



Auditors' Report to the Members of Indiabulls Asset Management Company Limited

1. We have audited the attached Balance Sheet of Indiabulls Asset Management Company Limited ("the Company") as at March 31, 2009 and the annexed Profit and Loss Account and the Cash Flow Statement for the period from April 10, 2008 to March 31, 2009. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and 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. As required by the Companies (Auditor's Report) Order, 2003, as amended ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose 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 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (v) on the basis of written representation received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;



- (b) in the case of Profit and Loss Account, of the profit of the Company for the period ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

For A Sardana & Co.
Chartered Accountants

Ashwini Mishra

Ashwini Kumar Mishra
Partner

M. No. 062323

New Delhi, June 1, 2009



**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of
Indiabulls Asset Management Company Limited on the financial statements for the period from
April 10, 2008 to March 31, 2009**

- (i) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year is such that paragraphs 4 (i), 4(ii), 4(iii), 4(iv), 4(viii), 4(x), 4(xi), 4(xiii), 4(xiv), 4(xvi), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) According to the information and explanations given to us, the Company has not entered into any contracts or arrangements, the particulars of which are required to be entered into the register required to be maintained under section 301 of the Act.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and section 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (iv) The Company has an internal audit system commensurate with its size and the nature of its business.
- (v) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income-tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Investor Education and Protection Fund, Sales-tax, Wealth tax, Service tax, Employees' State Insurance, Customs duty and Excise duty. There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at March 31, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, as at March 31, 2009, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.



- (vi) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (vii) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (viii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (ix) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For A Sardana & Co.
Chartered Accountants

Ashwini Mishra

Ashwini Kumar Mishra
Partner

M. No.: 062323

New Delhi, June 1, 2009



Indiabulls Asset Management Company Limited

Balance Sheet as at March 31, 2009

	Schedule	As at March 31, 2009 Amount (Rs.)
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	150,000,000
Reserves and Surplus	2	<u>1,793,172</u>
Total		<u><u>151,793,172</u></u>
APPLICATION OF FUNDS		
Current Assets, Loans and Advances		
Other Current Assets	3	1,823,728
Cash and Bank Balances	4	150,733,947
Loans and Advances	5	<u>450,000</u>
		<u>153,007,675</u>
Less: Current Liabilities and Provisions	6	
Current Liabilities		445,799
Provisions		<u>768,704</u>
		<u>1,214,503</u>
Net Current Assets		151,793,172
Total		<u><u>151,793,172</u></u>
 Significant Accounting Policies and Notes to Accounts	 10	

As per our report of even date



For A Sardana & Co.
Chartered Accountants

Ashwini Mishra

Ashwini Kumar Mishra
Partner
M. No. 062323

New Delhi, June 1, 2009

For and on behalf of the Board

Sanjay Chandel

Sanjay Chandel
Director

New Delhi, June 1, 2009

Ashok Kacker

Ashok Kacker
Director

Ranjit Kumar Samantaray

Ranjit Kumar Samantaray
Company Secretary

Indiabulls Asset Management Company Limited

Profit and Loss Account for the period from April 10, 2008 to March 31, 2009

	Schedule	For the period from April 10, 2008 to March 31, 2009
		Amount (Rs.)
INCOME		
Other Income	7	10,335,131
Total		10,335,131
EXPENDITURE		
Personnel Costs	8	3,901,956
Administrative and Other Expenses	9	1,134,977
Total		5,036,933
Profit/(Loss) before Tax		5,298,198
Provision for Taxation		
- Current Tax		3,504,484
- Deferred Tax		-
- Fringe Benefit Tax		542
Profit/(Loss) after Tax Carried Forward		1,793,172
Earning Per Share		
(Refer Note: B 5 of Schedule 10)		
- Basic and Diluted (Rs.)		0.12
- Face value (Rs.)		10
Significant Accounting Policies and Notes to Accounts	10	

