



Indiabulls

Indiabulls Wholesale Services Limited

Indiabulls Wholesale Services Limited

— Annual Report 2011-12 —

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Company Information

Board of Directors

Mr. Surinder Singh Kadyan
Mr. Mehul Johnson
Mr. Karan Singh Khera
Mr. Shamsher Singh Ahlawat

Company Secretary

Ms. Priya Jain

Statutory Auditors

Sharma Goel & Co.,
Chartered Accountants,
A -47, Hauz Khas,
New Delhi – 110 016

Registrar and Transfer Agent

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad – 500 081

Registered Office

M – 62 & 63, First Floor,
Connaught Place,
New Delhi – 110 001
Website: www.indiabulls.com/wholesale

Corporate Offices

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

Indiabulls Finance Center,
Tower 1, Elphinstone Mills,
Senapati Bapat Marg,
Elphinstone Road, Mumbai - 400 013
Maharashtra

Bankers

HDFC Bank Limited
State Bank of India
IDBI Bank Limited

Management Discussion and Analysis

Economic and Industry Overview

The economic environment in India over the last year has not been very encouraging with subdued performance. Various reform programmes earlier introduced by the Government have slowed down and governance issues have not been tackled in the manner as expected by general public / foreign investors etc. However, the opportunity is tremendous. It is expected that the economy would get the desired stimulus on the back of reforms such as the Goods and Services Tax, Direct Tax Code and opening up of FDI in key sectors like Retail, Insurance etc. Progress on reforms will create a virtuous cycle of boosting production and consumption, improving India's image, attracting more investments and reviving growth, since investors rely on good governance, a predictable regulatory regime and a hassle free, rules based business environment.

Opportunities

The Industry segment in which the Company is carrying on its business operations has huge growth potential with opportunities existing in multiple sectors and segments which in near future will be driven by:

- Reforms of Indian Economy
- Growing consumer class and rising disposable incomes.
- Easy availability of credit
- Growing rural income
- Changing consumer patterns / behaviors.
- Improved Investors confidence

Threats / Risks & Concerns

Increased competition in the industry segment in which the Company is carrying on its business operations may adversely affect its operation. Any slowdown in the Indian economy and the consequent impact on disposable income could adversely affect the operations and consequently affect its growth potentials. Product sourcing and inventory management along with shortage

of quality real estate and infrastructure requirements in the country are some of the significant challenges which the industry is facing.

Business Review

During the year, the Company, apart from its ongoing business activities, through its subsidiary, Indiabulls Technology Solutions Limited (ITSL), has ventured into the IT business with a focus on developing, deploying and maintaining industry best and complex IT applications and solutions. Presently, ITSL has a staff strength of 600 plus. It recently got accredited with CMMI V1.3 level 3 certification for its current processes and became HIPAA compliant to be able to service its clients in insurance and health sector in USA. ITSL information security standards are ISO27001:2005 certified which is a key benchmark on information security standards worldwide. These standards are a key measure of its capabilities enabling it to attract new clients. ITSL, ever since its inception as a separate IT business within group is taking gradual, however, firm steps to become a known IT brand at global level. ITSL as part of its 'Go to market' strategy has formed strategic partnership with a South African partner to take advantage of its mutual interests and capabilities. On similar lines it got registered in USA as IB Technology Solutions Inc. to tap business opportunities across North America region.

Business Outlook

The Company believes that presence of experienced management team, strong systems and process and its strong bargaining power are its strengths that provide competitive advantages in managing its business activities.

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, supported by structured training

Management Discussion and Analysis (Contd.)

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 the overall growth and transformation of the Company.

Internal Controls and their Adequacy

The Company has a proper and adequate system of internal controls commensurate with the size of the Company and the nature of its business to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly and adequately.

The Company's internal controls are supplemented by internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for

maintaining accountability of assets. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the Company.

Cautionary Statement

Statements in this Report on Management's Discussion and Analysis describing the Company's objectives, estimates and expectations may be forward looking statements based on certain assumptions and expectations of future events. Actual results might differ substantially or materially from those expressed or implied.

The Company cannot guarantee that the assumptions and expectations are accurate or will be realized and hence the actual results, performance or achievements could thus differ materially from those expressed in the statements. The Company assumes no responsibility nor is 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

Indiabulls

Indiabulls Wholesale Services Limited

Dear Shareholders,

Your Directors present to you the Fifth Annual Report and the audited accounts of the Company for the financial year ended March 31, 2012.

Financial Results

The highlights of the financial results for the year ended March 31, 2012 are as under:

Particulars	Amount in Rupees	
	Year ended March 31, 2012	Year ended March 31, 2011
Profit before Tax and Depreciation	85,774,992	298,914,835
Less: Depreciation and amortization expense	13,370,636	13,493,083
Profit before Tax	72,404,356	285,421,752
Less: Provision for Tax	24,451,337	46,199,207
Profit after Tax	47,953,019	239,222,545
Profit/ (Loss) brought forward	85,924,598	(153,297,947)
Amount available for appropriation	133,877,617	85,924,598
Less: Appropriations:		
Proposed dividend on preference shares	941,042	-
Corporate dividend tax thereon	152,661	-
Balance carried forward to Balance Sheet	132,783,914	85,924,598

OPERATIONS AND BUSINESS REVIEW

The total income of the Company during the year was Rs. 5648.05 lacs with a profit after tax of Rs. 479.53 lacs. The consolidated revenue of the Company was Rs. 9042.54 lacs with a profit after tax of Rs. 1369.58 lacs. During the year, the Company, through its subsidiary, Indiabulls Technology Solutions Limited (ITSL), has ventured into the IT business with a focus on developing, deploying and maintaining industry best and complex IT applications and solutions. Presently, ITSL has a staff strength of 600 plus. It recently got accredited with CMMI V1.3 level 3 certification for its current processes and became HIPAA compliant to be able to service its clients in insurance and health sector in USA. ITSL information security standards are ISO27001:2005 certified which is a key benchmark on information security standards worldwide. These standards are a key measure of its capabilities enabling it to attract new clients.

DIVIDEND

In order to utilize the profits for operations of the Company, your Directors do not recommend any dividend on equity shares.

EMPLOYEES STOCK OPTIONS

For rewarding performance and retaining talented employees, the Company has introduced an employee stock option scheme titled as 'Indiabulls Wholesale Services Limited Employee Stock Option Scheme- 2011', with 5,000,000 options, convertible into equal number of Equity Shares. The disclosures required to be made in terms of SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999, in the Directors' Report, in respect of the stock options granted, are set out in the annexures forming a part of this report.

FIXED DEPOSITS

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

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 and the Article 121 of the Articles of Association of the Company, Mr. Surinder Singh Kadyan (DIN: 03495880), Director, retire by rotation and, being eligible, offer himself for reappointment at the ensuing Annual General Meeting.

Brief resume of Mr. Kadyan proposed to be reappointed, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships/ chairmanships of Board Committees of various Companies, are provided in the Corporate Governance Report, which form an integral part of the Annual Report.

SUBSIDIARIES

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

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

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

LISTING WITH STOCK EXCHANGES

The Equity shares of the Company continue to remain listed with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The listing fees for the FY 2012-13 have been paid to both the exchanges.

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;
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, 2012 and the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

AUDITORS & AUDITORS' REPORT

M/s Sharma Goel & Co., Chartered Accountants, (Registration No.: 000643N), 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(1B) 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(1)(e) AND (2A) OF THE COMPANIES ACT, 1956

The information required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology Absorption and

Foreign Exchange Earnings and Outgo, is given in the Annexure and forms a part of this Report.

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, during the year under review, the Company did not employ any person falling within the purview of Section 217(2A) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude for the continuous assistance and support received from the investors, clients, business associates, vendors, bankers,

regulatory and government authorities, during the year. Your Directors also wish to place on record their appreciation for the contributions made by employees at various levels.

