refer Note B 17 of Schedule O)	1,211,429	1,347,607
Staff Welfare Expenses	17,441,035	17,775,128
Provision for Gratuity and Compensated absences	16,882,732	19,462,931
Per Profit and Loss Account	1,335,717,956	1,116,061,766

Schedules

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



	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE - M		
ADMINISTRATIVE AND OTHER EXPENSES		
Lease Rent (Refer Note B II of Schedule O)	118,485,819	158,047,330
Recruitment Expenses	1,806,665	2,517,578
Rates and Taxes	4,806,356	8,002,993
Electricity Expenses	26,756,232	31,771,286
Insurance	511,403	801,472
Communication Expenses	83,439,602	90,725,606
Professional Charges	75,928,927	63,164,998
Traveling & Conveyance	14,276,697	12,866,924
Printing and Stationery	25,954,664	26,109,571
Office Maintenance	30,476,934	40,581,441
Repairs and Maintenance - Others	48,303,796	41,322,919
Business Promotion	10,505,768	18,783,061
Advertisement	2,000,000	121,538
Auditors' Remuneration (excluding service tax)		
- As Auditors	5,000,000	4,000,000
- Other Services - Certifications	800,000	900,000
- Out of Pocket Expenses	700,000	400,000
Loss on erroneous transactions (Refer Note B 12 of Schedule O)	7,071,519	1,426,911
Loss on sale of Current Investments / Dealing in Securities (Refer Note B 25 of Schedule O)	-	25,062
Loss on Sale/ Scrap of fixed assets	13,950,937	27,626,843
Provision for Doubtful Debts and Advances	18,274,847	26,738,785
Bad Debts / advances written off	6,583,235	1,809,300,000
Less : Adjusted against provision of earlier years	4,766,600	-
	1,816,635	1,809,300,000
Provision for Diminution in value of Investments	-	500,000
Miscellaneous Expenses	418,132	92,847
Per Profit and Loss Account	491,284,933	2,365,827,165

SCHEDULE - N		
INTEREST AND FINANCE CHARGES		
Bank Charges	58,386,572	71,592,846
Interest on Inter Corporate Deposits	25,587,442	20,979,404
Interest on Taxes	-	20,611,392
Interest on Bank Overdraft	14,566,790	1,257,346
Interest on Working Capital Loan	40,438,664	43,150,685
Interest on Vehicle loans	1,106,579	3,408,141
Interest on Debentures	670,180	-
Interest on Commercial Papers	50,043,241	33,524,295
Per Profit and Loss Account	190,799,468	194,524,109

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010

SCHEDULE - O

A. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India and Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006.

b) Use of Estimates:

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

c) Revenue Recognition:

- Revenue from brokerage activities is accounted for on the trade date of transaction.
- 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 accrual basis as and when the right to receive the income is established.
- Revenue from interest from fixed deposits is recognised on accrual basis.
- Commission on mutual fund is recognised on accrual basis.
- Income from fee based advisory services is recognised on an accrual basis.
- Dividend income on equity shares is recognised when the right to receive the dividend is unconditional at the balance sheet date.

- Dividend Income on units of Mutual Fund is recognised when the right to receive the dividend is unconditional at the balance sheet date and any gains/losses are recognised on the date of redemption.

- d) Income from arbitrage and trading in securities and derivatives comprises profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments. Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold. Profit/loss on equity derivative transactions is accounted for based on the 'Guidance Note on Accounting for Equity Index and Equity Stock Futures and Options' issued by the Institute of Chartered Accountants of India which is more fully explained in i) and ii) below :-

Equity Index / Stock Futures:

In accordance with Guidance Note on "Accounting for Equity Index and Equity Stock Futures and Options" issued by The Institute of Chartered Accountants of India

- (i) Initial Margin - Equity Index/ Stock Futures, representing the initial margin paid, and margin deposits representing additional margin paid over and above the initial margin, for entering into a contract for equity index/ stock futures which are released on final settlement / squaring-up of the underlying contract, are disclosed under Loans and Advances.
- (ii) Equity Index / Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin - Equity Index/ Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of index/ stock futures till the balance sheet date.
- (iii) As on the balance sheet date, profit/loss on open positions in Equity index/ stock futures is accounted for as follows:

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)



- Credit balance in the "Mark-to-Market Margin - Equity Index/Stock Futures Account", being the anticipated profit, is ignored and no credit for the same is taken in the profit and loss account.
 - Debit balance in the "Mark-to-Market Margin - Equity Index/Stock Futures Account", being the anticipated loss, is adjusted in the profit and loss account.

- (iv) On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin - Equity Index/Stock Futures Account" after adjustment of the provision for anticipated losses is recognised in the profit and loss account. When more than one contract in respect of the relevant series of equity index/stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

- e) **Stock-in-trade:**

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

- f) **Commercial Papers:**

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

- g) **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.

- h) **Depreciation / Amortisation:**

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date the asset is put to use. Depreciation on sale / deduction from fixed asset is provided for up to the date of sale / deduction / scrapping, as the case may be. Assets taken on finance lease are depreciated over the tenure of the lease. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Intangible assets consisting of Membership Rights of the Bombay Stock Exchange Limited are amortised on 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.

- i) **Impairment of Assets:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

j) Investments:

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

k) Employee Benefits:

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

l) Deferred Employee Stock Compensation Cost:

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

m) Taxes on Income:

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

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

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

n) Fringe Benefits Tax:

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

o) Leases:

In case of assets taken on operating lease, the lease rentals are charged to the profit and loss account and assets taken on finance lease have been capitalised, in accordance with Accounting Standard (AS) 19 - Leases as notified under the Companies (Accounting Standards) Rules, 2006.

p) Share Issue Expenses:

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

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

q) 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 revenue.

r) Provisions, Contingent Liabilities and Contingent Assets:

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

B. NOTES TO ACCOUNTS:

- Indiabulls Securities Limited ("IBSL" or "the Company") carries on the business as stock and share brokers on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited; 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 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 IBSL. On April 2, 2008 the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) after the demerger of the Company from Indiabulls Financial Services Limited.

2. Contingent liability not provided for in respect of:

	As At March 31, 2010	Amount (Rs.) As At March 31, 2009
- Bank Guarantees		
Credit facilities availed from banks	5,000,000,000	4,050,000,000
Others	300,000	-
- Claims against the Company not acknowledged as debts in respect of:		
Penalty on synchronised trading under SEBI regulations	1,500,000	1,500,000
Arbitration matters	7,732,045	-
- Capital Commitments	3,560,258	2,881,074

- During the year, the Company has redeemed 9,966,667 10% Cumulative, Non-convertible Preference Shares of face value Rs. 4.61 per share amounting to Rs. 45,946,335, held by Oberon Limited. Consequently, the paid-up Preference Share Capital of the Company stands fully repaid.