As per our report of even date

For A Sardana & Co.
Chartered Accountants



Ashwini Mishra
Ashwini Kumar Mishra
Partner
M. No. 062323

New Delhi, June 1, 2009

For and on behalf of the Board

Sanjay Chandel
Sanjay Chandel
Director

Ashok Kacker
Ashok Kacker
Director

Ranjit Kumar Samantaray
Ranjit Kumar Samantaray
Company Secretary

New Delhi, June 1, 2009

Indiabulls Asset Management Company Limited

Cash Flow Statement for the period from April 10, 2008 to March 31, 2009

	For the period from April 10, 2008 to March 31, 2009
	Amount (Rs.)
A Cash flows from operating activities :	
Net Profit/(Loss) before tax	5,298,198
Adjustments for:	
Interest Income on Fixed Deposits	(10,310,337)
Dividend on units of Mutual Funds	(24,794)
Operating Profit/(Loss) before working capital changes	<u>(5,036,933)</u>
Adjustments for:	
Trade and other receivables	(450,000)
Trade Payables and other liabilities	445,799
Cash generated from (used in) operations	<u>(5,041,134)</u>
Direct taxes paid	<u>(2,736,322)</u>
Net cash generated from/(used in) operating activities	<u><u>(7,777,456)</u></u>
B Cash flows from investing activities	
Interest Received on Fixed Deposits	8,486,609
Dividend on units of Mutual Funds	24,794
Net cash generated from/(used in) investing activities	<u><u>8,511,403</u></u>
C Cash flows from financing activities	
Proceeds from Issue of Equity Shares	150,000,000
Net cash generated from (used In) financing activities	<u><u>150,000,000</u></u>
D Net increase in cash and cash equivalents (A+B+C)	150,733,947
E Cash and cash equivalents at the beginning of the period	-
F Cash and cash equivalents at the close of the period (D + E)	<u><u>150,733,947</u></u>

Note :

- The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' as notified under the Companies (Accounting Standards) Rules,
- Cash and Cash equivalents as at the close of the period include:

Cash and Bank Balances (Refer Schedule 4)	
Cash on Hand	1,220
Balances with scheduled banks	
In Current Accounts	732,727
In Fixed Deposit Accounts	150,000,000
	<u>150,733,947</u>
Current investment in units of Mutual Funds	-
	<u><u>150,733,947</u></u>

As per our report on even date



For A Sardana & Co.
Chartered Accountants

Ashwini Mishra

Ashwini Kumar Mishra
Partner
M. No. 062323

New Delhi, June 1, 2009

For and on behalf of the Board

Sanjay Chandel

Sanjay Chandel
Director

New Delhi, June 1, 2009

Ashok Kacker

Ashok Kacker
Director

Ranjit Kumar Samantaray

Ranjit Kumar Samantaray
Company Secretary

Indiabulls Asset Management Company Limited

Schedules Forming part of Balance Sheet as at March 31, 2009

	As at March 31, 2009
	Amount (Rs.)
1 Share Capital	
Authorised:	
15,000,000 Equity Shares of Rs 10 each	<u>150,000,000</u>
Issued, Subscribed and Paid up:	
15,000,000 Equity Shares of Rs 10 each fully paid up	150,000,000
(The entire paid-up Equity Share Capital is held by the holding company-Indiabulls Financial Services Limited and its nominees)	
As per Balance Sheet	<u>150,000,000</u>
2 Reserves and Surplus	
Surplus as per Profit and Loss Account	<u>1,793,172</u>
As per Balance Sheet	<u>1,793,172</u>
3 Other Current Assets	
Interest Accrued on Fixed Deposits	<u>1,823,728</u>
As per Balance Sheet	<u>1,823,728</u>
4 Cash and Bank Balances	
Cash on Hand	1,220
Balances with scheduled banks	
In Current Accounts	732,727
In Fixed Deposit Accounts	<u>150,000,000</u>
As per Balance Sheet	<u>150,733,947</u>
5 Loans & Advances	
(Unsecured, Considered Good, unless otherwise stated)	
Advance recoverable in cash or in Kind or for the value to be received	<u>450,000</u>
As per Balance Sheet	<u>450,000</u>
6 Current Liabilities and Provisions	
Current Liabilities	
Sundry Creditors (Refer Note B 12 of Schedule 10)	
(a) Dues to Micro and Small Enterprises	-
(b) Dues to others	24,451
Other Liabilities	<u>421,348</u>
As per Balance Sheet	<u>445,799</u>
Provisions	
Provision for Taxation (Net of Tax deducted at source/Advance Tax Rs.2,736,322)	768,704
As per Balance Sheet	<u>768,704</u>