For and on behalf of the Board of Directors

Sd/-

Surinder Singh Kadyan
Whole-time Director

Sd/-

Mehul Johnson
Director

Date: August 30, 2012

Place : New Delhi

ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo.

A. CONSERVATION OF ENERGY

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:

- a) Implementation of viable energy saving proposals.
- b) Installation of automatic power controllers to save maximum demand charges and energy.
- c) Training front-end operational personnel on opportunities of energy conservation.
- d) Awareness and training sessions for maintenance personnel conducted by experts.

B. TECHNOLOGY ABSORPTION

The Company believes that technological obsolescence is a practical reality. Our research activities will help us to prepare for future growth and opportunities.

At the Company we encourage continuous innovation with the prime purpose of providing maximum benefits to our clients and other users by working proactively (self driven research) and reactively (client driven research).

Our objective is to carry out applied research in the years that are closely related to realization of the business objectives of the Company and seek to encash available business opportunities.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the year under review and the previous year.

Annexure to the Directors' Report

(Contd.)

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Indiabulls Wholesale Services Limited

Annexure to the Directors' Report regarding the ESOP issue

Indiabulls Wholesale Services Limited Employee Stock Option Scheme- 2011 – As on March 31, 2012

Particulars		
a. Options Granted	1,907,000	
b. Exercise price	1,257,000 options @ Rs. 8.28 and 650,000 options @ Rs. 7.80	
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 realized by exercise of options	Nil	
i. Total number of options in force	1,907,000	
j. Employee wise details of options granted to:		
i. Senior Management personnel	Nil	
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.	Mr. Ashish Choudhary – 1,257,000	
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 ['Earnings Per Share']	No Dilution in EPS	
l. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Refer Note 29 forming part of Notes to Financial Statements	
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.	Refer Note 29 forming part of Notes to Financial Statements	
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:	1,257,000 options @ Rs. 8.28	650,000 options @ Rs. 7.80
i. risk free interest rate	Refer Note 29 forming part of Notes to Financial Statements	
ii. expected life		
iii. expected volatility		
iv. expected dividends yield		
v. the price of the underlying share in market at the time of option grant	Rs.8.60/-	Rs.7.85/-

1. The Company's Philosophy on Corporate Governance

Sound Corporate Governance practices and responsible corporate behavior contribute to long term performance of companies. Best practices on governance issues are an evolutionary and continuing process. There is no single template to define good governance. Broadly, however, Corporate Governance practices should aim at striking a balance between interests of various stakeholders on the one hand and the duties and responsibilities of the Board and senior management in overseeing the affairs of the Company on the other.

The Corporate Governance policy in Indiabulls Wholesale Services Limited ("IBWSL" or "the Company") encompasses the simple tenets of integrity, 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 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 operations of the Company, the Corporate Governance framework in the Company is based on the following main principles:

- Constitution of a Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities and duties.
- Transparency and independence in the functions of the Board.

- Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- Independent verification and assured integrity of financial reporting.
- Timely and balanced disclosure of all material information concerning 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 regulation in letter and spirit.

2. Board of Directors (Board)

(A) Composition and size of the Board

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

The Board consists of four directors of whom one is executive director and the remaining three directors are non-executive directors. Of the three non-executive directors, two are independent directors.

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, 2012 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 the Board Committees of various companies (including the Company)**	
				As Member [#]	As Chairman
1.	Mr. Surinder Singh Kadyan	Executive Director	10	1	Nil
2.	Mr. Mehul Johnson	Non-Executive Director	13	6	2
3.	Mr. Karan Singh Khera	Non-Executive Independent Director	6	6	2
4.	Mr. Shamsheer Singh Ahlawat	Non-Executive Independent Director	6	7	5

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

#This includes the chairmanship in the Committees.

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

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

During the financial year 2011-12, the Board met 11 (Eleven) times. The dates of the meetings were April 6, 2011, April 25, 2011, April 27, 2011, April 28, 2011, June 1, 2011, June 6, 2011, July 5, 2011, September 5, 2011, October 14, 2011, November 11, 2011 and February 9, 2012.

The last Annual General Meeting (AGM) of the Company was held on September 30, 2011.

A table depicting the attendance of Directors at various Board Meetings and the Annual General Meeting held during FY 2011-12 is given below:

Sl. No.	Name of the Director*	Meetings held during the tenure	No. of Board meetings attended	Attendance at the last AGM
1.	Mr. Surinder Singh Kadyan (DIN: 03495880)	10	10	Yes
2.	Mr. Mehul Johnson (DIN: 00016075)	10	9	No
3.	Mr. Karan Singh Khara (DIN: 00017236)	10	9	Yes
4.	Mr. Shamsher Singh Ahlawat (DIN: 00017480)	10	6	Yes
5.	Mr. Mukul Bansal (DIN : 00399080)	2	2	N.A.
6.	Mr. Nihar Devendra Gandhi (DIN : 01337506)	2	2	N.A.
7.	Ms. Ananya Gandotra (DIN : 02780458)	2	Nil	N.A.

*During the FY 2011-12, w.e.f. April 25, 2011, Mr. Nihar Devendra Gandhi, Ms. Ananya Gandotra and Mr. Mukul Bansal resigned and Mr. Surinder Singh Kadyan, Mr. Mehul Johnson, Mr. Karan Singh Khara and Mr. Shamsher Singh Ahlawat were appointed as Directors on the Board of the Company, Mr. Kadyan being also appointed as Whole-time Director.

(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/wholesale. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Whole-time Director 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 Chairman. Matters requiring Board's attention/approval are placed before the Board. The role, the composition of these Committees including the number of meetings held during the financial year and the related attendance detail are provided below.

(A) Audit Committee

Composition

The Audit Committee comprises of three members namely Mr. Karan Singh Khara as the Chairman, Mr. Shamsher Singh Ahlawat and Mr. Mehul Johnson, all Non-Executive Directors. Two out of three members namely Mr. Shamsher Singh Ahlawat and Mr. Karan Singh Khara are Independent directors. Ms. Priya Jain, Secretary of the Company also acts as the Secretary of the Audit Committee.

Terms of reference

The terms of reference of the 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 discussions with the statutory and internal auditors.

Meetings and Attendance during the year

During the FY 2011-12, the Audit Committee met four times. The dates of the meetings being April 28, 2011, July 5, 2011, November 11, 2011 and February 9, 2012.

The attendance record of committee members to the meetings so held is depicted in the table given below:

Name of the Member	Meetings held during the tenure	Meetings attended
Mr. Karan Singh Khara	4	4
Mr. Shamsher Singh Ahlawat	4	4
Mr. Mehul Johnson	4	3

The Finance Head and Auditors attended the meetings by invitation.

(B) Remuneration Committee

Composition

The Remuneration Committee of the Board comprises of three Non-Executive Directors as its members namely Mr. Shamsher Singh Ahlawat as the Chairman, Mr. Karan Singh Khara and Mr. Mehul Johnson. Two out of the three members namely, Mr. Karan Singh Khara and Mr. Shamsher Singh Ahlawat, are Independent Directors.

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

No meeting of the Remuneration Committee was held during the financial year 2011-12.

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 Directors

Mr. Surinder Singh Kadyan, Executive Director does not draw any remuneration from the Company.

(ii) Remuneration of Non-Executive Directors

Non-Executive Directors have not been paid any remuneration/ sitting fees during the FY 2011-12.

(C) Shareholders' / Investors' Grievance Committee

Composition

The Shareholders' / Investors' Grievance Committee of the Board comprises of three directors, namely Mr. Shamsheer Singh Ahlawat, Mr. Karan Singh Khera and Mr. Surinder Singh Kadyan.