4. Employee Stock Option Schemes:

Employees Stock Option Scheme - 2008

Pursuant to resolution passed by the shareholders on January 19, 2009 the Company had cancelled and withdrawn the existing "Employee Stock Option Scheme - 2007",



Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

covering 15,000,000 stock option and establish 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 Rs. 2/- each in the Company, to the Eligible Employees, at an exercise price of Rs.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 issued by the Institute of Chartered Accountants of India on Accounting for Employees Share based Payments ("the Guidelines"). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. 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.

The fair value of the options under the plans using the Black-Scholes model based on the following parameters is Re.0.84 per option.

S. No	Particulars	IBSL ESOP - 2008
1	Exercise price	Rs. 17.40
2	Expected volatility	79%
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%

The expected volatility was determined based on historical volatility data.

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 Rs. 2 each in one or more tranches, pursuant to a new 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 market price of the day of prior to the date of grant and on such terms and conditions as may be decided by the Board, to the eligible employees of the Company and its subsidiaries. The Compensation Committee constituted by the Board of Directors of the Company has, at its meeting held on December 1, 2009, granted, under the "Indiabulls Securities Limited Employees

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

Stock Option Scheme- 2009 ("IBSL ESOP - 2009") 10,000,000 Stock Options representing an equal number of equity shares of face value Rs.2/- each in the Company, at an exercise price of Rs. 35.25, being the latest available closing market price on the National Stock Exchange of India Ltd., as on November 30, 2009. The Stock Options so granted, shall vest uniformly within 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.

The fair value of the options under the plans using the Black-Scholes model based on the following parameters is Rs. 6.48 per option.

S. No	Particulars	IBSL ESOP - 2009
1	Exercise price	Rs. 35.25
2	Expected volatility	77%
3	Expected forfeiture percentage on each vesting date	Nil
4	Option Life (Weighted Average)	10 Years
5	Expected Dividends yield	13.48%
6	Risk Free Interest rate	7.50%

The expected volatility was determined based on historical volatility data.

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

Particulars	Amount (Rs.)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
Net Profit /(Loss) attributable to Equity Shareholders	610,363,400	(134,206,544)
Less : Stock-based compensation expense determined under fair value based method: [Gross Rs. 81,600,000 (Previous Year Rs. 16,800,000)] (pro forma)	9,483,238	4,920,667
Net profit /(Loss) considered for computing EPS (pro forma)	600,880,162	(139,127,211)
Basic / Diluted Earnings Per Share:		
Weighted average number of equity shares used for computing Basic Earnings per Share	251,122,616	253,426,989
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options	9,602,680	4,954,880
Weighted average number of equity shares used for computing Diluted Earnings per Share	260,725,296	258,381,869
Basic earnings per share (as reported)	2.43	(0.53)
Basic earnings per share (pro forma)	2.39	(0.54)
Diluted earnings per share (as reported)	2.34	(0.53)
Diluted earnings per share (pro forma)	2.30	(0.54)

As the potential equity shares to be issued on conversion of ESOS resulted in a reduction in loss per share for the previous year, the same was considered as anti dilutive in nature. Accordingly Diluted Earnings Per Share is same as Basic Earnings Per Share.

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

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

	IBSL ESOP - 2008	IBSL ESOP - 2009
Total Options under the Scheme	20,000,000	20,000,000
Options granted (Nos.)	20,000,000	10,000,000
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
Vesting Date	January 25th each year, commencing January 25th, 2010	December 2nd each year, commencing December 2nd, 2010
Exercise Price (Rs.)	17.40	35.25
Outstanding at the beginning of the year (Nos.)	20,000,000	-
Options vested during the year (Nos.)	2,761,474*	-
Exercised during the year (Nos.)	-	-
Expired during the year (Nos.)	-	-
Surrendered and eligible for re-grant (Nos.)	1,852,675	-
Outstanding at the end of the year (Nos.)	18,147,325	10,000,000
Exercisable at the end of the year (Nos.)	2,722,099	-
Remaining contractual Life (Weighted Months)	109	126

* Net of options surrendered before vesting

5. During the year ended March 31, 2009, the Shareholders of the Company by means of special resolution passed through the postal ballot with requisite majority, authorised on March 06, 2009 the buy-back of the Company's fully paid-up Equity Shares of face value Rs. 2/- each from the open market through stock exchanges, at a price not exceeding Rs. 33/- per share up to a maximum amount of Rs. 831,796,227, being 25% of the total paid-up equity capital and free reserves as per the audited balance sheet of the Company as at March 31, 2008, to be financed out of the Company's free reserves and surplus and balance in the Profit and Loss Account. The Company had proposed to buyback upto 39,281,000 of its fully paid up Equity Shares and minimum number of 5,000,000 of its fully paid up Equity Shares at a price not exceeding Rs. 33/- per Equity Share.

During the year ended March 31, 2010, the Company has completed the buy back on March

5, 2010 and has bought back 23,486,341 Equity Shares of face value of Rs. 2/- each utilising an amount of Rs. 741,909,192 from General Reserve, Securities Premium and Profit & Loss Account.

6. During the previous financial year, there was variation in the terms of Appointment of Mr. Ashok Sharma pursuant to Section 302 of the Companies Act, 1956. Mr. Ashok Sharma who was appointed as a Whole-time Director of the Company on May 18, 2005 (effective from May 18, 2005) and had been drawing remuneration from the Company with effect from May 18, 2005, pursuant to the shareholders approval, accorded in the Annual General Meeting of the Company dated August 26, 2005. While the terms of his remuneration as approved by the Shareholders, he was to receive remuneration from the Company till March 31, 2009, in the Board meeting dated December 8, 2008 Mr. Ashok Sharma expressed his desire to continue as the Whole-Time Director of the Company, without any remuneration, effective December

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

1, 2008. The last drawn remuneration by Mr. Ashok Sharma was Rs. 200,000/- per month. Accordingly, in deference of his desire the Board had decided that with effect from December 1, 2008 Mr. Ashok Sharma would be Whole-Time Director of the Company without any remuneration.

7. Secured Loans:

- a) Vehicles Loans of Rs. 4,589,805 (Previous Year Rs. 20,902,980) are secured against hypothecation of Vehicles.
- b) Working Capital loans of Rs. 500,000,000 (Previous Year Rs. 400,000,000) and Bank Overdraft of Rs. 1,148,019,728 (Previous Year Rs. 72,255,335) are secured against Fixed Deposits placed with Banks.

8. During the year, the Company has privately placed Unsecured Redeemable Non-Convertible Debentures, the salient features of the same are given below :

Sr. No.	Party	Face Value (Rs.)	Amount (Rs.)	Coupon Rate	Date of Allotment	Earliest date of redemption	Date of actual redemption
1	Titco Ltd Taurus Mutual Fund	1,000,000	750,000,000	4.00%	11-Feb-10	15-Feb-10	15-Feb-10
2	Titco Ltd Taurus Mutual Fund	1,000,000	750,000,000	4.00%	15-Feb-10	16-Feb-10	16-Feb-10
3	Peerless Mutual Fund	1,000,000	360,000,000	MIBOR + 75 bps	25-Feb-10	25-May-10*	26-Feb-10
4	Peerless Mutual Fund	1,000,000	500,000,000	4.00%	26-Feb-10	02-Mar-10	02-Mar-10

*Call option exercised and redeemed before the due date.

