



**Independent Auditor's Report
To The Members of
Indiabulls Distribution Services Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Indiabulls Distribution Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2016 ("The Order") issued by the Central Government of India in terms of subsection 11 of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";



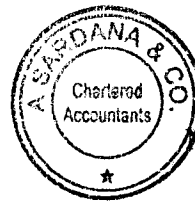
(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N



Ajay Sardana
Ajay Sardana
Membership No.089011
New Delhi, May 4, 2016

Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Indiabulls Distribution Services Limited for the year ended March 31, 2016

Report on the statement of matters specified in paragraphs 3 and 4 of the Order.

- (i) In respect of its Fixed Assets:
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) These fixed assets have been physically verified by the management at reasonable intervals in accordance with a regular programme of verification. According to the information and explanation given to us, no material discrepancies were noticed on such verification;
 - (c) The Company does not own immovable properties.
- (ii) The Company does not have any inventories; accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments and guarantees, to the extent applicable to it. The Company has not entered into any transactions in respect of security, covered under section 185 and 186 of the Companies Act, 2013.
- (v) According to information and explanations given to us, the Company has not accepted any deposits during the year. Accordingly, the provisions of clause 3 (v) are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 Companies Act, 2013 to the products/services of the Company. Accordingly, the provisions of clause 3 (vi) are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities, to the extent applicable to it. There are no arrears of outstanding statutory dues as at March 31, 2016 for a period of more than six months from the date they became payable.

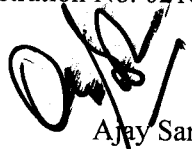
(b) According to the information and explanations given to us, the Company did not have any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and debenture holders. The Company did not have any dues in respect of loans or borrowing to a financial institution or government.



- (ix) According to the information and explanations given to us, the Company has not raised moneys raised by way of public issue, follow-on offer (including debt instruments) during the year under audit. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were raised.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers/ employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) are not applicable to the Company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 to the extent applicable and the details have been disclosed in Note 34 to the Financial Statements as required by the accounting standards and Companies Act, 2013.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N




Ajay Sardana
Membership No.089011
New Delhi, May 4, 2016

Annexure B to the Independent Auditor's Report of even date on the Financial Statements of Indiabulls Distribution Services Limited for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Indiabulls Distribution Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

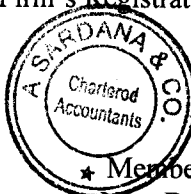
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A Sardana & Co.
Chartered Accountants
Firm's Registration No. 021890N