Mr. Karan Singh Khera, an Independent Non-Executive Director, is the Chairman of the Committee.

Terms of Reference

The scope, terms of reference and functioning of the Committee is as prescribed under Clause 49 of the Listing Agreement. The primary functions carried out by the Committee are to approve requests for share transfers and transmissions, 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. Surinder Singh Kadyan.

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

Meetings and Attendance during the year

During the FY 2011-12, the Shareholders' / Investors' Grievance Committee met four times. The dates of the meetings were April 4, 2011, July 4, 2011, October 3, 2011 and January 2, 2012.

The attendance record of committee members in respect of the meetings so held is depicted in the table given below:

Name of the Member	No. of meetings held during the tenure	No. of meetings attended
Mr. Karan Singh Khera	4	4
Mr. Shamsheer Singh Ahlawat	4	3
Mr. Surinder Singh Kadyan	4	4

a) Name and designation of Compliance Officer

Ms. Priya Jain, Company Secretary is the Compliance Officer pursuant to Clause 47(a) of

the Listing Agreement with Stock Exchanges.

b) Details of queries / complaints received and resolved

During the FY 2011-12, one complaint was received pertaining to non-receipt of shares and the same was redressed to the satisfaction of the complainant.

4. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2008-09	E-29, First Floor, Connaught Place, New Delhi – 110 001	September 30, 2009	10:45 A.M.
2009-10	Centaur Hotel, IGI Airport, Delhi Gurgaon Road, New Delhi – 110 037	September 30, 2010	10:20 A.M.
2010-11	Centaur Hotel, IGI Airport, Delhi Gurgaon Road, New Delhi – 110 037	September 30, 2011	12:00 Noon

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

In the AGMs for the year 2008-09 and 2009-10, no special resolution was passed.

In the AGM for the year 2010-11, special resolutions as per detail hereunder, were passed:

- (i) Special Resolution seeking member's approval to create, issue, offer and allot at any time or from time to time, directly or through a trust, to the Eligible Employees (which expression shall, unless repugnant to the context, mean and include the permanent employees of the Company and its subsidiaries (both

present and future), working in India or out of India, and the Directors of the Company and its subsidiaries, whether whole-time or not but not including the promoter directors or directors holding by themselves or through the relatives or any body corporate, 10% or more of the outstanding equity share capital of the Company), as may be decided solely by the Board, stock options not exceeding 5,000,000 in number, representing 5,000,000 equity shares of face value Rs. 2/- each of the Company, in one or more tranches, upon such terms and conditions as may be deemed appropriate by the Board, each option giving the right but not the obligation, to the holder, to acquire, purchase, or subscribe for cash, 5,000,000 fully paid equity shares of face value Rs. 2/- each of the Company, in accordance with the terms of the 'Indiabulls Wholesale Services Limited Employee Stock Option Scheme- 2011' ("IBWSL ESOP-2011").

- (ii) Special Resolution seeking member's approval to create, issue, offer and allot at any time or from time to time, either directly or through a trust, such number of stock options, in one or more tranches, in accordance with the terms of the 'Indiabulls Wholesale Services Limited Employee Stock Option Scheme- 2011' ("IBWSLESOP-2011") to Eligible Employees who are permanent employees of the subsidiaries of the Company, working in India or out of India, and the Directors of the subsidiaries of the Company, whether whole-time or not, but not including the promoter directors or directors holding by themselves or through the relatives or any body corporate, 10% or more of the outstanding equity of the Company.
- (iii) Special Resolution seeking member's approval to identify specific Eligible Employees and grant options, during any one year, equal to, or exceeding, 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant under the 'Indiabulls Wholesale Services Limited Employee Stock Option Scheme-2011' ("IBWSL ESOP-2011").

(C) Special resolution passed during FY 2011-12 through postal ballot

During FY 2011-12, no resolution was passed by the Company through Postal Ballot.

(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 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 result 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 2011-12, are contained in the notes to the annual accounts which form a part of the Annual Report.

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

There has been no instance of any non-compliance by the Company on any matter related to capital markets and, hence, no penalties or strictures being imposed on the Company by SEBI or the Stock Exchanges or any other statutory authority on any such matter.

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

The Company has in place a highly effective Whistle Blower policy which sets out the process and mechanism whereby employees at various levels in the organization can bring

to the notice of the management any violations of the applicable laws, regulations as also any unethical or unprofessional conduct.

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

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

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

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

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

6. MEANS OF COMMUNICATION

- (i) **Publication of Results:** The quarterly / annual results of the Company are published in leading newspapers like Business Standard, Financial Express and Jansatta.
- (ii) **News, Release, etc:** The Company has its own website: www.indiabulls.com/wholesale and all vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations etc. is 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 website contains a separate dedicated section "Investor Relations" and "News & Media" 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 ensuing AGM has been indicated in the Notice convening the AGM, which is annexed to the Annual Report.

(B) Profile of Directors seeking re-appointment

As per the Articles of Association of the Company, one-third of the Directors liable to retire by rotation every year, shall so retire by rotation at the Annual General Meeting and are eligible to be reappointed. Consequently, at the ensuing AGM, Mr. Surinder Singh Kadyan, Director, shall retire by rotation and being eligible, offer himself for reappointment, in accordance with the provisions of the Companies Act, 1956. Brief profile of Mr. Surinder Singh Kadyan is given below:

Mr. Surinder Singh Kadyan

Mr. Surinder Singh Kadyan, aged 48 years, is an Executive Director on the Board of Directors since April 25, 2011. Mr. Kadyan retired from the Army after 27 years of active service. He graduated from the National Defence Academy in 1983 and subsequently passed out from Indian Military Academy in 1984. He also served in several prestigious staff and instructional appointments, as Brigade Major of an Engineer Brigade, Grade One Staff Officer of an Infantry Division and Colonel General Staff of a Mountain Division. He has also served as Director for three years in the Integrated HQ of MoD (Army). His excellent administrative and managerial skills will be to the benefit of the Company in the years to come, meriting his re-appointment as Director on the Board of the Company.

Mr. Kadyan is also on the Board of Lorena Constructions Limited, Lorena Developers Limited, Lorena Infrastructure Limited, Lorena Real Estate Limited, Lorena Builders Limited, Parmida Constructions Limited, Parmida Developers Limited, Parmida Infrastructure

Limited, Parmida Real Estate Limited and Parmida Properties Limited. He is also member of the Shareholders'/ Investors' Grievance Committee of the Company.

Mr. Kadyan holds 12 Equity Shares of face value of Rs. 2/- each in the Company.

(C) Date of Book Closure

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

(D) Dividend Payment date

No dividend has been recommended by the Board for the FY 2011-12.

(E) (i) Distribution of equity shareholding as on March 31, 2012

Sl.No.	Shareholding of nominal value (in Rs.)		No. of holders	% to total no. of holders	Value in Rs.	% to nominal value
	From	To				
1.	1	- 5,000	87808	99.11	7,185,968	7.15
2.	5,001	- 10,000	301	0.34	2,325,504	2.31
3.	10,001	- 20,000	185	0.21	2,829,156	2.81
4.	20,001	- 30,000	72	0.08	1,749,154	1.74
5.	30,001	- 40,000	43	0.05	1,592,446	1.58
6.	40,001	- 50,000	31	0.03	1,467,438	1.46
7.	50,001	- 1,00,000	58	0.07	4,211,948	4.19
8.	1,00,001	and above	100	0.11	79,208,572	78.76
	Total		88598	100.00	100,570,186	100.00

(ii) Equity Shareholding pattern as on March 31, 2012

Sl.No.	Category	No. of Shares	% holding
1.	Promoters and Promoters Group	16,366,955	32.55
2.	Banks	74	0.00
3.	FII's	1,488,561	2.96
4.	Bodies Corporate	9,838,104	19.56
5.	Indian Public	22,153,587	44.06
6.	NRI's	401,885	0.80
7.	Clearing Members	35,927	0.07
	Total	50,285,093	100.00

(F) Dematerialisation of shares and liquidity

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

As on March 31, 2012, 99.99% Equity shares of the Company representing 50,280,219 out of a total of 50,285,093 Equity shares were held in dematerialised form and the balance 4,874 shares were held in physical form.