9. Fixed deposits includes Rs. 2,500,562,281 (Previous Year Rs. 2,068,791,440) pledged with the banks against bank guarantees issued by banks for base capital and additional base capital to National Stock Exchange of India, Bombay Stock Exchange of India and National Securities Clearing Corporation Limited.

Fixed Deposits includes Rs. 500,000,000 (Previous Year 400,000,000) pledged against working capital loan taken from bank.

Fixed Deposits includes Rs. 376,900,000 (Previous Year 1,207,500,000) pledged with National Stock Exchange of India, Bombay

Stock Exchange of India and National Securities Clearing Corporation Limited for the purpose of base capital and additional base capital.

Fixed Deposits includes Rs. 1,310,000,000 (Previous Year 550,000,000) pledged with banks for overdraft facilities.

Fixed Deposits includes Rs. 18,675,079 (Previous Year 19,075,733) pledged for arbitration matters.

10. During the previous year, the Company had advanced a sum of Rs. 1,809,300,000 by way of loan to one of its wholly owned subsidiary - viz Devata Tradelink Limited ("DTL"). During

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

the previous financial year, DTL had incurred / provided for losses aggregating to Rs. 1,562,932,320 in respect of dealing in securities. Based upon the availability of resources as at that year end to repay those loans and considering the erosion of the networth of the subsidiary, the Company had written off loans given to DTL aggregating to Rs. 1,809,300,000 as bad loans/ advances written off. Investments made by the Company in the equity share

capital of DTL amounting to Rs. 500,000 though considered as strategic and long term in nature, considering the losses suffered by this subsidiary, diminution in the value of the investment is considered as other than temporary in nature and accordingly provision for diminution in value amounting to Rs. 500,000 was made in books of account in the previous financial year.

11. The Company has taken office premises on operating lease at various locations in India and lease rent in respect of the same amounting to Rs. 118,485,819 (Previous Year Rs. 158,047,330) has been charged to Profit and Loss account. The minimum lease rental outstanding as at March 31, 2010 are as under:

	Amount (Rs.)	
	As At March 31, 2010	As At March 31, 2009
Within one year	105,587,738	77,730,560
One to Five years	134,761,817	84,263,969
More than Five years	2,108,859	-

The agreements are executed for a period ranging from 11 months to 9 years with a renewable clause and in many cases also provide for termination at will by either party giving a prior notice of 30 to 90 days.

12. The loss on squaring off of erroneous transactions on account of trading in securities amounting to Rs. 7,071,519 (Net) (Previous Year loss Rs. 1,426,911 (Net)) has been adjusted to Profit and Loss account.

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

13. Segment Reporting:

Segment information for the period from April 01, 2009 to March 31, 2010

(a) Primary segment information (by Business Segments):

	Broking related activities	Others	Amount (Rs.) Total
(i) Segment Revenue	3,368,914,954	7,118,373	3,376,033,327
	<i>3,918,820,316</i>	-	<i>3,918,820,316</i>
(ii) Segment Results	1,064,168,854	7,118,373	1,071,287,227
	<i>1,668,635,786</i>	-	<i>1,668,635,786</i>
Less: Unallocated (Income) / Expenditure net of Other unallocated Expenditure / (Income)			(568,945)
			1,740,512,619
Less: Interest expenditure			132,412,896
			122,931,263
Less: Income taxes			327,268,409
			<i>(65,977,042)</i>
Total Profit after tax			612,174,867
			<i>(128,831,054)</i>
(iii) Segment Assets	7,360,842,869	-	7,360,842,869
	<i>6,391,702,463</i>	-	<i>6,391,702,463</i>
Unallocated Corporate Assets			2,400,527,773
			<i>1,178,498,143</i>
Total Assets			9,761,370,642
			<i>7,570,200,606</i>
(iv) Segment Liabilities	3,323,045,049	-	3,323,045,049
	<i>2,682,240,411</i>	-	<i>2,682,240,411</i>
Unallocated Corporate Liabilities			4,239,014,485
			<i>1,974,912,141</i>
Total Liabilities			7,562,059,534
			<i>4,657,152,552</i>
(v) Capital Expenditure including Capital Advances	51,525,458	-	51,525,458
	<i>97,561,713</i>	-	<i>97,561,713</i>
(vi) Depreciation	203,370,364	-	203,370,364
	<i>232,913,607</i>	-	<i>232,913,607</i>
(vii) Non cash expenditure other than Depreciation	29,806,661	-	29,806,661
	<i>46,201,716</i>	-	<i>46,201,716</i>

(Previous year's figures are stated in Italics)

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

- (b) The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.
- (c) The Company's primary Business segment is reflected based on principal business activities carried on by the Company. The Company's primary business activity is to carry on business of stock and share broker on National Stock Exchange of India Limited and Bombay Stock Exchange Limited and other related ancillary services.
- (d) "Others" business segment constitutes Investment and dealing in tradable securities and arbitrage transaction in securities. This not being the normal business activity of the Company, the same is shown as "Others".
- (e) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- (f) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in (A) above.

14. Disclosures in respect of AS - 18 Related Party Disclosures:

(a) Related parties where control exists:

<u>Nature of Relationship</u>	<u>Name of the Party</u>
Subsidiary Companies	Indiabulls Commodities Limited (Formerly Indiabulls Commodities Private Limited)
	India Ethanol and Sugar Limited
	Devata Tradelink Limited
	Indiabulls Brokerage Limited
	Indiabulls Distribution Services Limited

(b) Other Related Parties:

<u>Nature of Relationship</u>	<u>Name of the Party</u>
Key Management Personnel	Mr. Divyesh B. Shah, Director
	Mr. Ashok Sharma, Director
	Mr. Sameer Gehlaut, person exercising significant influence
	Mr. Rajiv Rattan, Director & person exercising significant influence*
	Mr. Saurabh K. Mittal, Director & person exercising significant influence*

* Mr. Rajiv Rattan and Mr. Saurabh K. Mittal have resigned from the office of director of the Company w.e.f. August 05, 2009. However, the said resignation shall be effective upon the receipt of the approval from the membership department of National Stock Exchange of India Limited and Bombay Stock Exchange Limited as the Company is a member of these stock exchanges.

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and
Profit and Loss Account for the year ended March 31, 2010 (Contd.)