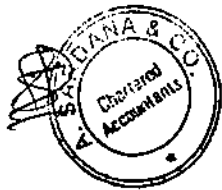


Indiabulls Asset Management Company Limited

Schedules Forming part of Profit and Loss Account for the period
from April 10, 2008 to March 31, 2009

For the period from
April 10, 2008 to
March 31, 2009

	Amount (Rs.)
7 Other Income	
Interest on Fixed Deposits (Gross)	10,310,337
(Tax Deducted at Source Rs 2,336,322)	
Income on Non- Trade, Current Investments	
- Dividend on Units of Mutual Funds	<u>24,794</u>
As per Profit and Loss Account	<u>10,335,131</u>
8 Personnel Costs	
Salaries and other Employee Costs	<u>3,901,956</u>
As per Profit and Loss Account	<u>3,901,956</u>
9 Administrative and Other Expenses	
Rates & Taxes	3,020
Legal & Professional Charges	1,600
Printing and Stationery	661
Stamp Duty	780
Communication Expenses	7,967
Domain Registration Charges	449
Audit Fees (including service tax)	27,575
Preliminary Expenses	1,084,875
Miscellaneous Expenses	<u>8,050</u>
As per Profit and Loss Account	<u>1,134,977</u>



Indiabulls Asset Management Company Limited

SCHEDULE: 10

Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2009 and Profit and Loss Account for the period from April 10, 2008 to March 31, 2009.

A. Significant Accounting Policies

i) Basis of Accounting

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

ii) Use of Estimates

The presentation of financial statements in conformity with GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

iii) Revenue Recognition

Interest Income is recognised on accrual basis.

Dividend income on units of Mutual Funds is recognised when the right to receive the dividend is unconditionally established.

iv) Investments

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

v) Share Issue Expenses/Preliminary Expenses

Preliminary Expenses are adjusted net of tax, against Securities Premium Account to the extent of balance available and thereafter, the balance portion is charged off to the profit and loss account, as incurred.

vi) Taxes on Income

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

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

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

Fringe Benefit Tax has been calculated as per the provisions of the Income Tax Act, 1961.

vii) Retirement Benefits:

As permitted under Accounting Standard 15 (Revised 2005) – Employee Benefits, notified under the Companies (Accounting Standards) Rules, 2006, as amended, retirement benefits in the form of Gratuity and Compensated Absences payable to employees is provided for on the accrual basis under the assumption that such benefits are payable to all eligible employees at the year end.

viii) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liabilities are disclosed for:

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

Indiabulls Asset Management Company Limited

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

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

B. Notes to Accounts:

1. Overview:

Indiabulls Asset Management Company Limited ("the Company") was incorporated on April 10, 2008 and is yet to commence its business activities.

2. The Company's first accounting period is from April 10, 2008 to March 31, 2009. As this is the first accounting period of the Company, no figures have been presented in respect of the previous accounting period.

3. Employees Stock Options Schemes:

The holding company, Indiabulls Financial Services Limited ("IBFSL") and its erstwhile subsidiary, Indiabulls Credit Services Limited ("ICSL" of "the erstwhile Company") have announced ESOS / ESOP schemes for its employees and the employees of other group companies. The Company has adopted the schemes in respect of its employees. A Compensation Committee constituted by the Board of Directors administers each of the plans.