In addition, the Company issued 25,17,700 (Twenty Five Lac Seventeen Thousand Seven Hundred) Preference shares of face value Rs. 10/- each, during the financial year 2011-12, in physical mode. Same are presently not listed on any Stock Exchange.

(G) Outstanding Stock Options

An aggregate of 19,07,000 stock options, granted under the Company's 'Indiabulls Wholesale Services Limited Employee Stock Option Scheme- 2011' ("the Scheme") were outstanding as on March 31, 2012, which are exercisable as per the vesting schedule of the Scheme. As and when these options get exercised, the equity share capital of the Company will stand increased accordingly.

(H) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following stock exchanges:

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

National Stock Exchange of India Limited (NSE)

"Exchange Plaza", Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051

(I) Stock Code

BSE Limited	-	533520
National Stock Exchange of India Limited	-	IBWSL
ISIN for Dematerialisation	-	INE 126M01010

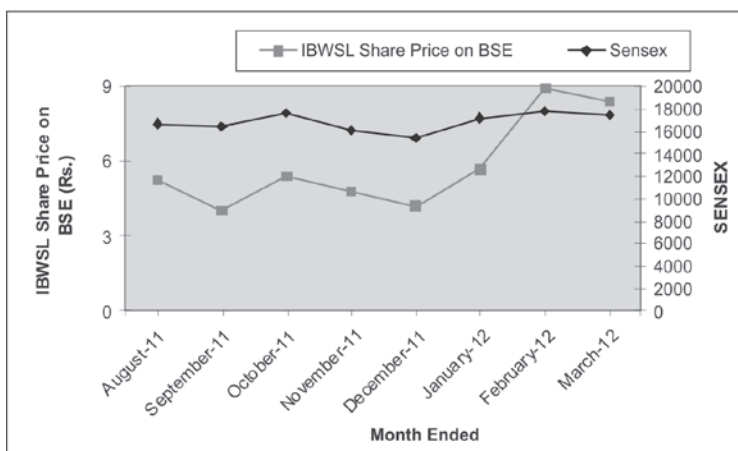
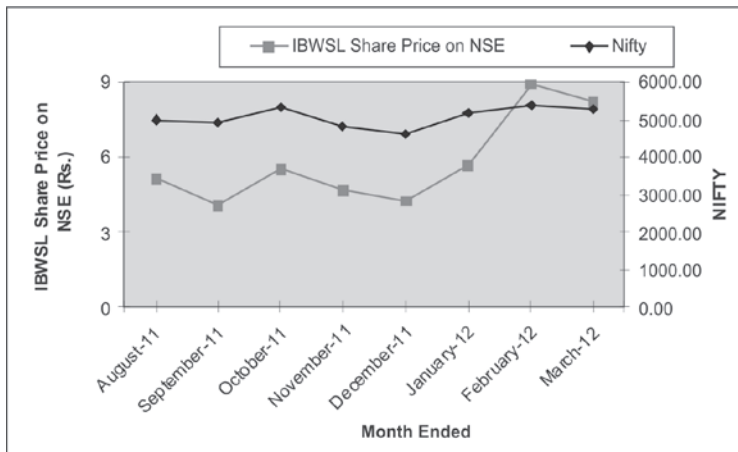
(J) Market Price Data

The monthly high and low market prices of shares at the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the period ended March 31, 2012 are as under:

Month*	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
August 2011	48.00	5.15	41.00	5.25
September 2011	4.90	3.05	5.47	3.05
October 2011	5.50	3.25	5.43	3.27
November 2011	6.20	4.15	6.15	4.12
December 2011	5.95	4.15	5.96	4.09
January 2012	6.55	4.05	6.61	4.00
February 2012	10.40	5.50	10.64	5.41
March 2012	10.20	7.65	10.15	7.45

* Since the equity shares of the Company got listed on the exchanges, effective August 18, 2011, the Market Price Data has been captured from August 18, 2011 to March 31, 2012.

(K) Comparison of Company's share price with the broad-based indices viz. NSE Nifty & BSE Sensex.



Note : Since the equity shares of the Company got listed on the exchanges, effective August 18, 2011, the comparison of Company's share price with NSE Nifty & BSE Sensex, has been done for the period August 2011 to March 2012.

(L) Registrar and Transfer Agents

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

The contact details are as under:

Karvy Computershare Private Limited

(Unit : Indiabulls Wholesale Services Limited)

Plot No.17-24, Vittal Rao Nagar,

Madhapur, Hyderabad – 500 081

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

(M) 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 without delay and the transferred certificates are sent to the concerned investors well within the stipulated time as prescribed under the Listing Agreement.

(N) Address for Correspondence**(i) Registered Office:**

M-62 & 63, First Floor,
Connaught Place,
New Delhi – 110 001

(ii) Corporate Offices:

"Indiabulls House"
448-451, Udyog Vihar, Phase V,
Gurgaon – 122 016, Haryana

Indiabulls Finance Center,
Tower 1, Elphinstone Mills,
Senapati Bapat Marg,
Elphinstone Road, Mumbai - 400 013
Maharashtra

8. Compliance Certificate from the Practicing Company Secretary

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

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

9. Whole-Time Director (WTD) and Finance Head Certification

The certificate referred to under Clause 49(V) of the Listing Agreement duly signed by the WTD and Finance Head has been given to the Board.

10. NON-MANDATORY REQUIREMENTS

Status of compliance of Non-mandatory requirements stipulated under Clause 49 is as under:

(A) Remuneration Committee

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

(B) Shareholders' Rights

The Company is getting its quarterly 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.

(C) 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.

(D) 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 taking timely and appropriate actions without loss of time. For a detailed description of the Whistle Blower policy please refer to point no.5 (iii) in the earlier part of this Report.

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

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

As Whole-time Director of Indiabulls Wholesale Services 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 2011-12.

Sd/-
Surinder Singh Kadyan
Whole-time Director

Date : August 30, 2012
Place : New Delhi

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Indiabulls Wholesale Services Limited

We have examined the compliance of conditions of Corporate Governance by Indiabulls Wholesale Services Limited ("the Company"), for the year ended March 31, 2012, 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 were no outstanding investor grievances as on March 31, 2012 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 **Gaurav Kohli & Associates**
Company Secretaries

Sd/-
Gaurav Kohli
Proprietor

Membership No.: FCS 5006
C.P. No. - 8206

Date: August 30, 2012
Place: New Delhi

Auditors' Report

to the Board of Directors of Indiabulls Wholesale Services Limited

Indiabulls

Indiabulls Wholesale Services Limited

1. We have audited the attached Consolidated Balance Sheet of Indiabulls Wholesale Services Limited ("the Company") and its subsidiaries (the company and its subsidiaries constitute the "Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of separate financial statements and other financial information regarding components. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006, as amended.
4. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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, 2012;
 - b. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Sharma Goel & Co.**
Chartered Accountants
FRN: 000643N