Ajay Sardana
★ Membership No. 089011
New Delhi, May 4, 2016

Indiabulls Distribution Services Limited
Balance Sheet as at March 31, 2016

| | Note No. | As at March 31, 2016 Amount (Rs.) | As at March 31, 2015 Amount (Rs.) |
|--|----------|---|---|
| I. Equity And Liabilities | | | |
| Shareholders' funds | | | |
| (a) Share capital | 3 | 500,000 | 500,000 |
| (b) Reserves and surplus | 4 | <u>(20,935,132)</u> | <u>112,732,183</u> |
| | | (20,435,132) | 113,232,183 |
| Non - current liabilities | | | |
| (a) Long-term borrowings | 5 | 1,351,860 | 4,205,282 |
| (b) Long-term provisions | 6 | <u>40,644,219</u> | <u>32,147,681</u> |
| | | 41,996,079 | 36,352,963 |
| Current liabilities | | | |
| (a) Short-term borrowings | 7 | 12,379,986,806 | 8,772,209,604 |
| (b) Trade payables | 8 | | |
| (A) total outstanding dues of micro enterprises and small enterprises | | - | - |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | 4,056,177 | 6,266,128 |
| (c) Other current liabilities | 9 | 242,325,725 | 2,352,716,306 |
| (d) Short-term provisions | 10 | <u>2,520,227</u> | <u>181,316,339</u> |
| | | 12,628,888,935 | 11,312,508,377 |
| Total | | <u><u>12,650,449,882</u></u> | <u><u>11,462,093,523</u></u> |
| II. Assets | | | |
| Non - current assets | | | |
| (a) Fixed assets | 11 | | |
| (i) Tangible assets | | 58,710,423 | 41,410,388 |
| (ii) Intangible assets | | 65,717,779 | 52,374,987 |
| (b) Capital Work in Progress | | <u>740,610</u> | <u>-</u> |
| | | 125,168,812 | 93,785,375 |
| (c) Non-Current Investments | 12 | 4,955,882,267 | 4,825,089,402 |
| (d) Deferred tax assets (net) | 13 | 59,766,807 | 1,510,432 |
| (e) Long-term loans and advances | 14 | <u>184,272,635</u> | <u>10,540,719</u> |
| | | 5,325,090,521 | 4,930,925,928 |
| Current assets | | | |
| (a) Trade receivables | 15 | 2,089,861,327 | 1,784,937,836 |
| (b) Cash and cash equivalents | 16 | 11,312,251 | 9,118,980 |
| (c) Short-term loans and advances | 17 | 5,224,185,783 | 4,699,609,958 |
| (d) Other current assets | 18 | <u>-</u> | <u>37,500,821</u> |
| | | 7,325,359,361 | 6,531,167,595 |
| Total | | <u><u>12,650,449,882</u></u> | <u><u>11,462,093,523</u></u> |
| Summary of significant accounting policies | 2 | | |


Summary of significant accounting policies

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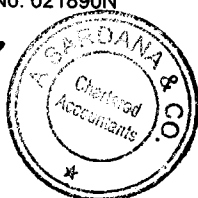
The accompanying notes are an integral part of the financial statements

As per our report of even date


For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N


Ajay Sardana
Partner

Membership No. 089011
New Delhi, May 4, 2016



For and on behalf of the Board of Directors


Naveen
Director
DIN: 07145185
New Delhi, May 4, 2016


Usha Devi
Director
DIN: 03498022

Indiabulls Distribution Services Limited
Statement of Profit and Loss for the year ended March 31, 2016

| | Note No. | For the year ended March 31, 2016 Amount (Rs.) | For the year ended March 31, 2015 Amount (Rs.) |
|---|-------------|--|--|
| Income | | | |
| I. Revenue from operations | 19 | 1,535,277,029 | 2,050,827,369 |
| II. Other income | 20 | 127,193,608 | 245,757,226 |
| III. Total revenue (I + II) | | <u>1,662,470,637</u> | <u>2,296,584,595</u> |
| IV. Expenses | | | |
| Employee benefits expense | 21 | 595,185,949 | 505,108,073 |
| Finance costs | 22 | 928,420,029 | 600,714,912 |
| Depreciation and amortisation | | 26,292,949 | 16,075,148 |
| Other expenses | 23 | 302,953,804 | 432,830,695 |
| Total Expenses | | <u>1,852,852,731</u> | <u>1,554,728,828</u> |
| V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV) | | (190,382,094) | 741,855,767 |
| VI. Exceptional items | | - | - |
| VII. Profit/(Loss) before extraordinary items and tax (V - VI) | | (190,382,094) | 741,855,767 |
| VIII. Extraordinary items | | - | - |
| IX. Profit/(Loss) before tax (VII- VIII) | | (190,382,094) | 741,855,767 |
| X. Tax expense | | | |
| (1) Current tax | | - | 251,030,000 |
| (2) Tax expense relating to prior periods (net) | | 1,541,596 | 7,311,818 |
| (3) Deferred tax expenses/ (credit) | | <u>(58,256,375)</u> | <u>408,577</u> |
| | | (56,714,779) | 258,750,395 |
| XI. Profit/(Loss) for the year from continuing operations (IX-X) | | (133,667,315) | 483,105,372 |
| XII. Profit/(loss) from discontinuing operations | | - | - |
| XIII. Tax expense of discontinuing operations | | - | - |
| XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV. Profit/(Loss) for the year (XI + XIV) | | <u>(133,667,315)</u> | <u>483,105,372</u> |
| XVI. Earnings per equity share: | 36 | | |
| (1) Basic | | (2,673.35) | 9,662.11 |
| (2) Diluted | | (2,673.35) | 9,662.11 |
| (3) Face value per Equity Share (Rs.) | | 10.00 | 10.00 |