Indiabulls Employees Stock Option Scheme - 2005:

On July 26, 2005, IBFSL established the Indiabulls Employees Stock Option Plan - 2005 ("Indiabulls ESOS II" or "Plan II") as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines"). Under the plan, IBFSL is authorized to issue up to 5,000,000 stock options of Rs. 2 each to eligible employees including employees of its subsidiary companies. Employees covered by the plan are granted an option to purchase shares of IBFSL subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of IBFSL administers the plan.

On January 09, 2007, IBFSL granted 2,500,000 options at an exercise price of Rs. 272.60* per share, the then market price of the shares on the date of the grant. These options vest uniformly over a period of 5 years, with effect from January 15, 2008, whereby 20% of the options vest on each vesting date as per the vesting schedule. As the above ESOS-II options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same.

The salient features of the ESOS scheme of IBFSL are as under.

	IBFSL SCHEME
	Indiabulls ESOS II
Total Options under the Scheme	5,000,000
Outstanding at the beginning of the year	2,500,000
Exercisable at the beginning of the year	500,000
Options Granted during the year	--
Exercise Price (Rs.)	272.60 *
Transferred during the year	--
Options vested during the year	500,000
Exercised during the year	--
Expired during the year	--
Cancelled during the year**	2,000,000
Options Outstanding at the end of the year	--
Exercisable at the end of the year	--
Remaining contractual Life (Months)	--

* As a consequence of the Scheme of Demerger of the Securities Broking and Advisory Business, the exercise price of options granted, under and pursuant to the Indiabulls Employees Stock Option Scheme - 2005 to the employees has been suitably re-priced at Rs 227.83 in order to compensate the employees for reduction in the intrinsic value of IBFSL. An independent valuers certificate has been obtained for the same.

Indiabulls Asset Management Company Limited

** During the current financial year, all the unvested options were surrendered by the respective option holders and Compensation Committee decided not to regrant the same and decided to cancel unvested options including ungranted 2,500,000 options and withdraw the scheme. On December 08, 2008, pursuant to the shareholder approval, IBFSL cancelled and withdrew the Indiabulls Employees Stock Option Scheme – 2005 and cancelled the 2,000,000 unvested stock options granted including ungranted options.

Stock option schemes in lieu of stock options schemes of erstwhile subsidiary Indiabulls Credit Services Limited of IBFSL:

On January 02, 2006, the erstwhile Indiabulls Credit Services Limited established the Indiabulls Credit Services Limited Employees Stock Options Scheme ("ICSL ESOS" or "Plan"). Under the plan, the erstwhile Company was authorised to issue up to 6,000,000 equity settled options of Rs. 10 each to eligible employees including employees of other Indiabulls Group Companies. Employees covered by the plan were granted an option to purchase shares of the erstwhile Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the erstwhile Company administered the plan.

On January 02, 2006, the erstwhile Company granted 6,000,000 equity settled options at an exercise price of Rs. 12.50 per share. These options were to vest uniformly over a period of 5 years, with effect from April 01, 2007, whereby 20% of the options were to vest on each vesting date as per the vesting schedule.

On July 28, 2006, the erstwhile Company established the Indiabulls Credit Services Limited Employees Stock Option Plan II ("ICSL ESOP II" or "Plan II"). Under the plan, the erstwhile Company was authorised to issue up to 9,000,000 equity settled options of Rs. 10 each to eligible employees including employees of other Indiabulls Group Companies. Employees covered by the plan were granted an option to purchase shares of the erstwhile Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the erstwhile Company administered the plan.

On July 28, 2006, the erstwhile Company granted 3,000,000 equity settled options at an exercise price of Rs. 30 per share and on October 25, 2006, granted further 6,000,000 options under the 'ICSL ESOP (M) II' as described below. The 3,000,000 options were to vest uniformly over a period of 5 years, with effect from November 01, 2007, whereby 20% of the options were to vest on each vesting date as per the vesting schedule.