Amar Mittal
Partner
Membership No. 017755

Date: April 30, 2012
Place: New Delhi

Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2012

Indiabulls
Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	Note	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	125,747,186	100,570,186
Reserves and surplus	5	7,781,368,548	5,058,732,103
Money received against share warrants	24	-	94,248,700
Total of Shareholders' funds		7,907,115,734	5,253,550,989
Non-current liabilities			
Deferred tax liabilities, net	27	3,335,816	6,256,793
Long-term provisions	6	15,303,858	464,608
Total of Non-current liabilities		18,639,674	6,721,401
Current liabilities			
Short-term borrowings	7	-	2,464,873,530
Trade payables	8	123,177,857	13,047,227
Other current liabilities	9	69,708,816	36,276,783
Short-term provisions	6	36,159,458	31,541,502
Total of Current liabilities		229,046,131	2,545,739,042
Total of Equity and Liabilities		8,154,801,539	7,806,011,432
II. ASSETS			
Non-current assets			
Goodwill on consolidation		584,202,282	297,105,373
Fixed assets	10		
- Tangible assets		18,783,336	13,115,701
- Intangible assets		7,326,116	26,109,452
			18,310,074
Deferred tax assets, net	27	1,449,457	-
Long-term loans and advances	11	5,505,660	6,468,720
Other non-current assets	12	351,434	-
Total of Non-current assets		617,618,285	334,999,868
Current assets			
Current investment	13	3,308,895,890	423,439,890
Inventories	14	531,453,239	398,066,678
Trade receivables	15	386,475,628	302,778,805
Cash and bank balances	16	38,897,993	11,320,442
Short-term loans and advances	11	3,266,807,756	6,137,718,552
Other current assets	17	4,652,748	197,687,197
Total of current assets		7,537,183,254	7,471,011,564
Total of Assets		8,154,801,539	7,806,011,432

Significant accounting policies 3

The accompanying notes are an integral part of financial statements

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN: 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Mehul Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place: New Delhi
Date: April 30, 2012

Place: New Delhi
Date: April 30, 2012

Consolidated Statement of Profit and Loss

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue			
Revenue from operations	18	840,788,536	812,542,984
Other income	19	63,465,250	214,826,907
Total of Revenue		904,253,786	1,027,369,891
Expenses			
Cost of sales for real estate project under development	20		
- Cost incurred during the year		372,428,057	340,870,077
- (Increase)/decrease in real estate project under development		(133,386,561)	302,765,771
Cost of sales of trading goods	32		
- Purchase of trading goods		95,940,256	4,925,803
- (Increase)/decrease in inventory of traded goods		-	4,925,803
Employee benefit expenses	21	178,676,000	-
Finance costs	22	107,471,448	76,833,247
Depreciation and amortisation expense	10	13,730,124	13,493,083
Other expenses	23	68,166,628	3,141,228
Total of Expenses		703,025,952	742,029,209
Profit before Tax			
		201,227,834	285,340,682
Tax expense:	27		
Current tax (including earlier year taxes)		68,639,820	39,942,416
Deferred tax		(4,370,434)	6,257,952
Profit for the year		136,958,448	239,140,314
Earnings per equity share			
	29		
- Basic		2.70	4.76
- Diluted		2.70	4.76
Face value per equity share		2.00	2.00

Significant accounting policies

3

The accompanying notes are an integral part of financial statements

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN: 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Mehul Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place: New Delhi
Date: April 30, 2012

Place: New Delhi
Date: April 30, 2012

Consolidated Cash Flow Statement

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. Cash flow from operating activities:		
Net profit before tax	201,227,834	285,340,680
Adjustments for statement of profit and loss items:		
Depreciation and amortisation expense	13,730,124	13,493,083
Interest expense on loans and advances taken	103,083,055	76,826,756
Interest income on loans and advances given	(57,791,455)	(214,630,356)
Dividend income on units of mutual fund	(2,401,514)	-
Interest income on fixed deposit	(154,561)	-
Amortisation of prepaid expenses	314,982	-
Provision for gratuity and compensated absences	5,337,797	-
Unrealised foreign exchange loss	138,709	-
Operating profit before working capital changes and other adjustments:	263,484,971	161,030,163
Working capital changes and other adjustments:		
Increase in trade receivables	(83,696,823)	(302,778,805)
(Increase)/decrease in loans and advances	(50,445,555)	327,275,520
(Increase)/decrease in inventories	(133,386,561)	302,765,771
Increase/(decrease) in trade payables and other liabilities	143,562,663	(77,767,003)
Payment received for gratuity and compensated absences, net	10,002,072	-
Cash generated from operating activities	149,520,767	410,525,646
Income tax paid	(42,883,321)	(8,151,332)
Net cash generated from operating activities	106,637,446	402,374,314
B. Cash flow from investing activities:		
Purchase of fixed assets	(3,132,380)	(552,874)
Proceeds from sale of fixed assets (including capital work in progress)	-	50,572
Loans and advances received back	2,899,600,000	-
Interest received on loans and advances	250,958,773	21,463,038
Interest received on fixed deposit receipts	21,692	-
Dividend received from units of mutual fund	2,401,514	-
Investment in units of mutual funds	(137,700,000)	-
Investment in equity shares of subsidiary company	(6,000,000)	-
Investment in preference shares of subsidiary company	(2,747,756,000)	-
Excess/(deficit) of net assets taken over on acquisition of subsidiary	(287,096,909)	-
Investments in fixed deposit accounts with original maturity of more than 3 months	(100,000)	-
Net cash (used in)/generated from investing activities	(28,803,310)	20,960,736
C. Cash flow from financing activities:		
Received share warrants money pursuant to scheme of arrangement from Indiabulls Real Estate Limited	-	94,248,700
Proceeds form issue of preference share capital (including premium)	2,517,700,000	-
Repayment of secured loan	-	(1,849,236)
Loans and advances (repaid)/taken, net	(2,464,873,530)	(434,726,470)

Consolidated Cash Flow Statement

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest paid on loans and advances	(103,083,055)	(86,250,595)
Net cash used in financing activities	(50,256,585)	(428,577,601)
D Increase/ (decrease) in cash and cash equivalents, net (A+B+C)	27,577,551	(5,242,549)
E. Cash and cash equivalents at the beginning of the year	11,320,442	16,562,991
F Cash and cash equivalents at the end of the year(D+E)	38,897,993	11,320,442

Note:

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) - 3 on "Cash Flow Statements" as notified under the companies (Accounting Standards) Rules, 2006 as amended.
- The above Cash flow statement for previous year excludes assets/liabilities (other than cash balance) acquired pursuant to the Scheme of arrangement from Indiabulls Real Estate Limited (an erstwhile holding company), as it is Non cash transactions.

	For the year ended March 31, 2012	For the year ended March 31, 2011
c) Cash and cash equivalents includes:		
Cash on hand	453,495	329,316
Balances with banks		
- In current accounts	25,944,498	10,991,126
- In fixed deposit accounts	12,600,000	-
	38,997,993	11,320,442
Less:Balance with banks in fixed deposit accounts with original maturities of more than 3 months	(100,000)	-
Total of cash and cash equivalents	39,097,993	11,320,442

- Fixed deposit with bank of Rs. 100,000 (previous year: Rs Nil) is pledged against guarantees provided by the bank to sales tax department.
- Previous year figures have been regrouped and/ or reclassified wherever necessary to conform to those of the current year grouping and/or classification.

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN: 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Mehul Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place:New Delhi
Date: April 30, 2012

Place:New Delhi
Date: April 30, 2012

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

1. Company overview

Indiabulls Wholesale Services Limited ("the Company", "IBWSL") was incorporated on July 24, 2007 as a wholly owned subsidiary of Indiabulls Real Estate Limited ("IBREL").

The company carries on wholesale trading and retail business and is also developing Real Estate Projects on land situated in Ahmedabad (Gujarat) and Hyderabad (Andhra Pradesh).