Summary of significant accounting policies

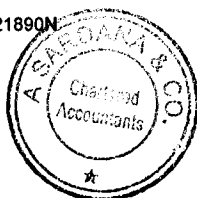
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The accompanying notes are an integral part of the financial statements

As per our report of even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N

Ajay Sardana
Partner
Membership No. 089011
New Delhi, May 4, 2016



For and on behalf of the Board of Directors

Naveen
Director
DIN: 07145185
New Delhi, May 4, 2016

Usha Devi
Director
DIN: 03498022

Indiabulls Distribution Services Limited
Cash Flow Statement for the year ended March 31, 2016

| | Year ended March 31, 2016 Amount (Rs.) | Year ended March 31, 2015 Amount (Rs.) |
|---|--|--|
| A Cash flow from operating activities : | | |
| Net Profit/(Loss) before tax | (190,382,094) | 741,855,767 |
| Adjustments for : | | |
| Profit on Sale of Investments in units of Mutual Funds | - | (48,327,691) |
| Dividend income on current investments | (108,163) | (101,542) |
| Interest Income | (125,652,718) | (173,752,193) |
| Excess provisions written back | (850,774) | (21,453,575) |
| Interest Expenses | 928,340,353 | 600,648,407 |
| Depreciation and amortisation | 26,292,949 | 16,075,148 |
| Provision for Doubtful Deposits | 1,414,982 | - |
| Provision for Gratuity and Compensated Absences | 13,961,959 | 11,451,465 |
| Operating Profit/(Loss) before working capital changes | 653,016,494 | 1,126,395,786 |
| Adjustments for: | | |
| Other Current Liabilities | (2,105,773,330) | 1,692,019,072 |
| Trade Payables | (2,209,951) | 6,266,128 |
| Long-Term and Short-Term Provisions | (5,199,700) | (4,286,697) |
| Trade Receivables | (304,923,491) | (608,828,620) |
| Long-Term and Short-Term Loans and Advances | (2,233,834,884) | (1,251,024,504) |
| Cash generated from / (used in) operations | (3,998,924,862) | 960,541,165 |
| Direct taxes paid (net) | (167,784,323) | (281,955,564) |
| Net cash generated from/(used in) operating activities | (4,166,709,185) | 678,585,601 |
| B Cash flow from investing activities : | | |
| Purchase of Fixed Assets/Changes in Capital Work in Progress (net) | (57,676,386) | (43,682,119) |
| Investment in Equity Shares of Subsidiary Companies | (130,792,865) | (3,919,523,402) |
| Investment in Preference Shares of Subsidiary Companies | - | (30,000,000) |
| Proceeds from Redemption of / (Investment in) units of Mutual Funds (net) | - | 246,812,540 |
| Dividend received on units of mutual funds | 108,163 | 101,542 |
| Inter corporate deposit (given)/Repayment received (net) | 1,701,284,231 | (1,845,000,000) |
| Interest received | 163,153,539 | 136,251,372 |
| Net cash generated from/(used in) investing activities | 1,676,076,682 | (5,455,040,067) |
| C Cash flow from financing activities | | |
| Proceeds from/(Repayment of) Secured Loans (including current maturity of long term debt) (net) | (6,619,899) | (3,165,197) |
| Proceeds from/ (Repayment of) short term borrowings from Banks (bank overdraft) (net) | 1,626,727,202 | 6,540,756,939 |
| Proceeds from/(Repayment of) other short term borrowings (net) | 1,981,050,000 | (651,050,000) |
| Dividend Paid | (150,000,000) | (430,000,000) |
| Corporate Dividend Tax Paid | (29,991,176) | (73,078,500) |
| Interest paid | (928,340,353) | (600,648,407) |
| Net cash generated from/(used in) financing activities | 2,492,825,774 | 4,782,814,835 |
| D Net increase/(decrease) in cash and cash equivalents (A+B+C) | 2,193,271 | 6,360,369 |
| E Cash and cash equivalents at the beginning of the year | 9,118,980 | 2,758,611 |
| F Cash and cash equivalents at the close of the year (D + E) | 11,312,251 | 9,118,980 |