On October 25, 2006, the erstwhile Company modified the Indiabulls Credit Services Limited Employees Stock Option (Modified) Plan II ("ICSL ESOP (M) II" or "Plan (M) II"). Under the plan, the erstwhile Company was authorised to issue up to 6,000,000 equity settled options of Rs. 10 each to eligible employees including employees of other Indiabulls Group Companies. Employees covered by the plan were granted an option to purchase shares of the erstwhile Company subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of the erstwhile Company administered the plan.

On October 25, 2006, the erstwhile Company granted 6,000,000 equity settled options at an exercise price of Rs. 45 per share. These options were to vest uniformly over a period of 5 years, with effect from November 01, 2007, whereby 20% of the options were to vest on each vesting date as per the vesting schedule.

Pursuant to the Scheme of Arrangement (the "Scheme") under Sections 391 to 394 of the Companies Act, 1956, duly approved by the Honorable High Court of Delhi vide order dated November 23, 2007, Indiabulls Credit Services Limited stands amalgamated with Indiabulls Financial Services Limited ("IBFSL") with effect from the Appointed Date i.e. April 01, 2007 and effective from December 24, 2007 (the "Effective Date") the ICSL PLANS stand terminated and in lieu, in terms of Clause 15 (c) (i) of the

Scheme, NEW PLANS have been created in IBFSL for the outstanding, unvested options, for the benefit of the erstwhile Indiabulls Credit Services Limited option holders, on terms and conditions not less favourable than those provided in the erstwhile ICSL PLANS and taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of IBFSL for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

Accordingly, pursuant to Shareholders approval, in lieu of ICSL PLANS, IBFSL had created the following Employees Stock Option Plans which are collectively referred to as NEW PLANS:

Indiabulls Asset Management Company Limited

S. No.	ERSTWHILE ICSL PLANS	NEW PLANS
1	Indiabulls Credit Services Limited Employees Stock Option Plan 2006 dated January 02, 2006	IBFSL - ICSL Employees Stock Option Plan 2006
2	Indiabulls Credit Services Limited Employees Stock Option Plan II - 2006 dated July 28, 2006	IBFSL - ICSL Employees Stock Option Plan II - 2006
3	Indiabulls Credit Services Limited 2006 Employees Stock Option Plan II (M) - 2006, dated October 25, 2006	IBFSL - ICSL Employees Stock Option Plan II M - 2006

Accordingly, the other disclosures in respect of the NEW PLANS are as under:-

	IBFSL - ICSL Employees Stock Option Plan 2006	IBFSL - ICSL Employees Stock Option Plan II - 2006	IBFSL - ICSL Employees Stock Option Plan II M - 2006
Total Options under the Scheme *	1,440,000	720,000	1,440,000
Options which were issued in lieu of ICSL PLANS (Nos.)	1,440,000	720,000	1,440,000
Vesting Period and Percentage	Four years, 25% each year	Four years, 25% each year	Four years, 25% each year
Vesting Date	April 01	November 01	November 01
Revised Vesting Period and Percentage***	Eight years, 12% each year for 7 years and 16% during the 8th year	Nine years, 11% each year for 8 years and 12% during the 9th year	Not Applicable
Exercise Price* (Rs.)	41.67	100.00	150.00
Options vested during the year (Nos.)	360,000	79,200	-
Exercised during the year (Nos.)	202,780	-	-
Expired during the year (Nos.)	-	-	-
Cancelled during the year**	-	-	1,440,000
Outstanding at the end of the year (Nos.)	1,237,220	720,000	-
Remaining contractual Life (Weighted Months)	85	103	-

*The number and exercise price of options have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of IBFSL for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

**During the current financial year, all the unvested options were surrendered by the respective option holders and Compensation Committee decided not to regrant the same and decided to cancel unvested options and withdraw the scheme. On December 08, 2008, in pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended, the Shareholders of IBFSL have passed the resolutions with requisite majority, by means of Postal Ballot to cancel and withdraw the IBFSL - ICSL Employees Stock Option Plan II M - 2006.