A Scheme of Arrangement ("IBWSL Scheme of Arrangement") between Indiabulls Real Estate Limited ("Demerged Company", "IBREL") and the Company ("IBWSL", "Resulting Company") and their respective shareholders and creditors under Sections 391 – 394 of the Companies Act, 1956, was sanctioned by the Hon'ble High Court of Delhi at New Delhi on March 3, 2011. Upon coming into effect of the IBWSL Scheme of Arrangement on March 31, 2011 and with effect from the Appointed Date on April 01, 2010, the Wholesale trading business stands demerged from IBREL and transferred to and vested in IBWSL on a going concern basis. In terms of the Scheme, with effect from the Appointed Date on April 01, 2010:

- Certain assets comprising of fixed assets and loans and advances in IBREL aggregating to Rs. 4,106,396,502 have been transferred to IBWSL, at their book values;
- The equity share capital of the demerged Company amounting to Rs. 1,000,000,000 was cancelled;
- The net adjustment for such transfer of assets, liabilities and cancellation and issue of equity share capital amounting to Rs. 5,005,826,316 has been shown in the General reserve account;
- In terms of the Scheme, all business activities of the IBREL made by IBREL in trust for IBWSL, carried out on or after the Appointed Date are deemed to have been carried out by the IBREL on behalf of the IBWSL on a going concern basis;
- The transfer of proportionate Share warrant has been made as per the net worth ratio between net worth of the IBREL transferred to IBWSL pursuant to Scheme and the net worth of the IBREL immediately before demerger as on appointed date. Proportionate liability in respect of share warrants representing 25% of the application money amounting to Rs. 94,248,700 has also been transferred to the Company;
- Pursuant to the scheme being given effect to, by the Company, IBWSL has allotted one (1) equity share of face value of Rs. 2 each credited as fully paid-up for every eight (8) equity share face value of Rs. 2 each held by such shareholders in the IBREL.

In terms of the scheme, on April 27, 2011, the Company has issued and allotted 50,285,093 equity shares of face value of Rs. 2 each aggregating to Rs.100, 570,186 to the respective shareholders of IBREL as on the record date i.e. April 25, 2011.

Pursuant to the scheme, the authorised share capital of the Company has been reorganised to Rs. 1,100,000,000 divided into 550,000,000 equity shares face value of Rs.2 each.

2. Basis of preparation of consolidated financial statements

a) Statement of compliance

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India and in compliance with the applicable accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, as amended and as per Revised Schedule VI to the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

b) Use of estimates

The presentation 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 and disclosure of contingent liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known or materialized.

3. Significant accounting policies

a) Principal of consolidation:

The Consolidated Financial Statements comprise of the Financial Statements of Indiabulls Wholesale Services

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Limited ("Parent Company") and, its subsidiaries ("Subsidiary Companies"). The Consolidated Financial Statements are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. Subsidiary Companies acquired and held by the parent or its subsidiaries for disposal in the near future are excluded from the Consolidated Financial Statements.

The Consolidated Financial Statements are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 (AS 21) Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

b) Goodwill/Capital Reserve

The difference between the cost of investment in the subsidiaries and the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be. 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 of such subsidiaries, 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 difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its net assets as of the date of disposal is recognised in the consolidated statement of profit and loss being the profit or loss on disposal of investment in subsidiary.

c) Minority Interest:

Share of Minority interest in consolidated subsidiaries is arrived at and identified:

- i. in case of statement of profit and loss for the year ended, net profit attributable to them
- ii. in case of balance sheet, net assets attributable to them

d) Companies included in consolidation:

Name of subsidiaries	Country of Incorporation	Year/Period ended included In consolidation	Proportion of Ownership Interest
Lucina Infrastructure Limited	India	01-April-2011 to 31-March-2012	100%
		01-April-2010 to 31-March-2011	
Sentia Properties Limited	India	01-April-2011 to 31-March-2012	100%
		01-April-2010 to 31-March-2011	
Indiabulls Technology Solutions Limited	India	31-May-2011 to 31-March-2012	100%
		Not Applicable	
Albsta Wholesale Services Limited (Formerly Albsta Power Limited)	India	30-June-2011 to 31-March-2012	100%
		Not Applicable	
Archalia Software Solutions Limited	India	01-January-2012 to 31-March-2012	100%
		Not Applicable	
IB Technology Solutions, INC	USA	23-January-2012 to 31-March 2012	100%
		Not Applicable	

The Company also holds 63.92% Equity shares in Store One Retail India Limited (Formerly Indiabulls Retail Services Limited). The same has been treated as Current Investment and hence not been consolidated.

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

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e) Information relating to Subsidiaries for the year ended March 31, 2012:

(In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8th February, 2011)

Particulars	Lucina Infrastructure Limited	Sentia Properties Limited	Store One Retail India Limited	Indiabulls Technology Solutions Limited	Albasta Wholesale Services Limited*	Archalia Software solutions Limited	IB Technology Solutions, Inc
Share Capital	500,000	500,000	231,224,500	500,000	1,300,500,000	500,000	493
	<i>500,000</i>	<i>500,000</i>	<i>200,000,000</i>	-	-	-	-
Reserves and Surplus (Net of (debit)/credit balance of statement of profit and loss)	(77,019,069)	(252,514,562)	288,243,434	83,279,488	(298,546,631)	27,112,192	(883,536)
	<i>(77,667,062)</i>	<i>(252,457,122)</i>	<i>(2,546,680,605)</i>	-	-	-	-
Total Assets (Fixed Assets + Current Assets + Non current assets + Deferred Tax Assets)	156,309,753	3,000,377,618	835,437,295	127,288,295	1,017,232,607	31,097,172	15,147,281
	<i>163,508,188</i>	<i>3,000,418,028</i>	<i>1,841,277,034</i>	-	-	-	-
Total Liabilities (Debts + Current Liabilities & Provisions + Non current liability + Deferred tax Liabilities)	232,828,822	3,252,392,180	315,969,361	43,508,807	1,322,784	3,484,980	16,030,325
	<i>240,675,250</i>	<i>3,252,375,150</i>	<i>4,187,957,639</i>	-	-	-	-
Details of Investments (excluding investment in the subsidiary companies)	-	-	-	-	1,012,376,000	-	-
	-	-	-	-	-	-	-
Turnover/Total income	857,735	-	514,201,405	320,470,015	1,189,093	12,162,452	4,769,894
	<i>32,170</i>	-	<i>59,528,674</i>	-	-	-	-
Profit / (Loss) before Taxation	800,535	(57,440)	118,392,539	122,800,031	1,077,836	5,086,052	(883,536)
	<i>(24,600)</i>	<i>(56,470)</i>	<i>(351,712,224)</i>	-	-	-	-
Provision for Taxation	152,542	-	-	39,520,543	(1,428,896)	1,573,860	-
	<i>1,159</i>	-	-	-	-	-	-
Profit / (Loss) after Taxation	647,993	(57,440)	118,392,539	83,279,488	2,506,732	3,512,192	(883,536)
	<i>(25,759)</i>	<i>(56,470)</i>	<i>(351,712,224)</i>	-	-	-	-
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Previous year figures are stated in italics

*Formerly Albasta Power Limited

f) Revenue recognition

- Revenue from real estate development projects and plots under development is recognized in the financial year in which the agreement to sell or application forms (containing salient terms of agreement to sell) is executed, on the percentage of completion method which is applied on a cumulative basis in each accounting year to the current estimate of contract revenue and related project costs, when the stage of completion of each project reaches a significant level which is estimated to be at least 25% of the total estimated construction cost of the respective projects.
- Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods. The company collects all relevant applicable taxes like sales taxes, value added taxes (VAT) etc. on behalf of the government and, therefore,

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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these are not economic benefits flowing to the company. Hence, they are excluded from revenue. The ownership in goods/merchandise of third parties under concessionaire arrangements does not pass to the Company. Concessionaire income earned from sales made by third parties under such arrangements is recognised in the statement of profit and loss as other operating income under the head Concessionaire Income.