(c) Significant Transactions with Related Parties

Nature of Transaction	Subsidiaries	Key Management Personnel	(Amount in Rs.)
			Total
Income			
Brokerage Income	-	192,620	192,620
	19,070,075	30,395	19,100,470
Transaction and Other Charges	-	-	-
	9,358,430	-	9,358,430
Income from Depository Services	-	-	-
	757	-	757
Expenses			
Reimbursement of expenses paid	120,553,784	-	120,553,784
	156,775,693	-	156,775,693
Reimbursement of expenses received	267,980	-	267,980
	2,663,548	-	2,663,548
Remuneration	-	29,007,478	29,007,478
	-	3,700,000	3,700,000
Finance			
Intercompany Deposit Given	266,000,000	-	266,000,000
(maximum balance outstanding during the year)	1,809,300,000	-	1,809,300,000
Intercompany Deposit Taken	1,050,000,000	-	1,050,000,000
(maximum balance outstanding during the year)	-	-	-
Interest expense on Intercompany Deposit	3,756,986	-	3,756,986
	-	-	-
Investment			
Equity Shares	500,000	-	500,000
	35,000,000	-	35,000,000

(Previous year's figures are stated in Italics)

(d) Outstanding as at March 31, 2010:

			(Amount in Rs.)
			Total
Intercompany Deposit Taken	40,000,000	-	40,000,000
- Indiabulls Commodities Limited	-	-	-
Intercompany Deposit Given	62,500,000	-	62,500,000
- Indiabulls Brokerage Limited	-	-	-
Remuneration Payable	-	10,352,282	10,352,282
- Mr. Divyesh B Shah	-	-	-

(Previous year's figures are stated in Italics)

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

(e) Statement of Material Transactions

Particulars	(Amount in Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Brokerage Income		
- Devata Tradelink Limited	-	19,070,075
- Mr. Rajiv Rattan	39,730	-
- Mr. Sameer Gehlaut	79,520	-
- Mr. Saurabh Mittal	36,070	-
- Mr. Ashok Sharma	6,105	12,729
- Mr. Divyesh B Shah	31,195	17,666
Transaction and Other Charges		
- Devata Tradelink Limited	-	9,358,430
Income from Depository Services		
- Devata Tradelink Limited	-	757
Reimbursement of Expenses paid		
- Indiabulls Commodities Limited (Formerly Indiabulls Commodities Private Limited)	120,553,784	156,775,693
Reimbursement of Expenses received		
- Indiabulls Commodities Limited (Formerly Indiabulls Commodities Private Limited)	24,416	1,646,314
- Indiabulls Brokerage Limited	-	1,017,234
- Indiabulls Distribution Services Limited	243,564	-
Intercompany Deposit Given (maximum balance outstanding during the year)		
- Devata Tradelink Limited	-	1,809,300,000
- Indiabulls Brokerage Limited	266,000,000	-
Intercompany Deposit Taken (maximum balance outstanding during the year)		
- Indiabulls Commodities Limited (Formerly Indiabulls Commodities Private Limited)	1,050,000,000	-
Interest Expense		
- Indiabulls Commodities Limited	3,756,986	-
Investment in Equity Shares		
- Indiabulls Brokerage Limited	-	35,000,000
- Indiabulls Distribution Services Limited	500,000	-
Remuneration		
- Mr. Ashok Sharma	-	1,600,000
- Mr. Divyesh B. Shah	29,007,478	2,100,000

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

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

15. Earnings per share:

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

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares and the potential dilutive effect of employee stock option plan as appropriate.

	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit / (Loss) as per Profit & Loss Account (Rs.)	612,174,867	(128,831,054)
Less: Preference Dividend and tax thereon (Rs.)	1,811,467	5,375,490
Net Profit / (Loss) attributable to Equity Shareholders (Rs.)	610,363,400	(134,206,544)
Basic / Diluted Earnings Per Share:		
Weighted average number of equity shares used for computing Basic Earnings per Share	251,122,616	253,426,989
Add: Potential number of Equity share that could arise on exercise of Employee Stock Options	9,602,680	4,954,880
Weighted average number of equity shares used for computing Diluted Earnings per Share	260,725,296	258,381,869
Nominal Value of equity Shares (Rs.)	2.00	2.00
Earnings Per Share - Basic (Rs.)	2.43	(0.53)
Earnings Per Share - Diluted (Rs.) (*)	2.34	(0.53)

(*) As the potential equity shares to be issued on conversion of ESOS results in a reduction in loss per share for the previous year, the same is considered as anti-dilutive in nature. Accordingly Diluted Earnings Per Share is same as Basic Earnings Per Share for the previous year

16. The breakup of Deferred Tax Liability (Net) into major components as at March 31, 2010 is as under:

	As at March 31, 2010	Amount (Rs.) As at March 31, 2009
Deferred Tax Assets:		
Provision for Doubtful Debts and Advances	40,915,358	37,275,426
Unabsorbed Losses Carried Forward	-	58,736,175
Disallowance u/s. 43B of the Income Tax Act, 1961	24,904,414	19,943,755
	65,819,772	115,955,356
Deferred Tax Liability:		
Depreciation	(94,050,713)	(126,975,955)
	(94,050,713)	(126,975,955)
Deferred Tax Liability (Net)	(28,230,941)	(11,020,599)

Deferred Tax charge (net) of Rs. 17,210,342 (Previous Year credit (net) - Rs. 90,447,060) has been (debited) / credited to the profit and loss account for the year.

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

17. Employee benefits:

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

Contributions are made to Government Provident Fund and Family Pension Fund 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 Rs. 1,080,933 (Previous year Rs. 1,160,546) towards employer contribution for the above mentioned funds.

Provision for Unfunded Gratuity and Long Term Compensated Absences for all employees is based upon actuarial valuation carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

Disclosures in respect of Gratuity and Compensated Absences:

	Gratuity (Unfunded)	Gratuity (Unfunded)	Compensated Absences (Unfunded)	Amount (Rs.) Compensated Absences (Unfunded)
	2009-10	2008-09	2009-10	2008-09
Reconciliation of liability recognised in the Balance Sheet:				
Present Value of commitments (as per Actuarial valuation)	(52,744,001)	(37,557,305)	(22,229,774)	(21,118,056)
Fair value of plans	-	-	-	-
Net liability in the Balance sheet (as per Actuarial valuation)	(52,744,001)	(37,557,305)	(22,229,774)	(21,118,056)
Movement in net liability recognised in the Balance Sheet:				
Net liability as at the beginning of the year	(37,557,305)	(25,745,714)	(21,118,056)	(14,926,966)
Amount paid during the year	584,318	1,460,250	-	-
Net expenses recognised in the Profit and Loss Account	(15,771,014)	(13,271,841)	(1,111,718)	(6,191,090)
Contribution during the year	-	-	-	-
Net liability as at the end of the year	(52,744,001)	(37,557,305)	(22,229,774)	(21,118,056)
Expenses recognised in the Profit and Loss Account:				
Current service cost	13,993,742	11,835,308	6,204,975	6,733,761
Past service cost	3,880,079	-	-	-
Interest Cost	2,816,798	1,933,749	1,583,854	1,118,577
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	(4,919,605)	(497,216)	(6,677,111)	(1,661,248)
Expenses charged / (reversal) to the Profit and Loss Account	15,771,014	13,271,841	1,111,718	6,191,090
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 the beginning of the year	37,557,305	25,745,714	21,118,056	14,926,966
Current service cost	13,993,742	11,835,308	6,204,975	6,733,761
Past service cost	3,880,079	-	-	-
Interest cost	2,816,798	1,933,749	1,583,854	1,118,577
Paid benefits	(584,318)	(1,460,250)	-	-
Actuarial (gains) / losses	(4,919,605)	(497,216)	(6,677,111)	(1,661,248)
Commitments as at the end of the year	52,744,001	37,557,305	22,229,774	21,118,056
Reconciliation of Plan assets:				
Plan assets as at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions during the year	-	-	-	-
Paid benefits	-	-	-	-
Actuarial (gains) / losses	-	-	-	-
Plan assets as at the end of the year	-	-	-	-