***The Vesting Period has been revised by the approval of the Shareholders of the Holding Company in the 9th Annual General Meeting held on September 05, 2008.

The NEW PLANS have been treated as continuation of respective ICSL PLANS except the number and exercise price of options which have been adjusted taking into account the share exchange ratio i.e. 3 (three) equity shares of face value Rs. 2 each of IBFSL for every 10 (ten) equity shares of face value Rs.

Indiabulls Asset Management Company Limited

(three) equity shares of face value Rs. 2 each of IBFSL for every 10 (ten) equity shares of face value Rs. 10 each of ICSL.

Employees Stock Option Plan - 2008

Pursuant to a resolution passed by the shareholders on December 08, 2008, IBFSL had established Employees Stock Option Plan - 2008 ("ESOP - 2008" or "Scheme") in accordance with the provisions of the SEBI Guidelines. Under the Scheme, IBFSL was authorised to grant 7,500,000 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 IBFSL. Employees covered by the plan were granted an option to purchase shares of IBFSL subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of IBFSL administered the plan. In terms of Scheme, on December 08, 2008, IBFSL had granted 7,500,000 options at an exercise price of Rs. 95.95, being the then latest available closing market price on the National Stock Exchange of India Ltd. as on December 07, 2008 following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on "Accounting for Employees Share based Payments" ("the Guidelines"). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options will vest with effect from first vesting date i.e. December 08, 2009, whereby 10% of the options vest on each vesting date as per the vesting schedule provided in the Scheme.

The Fair values of the options under the plans using the Black-Scholes model based on the following parameters are Rs.52.02 per option.

S. No	Particulars	ESOP - 2008
1	Fair value of share at grant date	Rs.52.02
2	Exercise price	Rs.95.95
3	Expected volatility	97%
4	Expected forfeiture percentage on each vesting date	Nil
5	Option Life(Weighted Average)	11 Years
6	Expected Dividends	4.62%
7	Risk Free Interest rate	6.50%

The expected volatility was determined based on historical volatility data.

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

	ESOP - 2008
Total Options under the Scheme	7,500,000
Options issued (Nos.)	7,500,000
Vesting Period and Percentage	Ten years, 10% each year
Vesting Date	December 08 each year commencing December 08,2009
Exercise Price (Rs.)	95.95
Options vested during the year (Nos.)	-
Exercised during the year (Nos.)	-
Expired during the year (Nos.)	-
Cancelled during the year	-
Outstanding at the end of the year (Nos.)	7,500,000
Remaining contractual Life (Weighted Months)	134

Indiabulls Asset Management Company Limited

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

<u>Nature of relationship</u>	<u>Related party</u>
(a) Enterprise exercising significant influence	
Holding Company	Indiabulls Financial Services Limited
(b) Other related parties	
Fellow Subsidiaries:	
	Indiabulls Insurance Advisors Limited (formerly Indiabulls Insurance Advisors Private Limited)
	Indiabulls Capital Services Limited
	Indiabulls Finance Company Private Limited
	Indiabulls Infrastructure Credit Limited (formerly Indiabulls Commercial Credit Limited)
	Nilgiri Financial Consultants Limited (formerly Nilgiri Financial Consultants Private Limited)
	Fast Loan Services Limited
	Indiabulls Collection Agency Limited
	Divya Shakti Trading Services Limited
	Indiabulls Asset Holding Company Limited
	Indiabulls Life Insurance Company Limited
	Indiabulls Housing Finance Limited
	Indiabulls Trustee Company Limited
	International Multi Commodity Exchange Limited
Associate of Holding Company:	Indiabulls Asset Reconstruction Company Limited