- iii) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods and rendering of services is recognized when risk and reward of ownership has been transferred to the customer, the sale price is fixed or determinable and collectability is reasonably assured.
- iv) Revenue from Software services comprises income from time and material and fixed price contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed price contracts and fixed time frame contracts is recognized in accordance with the percentage completion method under which the sales value of performance, including earnings thereon, is recognized on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses are made during the year in which a loss becomes probable based on current contract estimates. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.
- v) Revenue from infrastructure management services comprise income from time-and-material, and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed price contracts is recognized in accordance with the percentage of completion method.
- vi) Revenue from Business Process Outsourcing services is derived from both time based and unit-price contracts.

Revenue is recognized as and when the related services are performed in accordance with the specific terms of the contracts with the customers. Costs and earnings in excess of billing are classified as unbilled revenue, while billing in excess of costs and earnings are classified as unearned revenue. Incremental revenue from existing contracts arising on future sales of the customers' products will be recognized when it is earned. Revenue and related direct costs from transition services in outsourcing arrangements are deferred and recognized over the period of the arrangement. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract.

- vii) Revenue from sale of developed land and plots is recognized in the year in which the underlying sale deed is executed.
- viii) Revenue from export of software services is recognised based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed price contracts, revenue is recognised based on the milestones achieved as specified in the contracts or on the percentage of completion basis. Provision for estimated losses on incomplete contract is recorded in the period in which such losses become probable based on the current estimates. Revenues from product licenses and related revenues are recognised as follows:
 - License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.
 - Product maintenance revenues, over the period of maintenance contract.

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

- ix) Interest income from deposits is recognized on accrual basis.
- x) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- xi) Profit on sale of investment is recognized on the date of its sale and is computed as excess of sale proceeds over its carrying amount as at the date of sale.
- xii) Interest on delayed receipts, cancellation/forfeiture and transfer fees from customers is recognized, as per revenue recognition principles laid down in Accounting Standard - 9 on "Revenue Recognition", when certainty of its collection is established.

g) Inventories

Land other than that transferred to real estate projects under development is valued at lower of cost or net realizable value.

Cost includes cost of acquisition and internal and external development costs, construction costs, and development/construction materials. Real estate projects under development represents land under development, cost incurred directly in respect of construction activity and indirect construction cost to the extent to which the expenditure is related to the construction or incidental thereto on unsold real estate projects is valued at cost.

Construction materials, stores and spares, tools and consumable are valued at lower of cost or net realizable value, on the basis of first-in first-out method.

Inventories of trading goods are valued at cost or estimated net realizable value, whichever is lower. Cost of inventories is determined using the weighted average cost method and includes purchase price, and all direct costs incurred in bringing the inventories to their present location and condition.

h) Fixed assets

Recognition and measurement

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

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

Depreciation and Amortization

Depreciation on fixed assets is provided on the straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, on a pro-rata basis from the date the asset is ready to put to use till the end of its useful life or till the asset is discarded, whichever is earlier. Individual assets costing up to Rs. 5,000 per item are fully depreciated in the year of purchase. Temporary structures are depreciated over a period of twelve months, on a pro-rata basis, from the date it is ready to put to use.

Intangible assets are amortized over the expected useful life from the date the assets are available for use, as mentioned below:

Computer software	4 Years
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Capital work-in-progress

Costs of fixed assets under construction are disclosed under capital work-in-progress. Advances paid towards acquisition or construction of fixed assets or intangible assets is included as capital advances under long term loans and advances.

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

i) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to statement of profit and loss.

j) Investments

Investments are classified as long term or current investments. Long term investments are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are stated at the lower of cost or fair value.

k) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or 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 statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed.

l) Employee benefits

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss or inventorized, as the case may be. The Company has unfunded defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on the basis of actuarial valuation, conducted semi-annually, by an independent actuary, in accordance with Accounting Standard 15 (Revised 2005) – 'Employee Benefits', notified under the Companies (Accounting Standards) Rules, 2006, as amended.

Actuarial gains and losses are recognized in the statement of profit and loss or inventorized, as the case may be.

m) Stock based compensation expense

Stock based compensation expense are recognized in accordance with the guidance note on 'Accounting for employee share based payments' issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the intrinsic value of the stock options on the grant date. The compensation expense is amortized over the vesting period of the options.

n) Leases

In case of assets taken on operating lease, the lease rentals are charged to the statement of profit and loss in accordance with Accounting Standard 19 (AS 19) – 'Leases', as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

o) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the exchange rate between the reporting currency and the foreign currency at the date of the transaction to the foreign currency amount.

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Conversion

Foreign currency monetary items are converted to reporting currency using the closing rate. Non monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on monetary items that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized in the statement of profit and loss.

p) Taxes on income

Current tax

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

Deferred tax resulting from timing differences between taxable income and accounting income is accounted for at the current rate of tax or substantively enacted tax rates as at reporting date, 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 supported by convincing evidence that such deferred tax assets will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

q) Provisions, contingent liabilities and contingent assets

Provisions are recognized 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:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or,
- 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.

r) Earnings per equity share

Basic earnings per equity share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year.

s) Share issue expenses

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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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 statement of profit and loss, as incurred.

t) Preliminary expenses

Preliminary expenses are adjusted against securities premium account (net of tax) to the extent of balance available and thereafter, the balance portion is charged off to the statement of profit and loss, as incurred.

u) 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 performance assessment and decision making with regards to resource allocation.

Note - 4

		As at March 31, 2012		As at March 31, 2011	
	No. of shares		No. of shares		
SHARE CAPITAL					
Authorised					
Equity shares of face value of Rs.2 each	400,000,000	800,000,000	550,000,000	1,100,000,000	
Preference shares of face value of Rs.10 each	30,000,000	300,000,000	-	-	
		1,100,000,000		1,100,000,000	
Issued, subscribed and paid up					
Equity shares of face value of Rs. 2 each fully paid up					
Balance at the beginning of the year	50,285,093	100,570,186	50,285,093	100,570,186	
Add: Issued during the year	-	-	-	-	
Total of equity share capital	50,285,093	100,570,186	50,285,093	100,570,186	
9% Redeemable non -cumulative, non-convertible preference share of face value of Rs.10 each					
Balance at the beginning of the year	-	-	-	-	
Add: Issued during the year	2,517,700	25,177,000	-	-	
Total of preference share capital	2,517,700	25,177,000	-	-	
Total of share capital		125,747,186		100,570,186	

The holders of equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In the event of liquidation of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date. The holders of preference shares are entitled to receive dividends, but do not carry the right to vote. All shares rank equally with regard to the Company's residual assets, except that holders of preference shares participate only to the extent of the face value of the shares.

- 1) Pursuant to the IBWSL Scheme of Arrangement, the Company has allotted 1 equity share of face value of Rs. 2 each credited as fully paid-up for every 8 equity share of Rs. 2 each held by such shareholders in the IBREL (Refer Note 1)
- 2) At the AGM held on September 30, 2011, the authorised share capital of the Company has been reorganized to Rs.1,100,000,000 divided into 400,000,000 equity share of Rs.2 each and 30,000,000 preference share of Rs. 10 each
- 3) On October 14, 2011, the Company has issued and allotted 2,517,700, 9% redeemable, non cumulative, non convertible preference share of face value Rs.10 each to Indiabulls Real Estate Limited, the erstwhile holding Company.