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

	Gratuity (Unfunded)			Compensated Absences (Unfunded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Experience adjustment:						
On plan liabilities	1,007,683	3,930,773	*	5,100,682	3,689,553	*
On plan assets	-	-	*	-	-	*
Present value of benefit obligation	(52,744,001)	(37,557,305)	(25,745,714)	(22,229,774)	(21,118,056)	(14,926,966)
Fair value of plan assets	-	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligation	(52,744,001)	(37,557,305)	(25,745,714)	(22,229,774)	(21,118,056)	(14,926,966)

* Not Available

As, this is the third year in which the AS - 15 (Revised) has been applied, the amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous four years have not been furnished.

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:

	Year ended March 31, 2010	Year ended March 31, 2009
Discount rate -		
Gratuity and Compensated Absences	7.50%	7.00%
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality	LIC (1994-96)	LIC (1994-96) Duly Modified

18. During the year the Company invested an amount of Rs. 500,000 (Previous Year Rs. 35,000,000) in newly formed wholly owned subsidiary Indiabulls Distribution Services Limited (Previous year - Indiabulls Brokerage Limited).
19. Managerial Remuneration under Section 198 of the Companies Act, 1956 (included under Personnel Cost in Schedule L)

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Salary	29,007,478	3,700,000
Perquisites	-	-
Retirement Benefits *	581,947	122,700
Total	29,589,425	3,822,700

During the previous year, the Company had paid managerial remuneration amounting to Rs. 22,198,046 to two of its Directors. However on account of loss incurred by the Company during the previous year mainly on account of writing-off of advance given to its wholly owned subsidiary - Devata Tradelink Limited, managerial remuneration for the year was revised based on the limits specified under Schedule XIII of the Companies Act, 1956 as applicable to the Company. The amount paid to the directors in excess of the limits calculated above under Schedule XIII of the Companies Act, 1956 had been duly refunded by respective directors of the Company as at the previous year end.

* Retirement Benefits consists of Compensated Absences and Gratuity as valued by actuary.

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

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

20. Expenditure in foreign currency:

	Amount (Rs.)	
	Year ended March 31, 2010	Year ended March 31, 2009
Consultancy/Professional Charges	-	68,751

21. (a) Remittance during the year in foreign currency on account of dividend on Preference Shares:
 Proposed Dividend (Year ended March 31, 2009) and Interim Dividend (Year ended March 31, 2010)
 Number of Shareholder: 1 (Previous Year: 1)
 Preference Shares held on which dividend is remitted: 9,966,667 (Previous Year 9,966,667)
 Amount Remitted: Rs. 2,681,251 (Previous Year Rs. 4,403,233)
- (b) Remittance during the year in foreign currency on account of final dividend on Equity Shares:
 Final Dividend (Year ended March 31, 2009)
 Number of Shareholder: 2 (Previous Year: 5)
 Equity Shares held on which dividend is remitted: 12,810,143 (Previous Year 25,445,269)
 Amount Remitted: Rs. 25,620,286 (Previous Year Rs. 190,839,518)
- The Company does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made to non - resident shareholders.

22. Derivative Instruments:

The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.

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

- (a) An amount of Rs. Nil (Previous Year Rs. Nil) and Rs. Nil (Previous Year Rs. Nil) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.
- (b) No interest was paid during the year in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 no amount was paid to the supplier beyond the appointed date.
- (c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
- (d) No amount of interest was accrued and unpaid at the end of the accounting year.
- The above information and that given in Schedule H - "Current Liabilities and Provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

24. No borrowing cost has been capitalised during the period.

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and
Profit and Loss Account for the year ended March 31, 2010 (Contd.)

25. Information under paragraphs 3 and 4 of Part II to Schedule VI of the Companies Act, 1956 is stated to the extent applicable to the Company.

(a) Quantitative information in respect of Non Trade Current Investment / Dealing in securities:

	Year ended March 31, 2010		Year ended March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Opening Stock				
Equity Shares	-	-	-	-
Mutual Fund	-	-	-	-
Total (A)	--	--	--	--
Purchases				
Equity Shares	50,301,252	14,035,677,971	-	-
Mutual Fund	7,251,936,222	78,335,733,639	14,742,758,648	153,240,800,336
Total (B)	7,302,237,474	92,371,411,610	14,742,758,648	153,240,800,336
Sales				
Equity Shares	50,301,252	14,026,313,168	-	-
Mutual Fund	7,251,936,222	78,335,756,906	14,742,758,648	153,240,775,274
Total (C)	7,302,237,474	92,362,070,074	14,742,758,648	153,240,775,274
Closing Stock				
Equity Shares	-	-	-	-
Mutual Fund	-	-	-	-
Total (D)	--	--	--	--
Profit/(Loss) on trading in Futures & Option Contract (Net) (E)		14,559,656		-
Profit / (Loss) (C+D+E-A-B)		5,218,120	--	(25,062)

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

(b) Detailed Quantitative information in respect of Non Trade Quoted Current Investment / Dealing in securities:

In Equity Shares - Non-Trade Quoted	Purchase /Cost of Sale Year ended March 31, 2010		Purchase /Cost of Sale Year ended March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
3I Infotech Ltd.	540	50,078	-	-
Aarti Industries Ltd.	433	21,552	-	-
Aban Offshore Ltd.	97,990	135,749,759	-	-
ABB Ltd.	18,104	14,428,654	-	-
Aditya Birla Nuvo Ltd.	2	1,921	-	-
ACC Ltd.	26,838	23,228,828	-	-
Adani Enterprises Ltd.	1	504	-	-
Advanta India Ltd.	505	338,794	-	-
Allahabad Bank	34,602	4,919,099	-	-
Ambuja Cements Ltd.	827,920	82,077,654	-	-
Andhra Bank	262	26,199	-	-
Apollo Tyres Ltd.	1	70	-	-
Areva T&D India Ltd.	6,921	1,867,254	-	-
Aurobindo Pharma Ltd.	5	4,622	-	-
Axis Bank Ltd.	84,037	81,272,363	-	-
Bajaj Auto Ltd.	12,398	21,416,988	-	-
Bajaj Hindustan Ltd.	858,445	137,143,785	-	-
Balrampur Chini Mills Ltd.	19,228	2,455,336	-	-
Bank of Baroda	126,050	67,102,574	-	-
Bank of India	65,681	25,266,004	-	-
Bharat Electronics Ltd.	34,169	68,196,580	-	-
Bharat Forge Ltd.	388,846	108,336,941	-	-
Bharti Airtel Ltd.	522,779	164,690,145	-	-
BHEL	139,263	326,724,070	-	-
Bhushan Steel Ltd.	3,979	5,799,597	-	-
Biocon Ltd.	127	37,000	-	-
Bombay Dyeing & Mfg. Co Ltd.	1,760	935,018	-	-
Bharat Petroleum Corp. Ltd.	37,822	21,214,675	-	-
Bombay Rayon Fashions Ltd.	26	5,634	-	-
Brigade Enter. Ltd.	10	1,501	-	-
Cairn India Ltd.	710,497	192,647,056	-	-
Canara Bank	11,101	4,198,903	-	-
Century Textiles Ltd.	6,664	3,270,524	-	-
Chambal Fertilizers Ltd.	16,391	891,571	-	-
Cipla Ltd.	368,002	117,069,931	-	-
Colgate Palmolive Ltd.	12,164	8,308,024	-	-
Crompton Greaves Ltd.	161,336	60,996,945	-	-
Cummins India Ltd.	6,049	2,903,024	-	-
Dabur India Ltd.	57,365	9,120,130	-	-
Deccan Chronicle Hold Ltd.	57,862	8,594,509	-	-
Dena Bank	1,000	62,602	-	-
Dish TV India Ltd.	301,987	11,091,991	-	-
Divi's Laboratories Ltd.	14,355	8,532,047	-	-
DLF Ltd.	915,012	333,192,631	-	-
Dr. Reddy's Laboratories	3,662	4,334,715	-	-
Educomp Solutions Ltd.	385,712	276,301,456	-	-
Everest Kanto Cylinder Ltd.	1	136	-	-
Essar Oil Ltd.	300,321	43,153,528	-	-
Federal Bank Ltd.	32,928	8,630,842	-	-
Financial Techno (I) Ltd.	13,832	22,017,159	-	-
Fortis Healthcare Ltd.	194,674	34,598,439	-	-
Firstsource Solu. Ltd.	3,568,005	114,467,598	-	-
GAIL (India) Ltd.	305,770	121,368,963	-	-
The GE Shipping Ltd	12,489	3,521,679	-	-
GMR Infrastructure Ltd.	14,075	791,603	-	-

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

In Equity Shares - Non-Trade Quoted	Purchase /Cost of Sale Year ended March 31, 2010		Purchase /Cost of Sale Year ended March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Godrej Industries Ltd.	3	631	-	-
Godrej Properties Ltd.	1,934	1,082,663	-	-
Grasim Industries Ltd.	46,988	118,637,892	-	-
Gujarat State Petro Ltd.	52,378	4,802,105	-	-
GTL Ltd.	17,717	7,132,226	-	-
GTL Infra.Ltd	2,698	89,329	-	-
GVK Pow. & Infra Ltd.	148,654	7,417,813	-	-
Hindustan Construction Co	68,515	9,049,837	-	-
HCL Technologies Ltd.	18,499	6,841,640	-	-
HDFC Ltd.	228,320	602,132,148	-	-
HDFC Bank Ltd.	132,116	220,809,386	-	-
Housing Dev & Infra Ltd.	2,978,168	1,009,863,410	-	-
Hero Honda Motors Ltd.	20,990	34,314,322	-	-
Hindalco Industries Ltd.	2,270,784	344,693,874	-	-
Hindustan Petroleum Corp. Ltd.	221,447	80,427,453	-	-
Hindustan Unilever Ltd.	158,870	42,174,687	-	-
Hindustan Zinc Ltd.	3,497	4,135,046	-	-
ICICI Bank Ltd.	583,111	489,195,878	-	-
IDBI Bank Ltd.	1,193,814	150,468,984	-	-
Idea Cellular Ltd.	64,782	4,059,818	-	-
Infra. Dev. Fin. Co. Ltd.	5,475	936,088	-	-
IFCI Ltd.	598	34,637	-	-
The Indian Hotels Co. Ltd.	195,421	19,441,763	-	-
Indian Bank	2,926	482,087	-	-
Infosys Technologies Ltd.	106,299	255,121,362	-	-
Indian Oil Corp Ltd.	52,744	16,090,696	-	-
Ispat Industries Ltd.	2	46	-	-
ITC Ltd.	631,377	158,763,265	-	-
IVRCL Infracst & Proj Ltd.	358,140	127,887,765	-	-
Jindal Saw Ltd.	985,877	211,279,911	-	-
Jindal Steel & Power Ltd.	1,647	4,063,895	-	-
Jaiprakash Associates Ltd.	1,555,999	337,970,443	-	-
Jaiprakash Power Ven. Ltd.	3,051	217,006	-	-
JSW Steel Ltd.	372,125	428,190,656	-	-
Kingfisher Airlines Ltd.	38,490	1,907,173	-	-
Kotak Mahindra Bank Ltd.	52,970	40,532,862	-	-
K S Oils Ltd.	26,061	1,645,484	-	-
LIC Housing Finance Ltd.	67,306	53,493,304	-	-
Lanco Infracratech Ltd.	4,724,779	245,482,375	-	-
Larsen & Toubro Ltd.	129,170	207,086,622	-	-
Lupin Ltd.	44,725	65,647,998	-	-
Mahindra & Mahindra Ltd.	106,156	109,135,214	-	-
Maruti Suzuki India Ltd.	196,397	289,038,708	-	-
Maytas Infr. Ltd.	1,431	291,935	-	-
United Spirits Ltd.	20,820	20,206,436	-	-
McLeod Russel India Ltd.	3,601	790,489	-	-
Mercator Lines Ltd.	431,036	26,940,042	-	-
Moser-Baer (I) Ltd.	240,169	18,900,501	-	-
Mphasis Ltd.	737,110	509,461,799	-	-
Mahanagar Telephone Nigam Ltd.	34,264	2,550,006	-	-
Mundra Port & Sez Ltd.	16,002	11,313,266	-	-
Nagarjuna Fert & Chem Ltd.	5,050	172,351	-	-
National Aluminium Co Ltd.	8,592	3,761,491	-	-
Neyveli Lignite Corporation Ltd.	1,576	261,081	-	-
NHPC Ltd.	1	35	-	-