- (c) Key Management Personnel:**

Mr. Girish Chandra Srivastava (Director)
 Mr. Ashok Kacker (Director)
 Mr. Sanjay Chandel (Director)
 Mr. Prem Chandra Sethi (Director)
 Mr. Jitendra B. Sanghavi (Director)
 Mr. Rajiv Rattan (Director of Holding Company)
 Mr. Sameer Gehlaut (Director of Holding Company)
 Mr. Saurabh Mittal (Director of Holding Company)
 Mr. Gagan Banga (Director of Holding Company)

- (d) Significant Transactions with Related Parties:**

Nature of Transaction	Holding Company	Others	Key Management Personnel	Total
Share Capital				
Issue of Equity Shares	150,000,000	--	--	150,000,000
Reimbursement of Expenses				
i) Preliminary Expenses	1,084,875	--	--	1,084,875
ii) Other Expenses	12,544	--	--	12,544

Indiabulls Asset Management Company Limited

(e) Statement of Material Transactions:

Particulars	Amount (Rs)
Equity share Capital	
Indiabulls Financial Services Limited	15,000,000
Reimbursement of Expenses	
i) Preliminary Expenses	
Indiabulls Financial Services Limited	1,084,875
ii) Other Expenses	
Indiabulls Financial Services Limited	12,544

5. Earning per Share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. 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 period, unless they have been issued at a later date.

Particulars	For the period from April 10, 2008 to March 31, 2009 Amount (Rs)
Profit/(Loss) available for Equity Shareholders (Rs.)	1,793,172
Weighted average number of Shares used in computing Basic earning per share	15,000,000
Add: Potential dilution on account of Equity shares that could be allotted out of Share Application Money Pending Allotment	--
Weighted average number of Shares used in computing Diluted earning per share	15,000,000
Nominal Value of equity Shares - (Rs.)	10
Basic Earnings Per Share - (Rs.)*	0.12
Diluted earnings Per Share - (Rs.)*	0.12

* Not Annualised

6. There are no Contingent Liabilities as at March 31, 2009.
7. The Company has not commenced operations hence there is no reportable segment as per Accounting Standard -17 Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006, as amended.
8. As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 29 Provisions, Contingent Liabilities and Contingent Assets, as notified under the Companies (Accounting Standards) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
9. The provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952, are not applicable to the Company and accordingly, there are no dues payable in respect of the said statutes as at March 31, 2009.
10. As per Accounting Standard-22 Accounting for Taxes on Income, notified under the Companies (Accounting Standards) Rules, 2006, as amended, the timing difference on account of preliminary expenses, results in net deferred tax credit. However, as a prudent measure the net deferred tax asset in respect of the above has not been recognised in the accounts.

Indiabulls Asset Management Company Limited

11. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investors Education and Protection Fund as at March 31, 2009.

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

- (a) There are no payments due to suppliers as at the end of the accounting period on account of Principal and Interest respectively.
- (b) No interest was paid during the period 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 period 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 period.

The above information and that given in Schedule 6 - "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.

13. Details quantitative information in respect of Non-Trade, Unquoted Current Investments during the period ended March 31, 2009:

In Mutual Funds		Purchase		Redemption		Balance	
		No. of Units	Amount(Rs.)	No. of Units	Amount(Rs.)	No. of Units	Amount(Rs.)
RELIANCE LIQUID FUND-TREASURY PLAN	Daily Dividend	290,291	4,424,794	290,291	4,424,794	--	--
Total		290,291	4,424,794	290,291	4,424,794	--	--

14. There are no additional particulars required to be disclosed in accordance with Part II of Schedule VI of the Companies Act, 1956.

As per our report of even date

For A Sardana & Co.
Chartered Accountants



Ashwini Mishra

Ashwini Kumar Mishra
Partner
M. No. 062323

New Delhi, June 1, 2009

For and on behalf of the Board

Sanjay Chandel

Sanjay Chandel
Director

New Delhi, June 1, 2009

Ashok Kacker

Ashok Kacker
Director

Ranjit Kumar Samantaray
Ranjit Kumar Samantaray
Company Secretary