Note:

- 1 Figures for the previous year have been regrouped wherever considered necessary.
- 2 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 specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

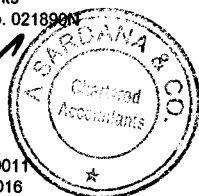
| | | |
|--|-----------------------|-----------------------|
| 3 Cash and cash equivalents as at the close of the Year include: | March 31, 2016 | March 31, 2015 |
| Cash In Hand | 31,544 | 29,901 |
| Balances with Banks: | | |
| - in current accounts | 11,280,707 | 9,089,079 |
| Cash and Cash Equivalents at the end of the year | 11,312,251 | 9,118,980 |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 02189901

Ajay Sardana
Partner
Membership No. 089011
New Delhi, May 4, 2016



For and on behalf of the Board of Directors

Naveen
Director
DIN: 07145185
New Delhi, May 4, 2016

Usha Devi
Director
DIN: 03498022

1. Corporate Information:

Indiabulls Distribution Services Limited ("IBDSL" or "the Company") was incorporated on June 11, 2009. The Company is engaged primarily in the business of underwriting/distribution of real estate projects on behalf of developers and related consultancy services.

2. Summary of significant accounting policies:

i) Basis of accounting and preparation of financial statements:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and Accounting Standards (AS) as specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii) Use of estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by management 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 / materialized.

iii) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iv) Cash flow statement:

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

v) Revenue recognition:

- Income from Brokerage and commission is recognized on accrual basis, generally as set out under the terms of contracts/agreements with respective customers.
- Income from fee based consultancy is recognised on an accrual basis.
- Income from project management fee is recognized on accrual basis.
- Interest income is recognized on accrual basis.
- Other income is recognized on accrual basis.
- Dividend Income on units of Mutual Fund is recognized when the right to receive dividend is unconditionally established and any gains/losses are recognized on the date of redemption.

vi) Fixed assets:

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 and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets:

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

vii) Depreciation / Amortization:

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule II to the Companies Act, 2013. Depreciation on additions to fixed assets is provided on 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 as the case may be. Assets taken on finance lease are depreciated over the life of the lease. Assets costing less than Rs. 5000 or less are fully depreciated in the year of purchase. 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.

viii) Impairment of assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the 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.

ix) 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 the carrying value of such investments. Current Investments are valued at lower of cost or market value.

x) 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.

xi) Taxes on income:

Current tax is determined as the tax payable in respect of taxable income for the year 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 or substantively enacted tax rates at the balance sheet date, as applicable, to the extent that the timing differences are expected to crystallize.

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

xii) Borrowing costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

xiii) 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.



xiv) Employee benefits:

The Company's contribution to Provident Fund is charged to Statement of Profit and Loss. The Company has defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on the basis of an actuarial valuation conducted annually by an independent actuary, in accordance with Accounting Standards 15 (AS 15) Employee Benefits, as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. Actuarial gains and losses are recognised in Statement of Profit and Loss as income or expenses.

xv) 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 recognized in the financial statements since this may result in the recognition of income that may never be realized.

xvi) Earnings per share:

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year except where the results would be anti-dilutive.

xvii) Deferred employee stock compensation cost:

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

xviii) Leases:

In case of assets taken on operating lease, the lease rentals are charged to the Statement of Profit and Loss and assets taken on finance lease have been capitalized, in accordance with Accounting Standard 19 (AS 19) – Leases, as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

xix) Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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Indiabulls Distribution Services Limited
Notes to financial statements for the year ended March 31, 2016