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

In Equity Shares - Non-Trade Quoted	Purchase /Cost of Sale Year ended March 31, 2010		Purchase /Cost of Sale Year ended March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
NTPC Ltd.	491,695	106,719,238	-	-
Oracle Fin Serv Soft Ltd.	659	1,633,883	-	-
Oil and Natural Gas Corp. Ltd.	50,560	59,470,837	-	-
Onmobile Global Ltd.	2,261	850,366	-	-
Orchid Chem & Pharma Ltd.	86,662	15,264,626	-	-
Oriental Bank of Commerce	18,633	5,467,429	-	-
Pantaloon Retail (I) Ltd.	4,548	1,953,162	-	-
Patni Computer Syst Ltd.	9,407	4,760,146	-	-
Petronet LNG Ltd.	56,544	3,994,887	-	-
Power Fin Corp Ltd.	55,136	14,267,876	-	-
Punjab National Bank	23,015	20,760,295	-	-
Polaris Software Lab Ltd.	5	937	-	-
Power Grid Corp. Ltd.	54,299	6,117,812	-	-
Praj Industries Ltd.	20,264	2,186,237	-	-
PSL Ltd.	3	491	-	-
PTC India Ltd.	401	41,328	-	-
Punj Lloyd Ltd.	44,767	9,240,868	-	-
Ranbaxy Labs Ltd.	187,565	87,403,695	-	-
Rashtriya Chemicals & Fertilizers Ltd.	510	53,812	-	-
Reliance Communications Ltd.	775,933	135,021,567	-	-
Rural Elec. Corp. Ltd.	6	1,423	-	-
Reliance Capital Ltd.	532,968	448,825,609	-	-
Reliance Industries Ltd.	230,754	307,760,783	-	-
Reliance Infrastructure Ltd.	135,686	141,148,096	-	-
Reliance Mediaworks Ltd.	4	1,231	-	-
Shree Renuka Sugars Ltd.	85,409	14,283,551	-	-
Reliance Natural Resources Ltd.	50,237	4,029,917	-	-
Rolta India Ltd.	19,314	3,616,354	-	-
Reliance Power Ltd.	4,516	725,313	-	-
Steel Authority of India	2,943,608	645,010,001	-	-
Satyam Computer Services	5,001	568,636	-	-
State Bank of India	521,618	1,064,760,859	-	-
Shipping Corp of India Ltd.	295,700	45,958,944	-	-
Sesa Goa Ltd.	108,968	36,211,871	-	-
Siemens Ltd.	1,105	672,542	-	-
Sterlite Inds (Ind) Ltd.	153,360	122,797,449	-	-
Sun Pharmaceuticals Ind.	7,480	11,505,107	-	-
Sun TV Network Ltd.	9,133	3,788,739	-	-
Suzlon Energy Ltd.	571,622	44,707,122	-	-
Syndicate Bank	3,710	314,926	-	-
Tata Chemicals Ltd.	26,198	8,217,853	-	-
Tata Communications Ltd.	11,104	3,670,284	-	-
Tata Motors Ltd.	104,510	74,634,142	-	-
Tata Power Co Ltd.	71,554	95,157,826	-	-
Tata Steel Ltd.	434,843	235,255,901	-	-
Tata Tea Ltd.	2,258	2,163,811	-	-
Tata Consultancy Serv Ltd	60,663	40,694,383	-	-
Tech Mahindra Ltd.	25,757	25,011,227	-	-
Titan Industries Ltd.	13,983	20,950,918	-	-
Triveni Engg. & Inds. Ltd.	300	36,041	-	-
Tata Teleserv(Maharashtra) Ltd.	29,456	798,675	-	-
United Brew. (Hold.) Ltd.	109	37,530	-	-
UCO Bank	159,811	9,030,404	-	-
Ultratech Cement Ltd.	11,296	12,506,681	-	-
Union Bank of India	86,630	23,075,977	-	-
Unitech Ltd.	10,125,518	751,951,375	-	-
Videocon Industries Ltd.	2,740	630,258	-	-

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

In Equity Shares - Non-Trade Quoted	Purchase /Cost of Sale Year ended March 31, 2010		Purchase /Cost of Sale Year ended March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Voltas Ltd.	271,630	45,300,149	-	-
Welspun Gujarat Stahl Rohren Ltd.	45,638	12,331,766	-	-
Wipro Ltd.	81,257	53,914,393	-	-
Yes Bank Ltd.	1,019,395	257,979,904	-	-
Zee Entertainment Ent Ltd.	2,866	623,369	-	-
Total		14,035,677,971	--	--

(c) Details of Non Trade unquoted Current Investments in units of Mutual Fund during the year:

Mutual Fund	Type	Purchase / Cost of Sales	
		Units	Amount(Rs.)
Birla Cash Plus - Institutional Premium	Daily Dividend Reinvestment	-	-
		<i>841,567,826</i>	<i>8,432,088,829</i>
Birla Sun Life Liquid Plus	Daily Dividend Reinvestment	-	-
		<i>100,391,352</i>	<i>1,004,596,177</i>
ICICI Prudential Institutional Liquid Fund	Daily Dividend Reinvestment	160,009,832	1,600,414,944
		<i>1,051,917,649</i>	<i>10,519,702,445</i>
LICMF Income Plus Fund	Daily Dividend Reinvestment	-	-
		<i>100,236,654</i>	<i>1,002,366,536</i>
LICMF Liquid Fund	Daily Dividend Reinvestment	55,107,822	605,089,393
		<i>919,816,253</i>	<i>10,099,674,436</i>
LICMF Savings Plus Fund	Weekly Dividend Reinvestment	50,086,336	500,863,356
		<i>50,474,072</i>	<i>504,881,874</i>
LICMF Savings Plus Fund	Daily Dividend Reinvestment	-	-
		<i>100,630,227</i>	<i>1,006,302,275</i>
Reliance Liquid Plus-Institutional	Daily Dividend Reinvestment	-	-
		<i>3,746,574</i>	<i>3,750,831,911</i>
Reliance Medium Term Fund	Daily Dividend Reinvestment	250,355,907	4,279,959,406
		<i>161,397,569</i>	<i>2,759,172,135</i>
Reliance Money Manager Fund-Institutional	Daily Dividend Reinvestment	4,000,197	4,004,743,049
		-	-
Reliance Liquidity Fund	Daily Dividend Reinvestment	6,732,376,128	67,344,663,490
		<i>11,412,580,472</i>	<i>114,161,183,718</i>

(Previous Year figures are given in italics)

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended March 31, 2010 (Contd.)

d) Summary Quantitative information in respect of Trade Unquoted Long Term Investment:

	As at March 31, 2010		As at March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Investment at the beginning of the year				
Equity Shares	130,000	10,000	130,000	10,000
Total (A)	130,000	10,000	130,000	10,000
Investments made during the year				
Equity Shares	-	-	-	-
Total (B)	--	--	--	--
Investments sold during the year				
Equity Shares	-	-	-	-
Total (C)	--	--	--	--
Investments as at the year end				
Equity Shares	130,000	10,000	130,000	10,000
Total (D)	130,000	10,000	130,000	10,000

e) Detailed Quantitative information in respect of Trade Unquoted Long Term Investment:

	As at March 31, 2010		As at March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
In Equity / Ordinary Shares - Trade Unquoted				
Bombay Stock Exchange Limited	130,000	10,000	130,000	10,000
TOTAL		10,000		10,000

f) Summary Quantitative information in respect of Non Trade Unquoted Long Term Investment:

	As at March 31, 2010		As at March 31, 2009	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Investment at the beginning of the year				
Equity Shares	5,248,137	517,694,683	1,748,137	483,194,683
Total (A)	5,248,137	517,694,683	1,748,137	483,194,683
Investments made during the year				
Equity Shares	50,000	500,000	3,500,000	35,000,000
Total (B)	50,000	500,000	3,500,000	35,000,000
Investments sold / provided during the year				
Equity Shares	-	-	--	500,000
Total (C)	--	--	--	500,000
Investments as at the year end				
Equity Shares		518,194,683		517,694,683
Total (D)		518,194,683		517,694,683

g) Detailed Quantitative information in respect of Non Trade Unquoted Long Term Investment:

	As at March 31, 2010	
	No of units	Amount (Rs.)
In Equity / Ordinary Shares - Non-Trade Unquoted		
Copal Partners Limited	1,098,137	476,694,683
	<i>1,098,137</i>	<i>476,694,683</i>
Indiabulls Commodities Limited (Formerly Indiabulls Commodities Private Limited)	600,000	6,000,000
	<i>600,000</i>	<i>6,000,000</i>
Devata Tradelink Limited (Refer Note B 10 of Schedule O)	50,000	-
	<i>50,000</i>	<i>-</i>
Indiabulls Brokerage Limited	3,500,000	35,000,000
	<i>3,500,000</i>	<i>35,000,000</i>
Indiabulls Distribution Services Limited	50,000	500,000
	<i>-</i>	<i>-</i>
Total		518,194,683
		517,694,683

(Previous Year figures are given in italics)

Significant Accounting Policies and Notes

forming part of Balance Sheet as at March 31, 2010 and
Profit and Loss Account for the year ended March 31, 2010 (Contd.)

26. Provision for Current Tax includes provision for Wealth Tax of Rs. 526,854 (Previous year Rs. 496,045).
27. As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 - Provisions, Contingent Liabilities and Contingent Assets as notified under the Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
28. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2010.
29. The Board of Directors of the Company at its meeting held on June 25, 2009 had recommended a Dividend of Rs. 2 per share (100% on the face value of Rs. 2 per share) for FY 2008-09, out of the opening balance in the Profit and Loss account. As the Company had incurred losses during the previous year amounting to Rs. 128,831,054, the Company had transferred an amount equivalent to 10% of the Surplus of Profit and Loss account balance brought forward after adjusting the loss incurred by the Company during the previous year and also deducting the Interim Preference Dividend (including Corporate Dividend Tax thereon) and proposed Preference Dividend (including Corporate Dividend Tax thereon) for the previous year amounting to Rs. 4,050,027 and Rs. 1,325,463 respectively.
30. Previous year's figures have been re-grouped / re-arranged wherever considered necessary to conform to current year's groupings and classifications.

Signature to Schedules A to O

For and on behalf of the Board

Divyesh B. Shah
Director

Ashok Sharma
Director

R. K. Agarwal
Company Secretary

Mumbai, April 24, 2010

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 2009-10

Sr. No.	Name of the Subsidiary Company	Financial year /period ending of the Subsidiary	Date from which they became Subsidiary Companies	Holding Company's interest/Number of shares held (Equity Shares of Rs. 10 each stated otherwise)	Extent of Holding	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company		Amount (Rs.)	
						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, 2010	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	i) For the Financial Year ended March 31, 2010	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries
1	Indiabulls Commodities Limited (Formerly Indiabulls Commodities Private Limited)	Mar-31-2010	Apr-01-2007	600,000 Equity Shares of Rs. 10 each fully paid up	100%	56,951,996	28,142,331	NIL	NIL
2	India Ethanol And Sugar Limited ¹	Mar-31-2010	Apr-01-2007	190,000 Equity Shares of Rs. 10 each fully paid up	100%	(21,974)	(29,316)	NIL	NIL
3	Devata Tradelink Limited	Mar-31-2010	Jan-09-2008	50,000 Equity Shares of Rs. 10/- each fully paid up	100%	11,424,865	(1,817,544,488)	NIL	NIL
4	Indiabulls Brokerage Limited	Mar-31-2010	Aug-22-2008	3,500,000 Equity Shares of Rs. 10/- each fully paid up	100%	(5,441,400)	(293,102)	NIL	NIL
5	Indiabulls Distribution Services Limited ²	Mar-31-2010	Jun-11-2009	50,000 Equity Shares of Rs. 10/- each fully paid up	100%	(352,677)	N.A.	NIL	NIL

Notes:

1. India Ethanol and Sugar Limited being a subsidiary of Indiabulls Commodities Limited, is a subsidiary of the Company in terms of Section 4(l)(c) of the Companies Act, 1956.
2. Indiabulls Distribution Services Limited was incorporated on June 11, 2009 as a subsidiary of the Company.

For and on behalf of the Board

Divyesh B. Shah
Director

Ashok Sharma
Director

Mumbai, April 24, 2010

Details of Subsidiary Companies

Particulars	Amount (Rs.)				
	Indiabulls Commodities Limited	India Ethanol and Sugar Limited	Devata Tradelink Limited	Indiabulls Brokerage Limited	Indiabulls Distribution Services Limited
Share Capital	6,000,000	1,900,000	500,000	35,000,000	500,000
Reserves & Surplus	110,457,220	(968,752)	(1,806,119,622)	(5,734,501)	(352,677)
Total Assets	503,460,089	964,812	13,197,705	305,210,985	257,623
Total Liabilities	503,460,089	964,812	13,197,705	305,210,985	257,623
Investments	1,924,682	-	-	-	-
Revenue	153,590,539	41,713	6,404	1,162,559	2,627
Profit/(Loss) before Tax	87,497,233	(17,174)	(214,159)	(5,526,914)	(352,677)
Provision for Taxation	30,545,237	4,800	(11,639,024)	(85,514)	-
Profit/(Loss) after Tax	56,951,996	(21,974)	11,424,865	(5,441,400)	(352,677)
Proposed Dividend	-	-	-	-	-

Balance Sheet Abstract

and Company's General Business Profile

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Amount in Rs. Thousands)

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

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

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

IV. Performance of Company (Amounts in Rs. Thousands)

Turnover Total Expenditure
 Profit / Loss before tax Profit/ Loss after tax
 Earnings per Share in Rs. (Basic) Earnings per Share in Rs. (Diluted) Dividend

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (AS PER MONETARY TERMS)

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

Indiabulls

S E C U R I T I E S

Registered Office

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

Corporate Offices

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

8&9/F, Indiabulls Finance Centre,
Tower 1, Elphinstone Mills,
Senapati Bapat Marg,
Mumbai - 400013.

www.indiabulls.com/securities