Note - 3

Share Capital

| | As at March 31, 2016 | | As at March 31, 2015 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No. of Shares | Amount (Rs.) | No. of Shares | Amount (Rs.) |
| Authorised | | | | |
| Equity Shares of face value of Rs. 10 each | 2,000,000 | 20,000,000 | 2,000,000 | 20,000,000 |
| | | <u>20,000,000</u> | | <u>20,000,000</u> |
| Issued, subscribed and paid up | | | | |
| Equity Shares of face value of Rs. 10 each fully paid up | 50,000 | 500,000 | 50,000 | 500,000 |
| As Per Balance Sheet | | <u>500,000</u> | | <u>500,000</u> |

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

Equity shares

| | As at March 31, 2016 | | As at March 31, 2015 | |
|--|----------------------|----------------|----------------------|----------------|
| | No. of Shares | Amount (Rs.) | No. of Shares | Amount (Rs.) |
| Opening balance at the beginning of the year | 50,000 | 500,000 | 50,000 | 500,000 |
| Add: Issued during the year: | - | - | - | - |
| Outstanding at the end of the year | <u>50,000</u> | <u>500,000</u> | <u>50,000</u> | <u>500,000</u> |

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to received remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

| No. of shareholders | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| The entire share capital is held by Indiabulls Ventures Limited (formerly known as Indiabulls Securities Limited ("the Holding Company") and its nominees | 50,000 | 100% | 50,000 | 100% |

d) Employee Stock Option Schemes: (Refer Note 42)

Note - 4

Reserves And Surplus

| | As at March 31, 2016 Amount (Rs.) | As at March 31, 2015 Amount (Rs.) |
|---|---|---|
| Surplus/(deficit) in the statement of profit and loss | | |
| Opening Balance | 31,154,684 | 32,227,488 |
| Add: Profit/(Loss) for the year | (133,667,315) | 483,105,372 |
| Amount available for appropriation | (a) | 515,332,860 |
| Less: Appropriations : | | |
| Interim Dividend on Equity Shares | - | 410,000,000 |
| Corporate Dividend Tax on Interim Dividend on Equity Shares | - | 74,178,176 |
| Transfer to General Reserve | - | - |
| Total Appropriations | (b) | 484,178,176 |
| Balance Surplus/(Deficit) Carried Forward | (a)-(b) | 31,154,684 |
| General Reserve | | |
| Balance as per last Balance Sheet date | 81,577,499 | 81,577,499 |
| Add: Transfer from the Statement of Profit and Loss | - | - |
| Less: Utilised during the year | - | - |
| Closing balance | <u>81,577,499</u> | <u>81,577,499</u> |
| As Per Balance Sheet | <u>(20,935,132)</u> | <u>112,732,183</u> |

Note - 5

Long-Term borrowings

| | As at March 31, 2016 Amount (Rs.) | As at March 31, 2015 Amount (Rs.) |
|---|---|---|
| Term Loans | | |
| Secured | | |
| From Banks (Refer Notes (a), (b) and (c) below) | 4,669,855 | 11,289,754 |
| Less: Amount disclosed as current maturities of long term debt under Other current liabilities (Refer Note 9) | (3,317,995) | (7,084,472) |
| As Per Balance Sheet | <u>1,351,860</u> | <u>4,205,282</u> |

(a) The above term loans are secured against hypothecation of the vehicles purchased. The rate of interest of such loans ranges from 9% p.a. to 11% p.a.

(b) The above term loans are repayable in equated monthly instalments for a period upto three years.

(c) There is no continuing default as on the Balance Sheet date in repayment of the loans or interest.

Note - 6

Long-Term Provisions

| | As at March 31, 2016 Amount (Rs.) | As at March 31, 2015 Amount (Rs.) |
|--|---|---|
| Provision for employee benefits | | |
| Provision for Gratuity (Refer Note 31) | 31,512,841 | 26,325,394 |
| Provision for Compensated Absences (Refer Note 31) | 9,131,378 | 5,822,287 |
| As Per Balance Sheet | <u>40,644,219</u> | <u>32,147,681</u> |