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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Details of equity share holding in excess of 5% of equity shares

	As at March 31, 2012	As at March 31, 2011
Equity share capital		
- Number of share holders [including their nominees]	4	-
- Number of shares held	14,943,427	-
Details of preference share holding in excess of 5% of preference share capital:		
Preference share capital		
- Number of share holders	1	-
- Number of shares held	2,517,700	-
Details of number of equity share reserved for issuance under contracts or options:		
- Employee stock option scheme	1,907,000	-
- Share warrants	-	3,587,500
Total of shares reserved for issuance	1,907,000	3,587,500

Note - 5

	As at March 31, 2012		As at March 31, 2011	
RESERVES AND SURPLUS				
Capital reserve				
Balance as at the beginning of the year	-		-	
Add : Forfeiture of share warrants	94,248,700	94,248,700	-	-
General reserve				
Balance as at the beginning of the year	5,005,826,316		-	
Add: Transfer of net assets of wholesale trading business (demerged undertaking) pursuant to scheme of arrangement from Indiabulls Real Estate Limited	-	5,005,826,316	5,005,826,316	5,005,826,316
Securities premium:				
Balance as at the beginning of the year	-		-	
Add : Issue of preference share capital	2,492,523,000	2,492,523,000	-	-
Retained earnings				
Balance as at the beginning of the year	52,905,787		(186,234,527)	

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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		As at March 31, 2012		As at March 31, 2011
Add: Profit for the year	136,958,448		239,140,314	
	189,864,235		52,905,787	
Less: Appropriations				
Proposed dividend on preference shares	941,042		-	
Corporate dividend tax thereon	152,661	188,770,532	-	52,905,787
Total of reserves and surplus		7,781,368,548		5,058,732,103

Note - 6

		As at March 31, 2012		As at March 31, 2011
PROVISIONS				
Long-term provisions				
Provision for employee benefits				
For gratuity	12,238,873		330,768	
For compensated absences	3,064,985	15,303,858	133,840	464,608
Total of long term provisions		15,303,858		464,608
Short-term provisions				
Provision for employee benefits				
For gratuity	373,771		20,832	
For compensated absences	155,540	529,311	7,860	28,692
Provision for income tax [Net of advance income tax and tax deducted at source]		34,536,444		31,512,810
Proposed dividend on preference shares		941,042		-
Corporate dividend tax thereon		152,661		-
Total of short term provisions		36,159,458		31,541,502

Note - 7

		As at March 31, 2012	As at March 31, 2011
BORROWINGS			
Short term borrowings - Unsecured			
Loans and advances -others		-	2,464,873,530
Total of short term borrowings		-	2,464,873,530

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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Note - 8

	As at March 31, 2012	As at March 31, 2011
TRADE PAYABLES		
Due to micro and small enterprises	-	-
Retention money payable	5,796,556	7,902,014
Due to others	117,381,301	5,145,213
Total of trade payables	123,177,857	13,047,227
Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006"):		Amount
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		nil
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;		nil
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;		nil
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and		nil
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.		nil

The above information regarding micro, small and medium enterprises have 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.

Note - 9

	As at March 31, 2012	As at March 31, 2011
OTHER CURRENT LIABILITIES		
Temporary book overdraft	940,756	393,813
Advance from customers	36,764,336	6,464,876
Payable to statutory or government authorities	11,622,957	7,746,131
Security deposits -others	20,000	-
Expenses payable	18,819,794	21,113,021
Other liabilities	1,540,973	558,942
Total of other current liabilities	69,708,816	36,276,783

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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Particulars	Gross Block (At Cost)			Accumulated Depreciation/ Amortization			Net Block		
	As at April 1, 2011	Additions during the year	Assets transferred from IBREL under scheme of arrangement on April 01, 2010	As at March 31, 2012	As at April 1, 2011	Depreciation for the year	Assets transferred from IBREL under scheme of arrangement on April 01, 2010	As at March 31, 2012	As at March 31, 2011
A. Tangible Assets									
Building - Temporary Structure	212,754	-	-	212,754	212,754	-	-	212,754	-
Plant & Equipment	349,010	49,330	-	398,340	6,222	17,088	-	23,310	342,788
Office Equipment	2,726,235	1,139,154	-	3,865,389	366,619	160,342	-	526,961	2,359,616
Computers	9,070,340	3,849,456	-	12,919,796	4,396,575	1,680,425	-	6,077,000	4,673,765
Furniture and Fixtures	445,680	1,655,258	-	2,100,938	240,734	54,086	-	294,820	204,946
Vehicles	8,023,786	1,711,289	-	9,735,075	2,489,200	824,910	-	3,314,110	5,534,586
Total of Tangible Assets (A)	20,827,805	8,404,487	-	29,232,292	7,712,104	2,736,851	-	10,448,955	13,115,701
B. Intangible Assets									
Computer Software	43,972,893	9,314	-	43,982,207	25,662,819	10,993,273	-	36,656,092	18,310,074
Total of Intangible Assets (B)	43,972,893	9,314	-	43,982,207	25,662,819	10,993,273	-	36,656,092	18,310,074
Total of Fixed Assets [A+B]	64,800,698	8,413,801	-	73,214,499	33,374,923	13,730,124	-	47,105,047	31,425,775
Previous Year	63,986,678	552,874	261,146	64,800,698	19,772,184	13,493,083	109,656	33,374,923	31,425,775

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 11

	As at March 31, 2012	As at March 31, 2011
LOANS AND ADVANCES		
Long-term loans and advances		
(Unsecured, considered good)		
Security deposits premises	4,560,000	5,714,000
Security deposits others	945,660	754,720
Total of long-term loans and advances	5,505,660	6,468,720
Short-term loans and advances		
(Unsecured, considered good)		
Loans and advances to related party	-	2,899,600,000
Security deposits - others	5,680,000	-
Advance for land	3,175,000,000	3,150,000,000
Advance to suppliers	32,812,890	18,570,150
Prepaid expenses	8,063,368	98,795
Balances recoverable from statutory authorities	5,486,425	12,519,882
Other receivables	8,957,856	3,387,840
MAT credit entitlement	12,948,471	12,950,273
Advance income tax, including tax deducted at source, net of provision for tax	17,858,746	40,591,612
Total of short-term loans and advances	3,266,807,756	6,137,718,552

Note - 12

	As at March 31, 2012	As at March 31, 2011
OTHER NON CURRENT ASSETS		
Other bank balances		
- in fixed deposit accounts with original maturity of more than 12 months	100,000	-
security deposit others	251,434	-
Total of other non current assets	351,434	-

Fixed Deposit with bank of Rs 100,000 is pledged for guarantee provided by the bank to sales tax department.

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 13

	As at March 31, 2012	As at March 31, 2011
CURRENT INVESTMENTS		
Investment in subsidiary company		
Trade, quoted - fully paid up equity share (at Cost)		
- 12,783,310 (previous year 12,783,310) fully paid up equity share of face value Rs.10 each in Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	423,439,890	423,439,890
Investment in subsidiary company		
Trade, un-quoted - fully paid up preference share (at Cost)		
- 3,122,450 (previous year Nil) fully paid preference share of face value Rs.10 each in Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	2,747,756,000	-
Non-trade, un-quoted		
Investments in mutual funds (at cost or fair value, whichever is lower)		
- Reliance fixed horizon fund- XIV series 10	125,000,000	-
No. of units: 12,500,000 (previous year: nil)		
NAV: Rs 10.8446 per unit (previous year: Rs nil)		
- Indiabulls liquid fund - Growth (LFGP)	12,700,000	-
No. of units: 12,193.099 (previous year: nil)		
NAV: Rs 1041.9834 per unit (previous year: Rs nil)		
Total of current investments	3,308,895,890	423,439,890
Aggregate book value of un-quoted investments	2,885,456,000	-
Aggregate book value of quoted investments	423,439,890	423,439,890
Aggregate market value of quoted investments	209,007,119	187,275,492

Note - 14

	As at March 31, 2012		As at March 31, 2011	
INVENTORIES				
Real estate project under development (at cost)				
- land	585,210,530		585,210,530	
- license and other regulatory fees	19,169,952		17,912,563	-
- cost of material, construction services and other overheads	809,750,101		438,579,433	-
	1,414,130,583		1,041,702,526	-
Less: cost of sale recognised till date	(882,677,344)	531,453,239	(643,635,848)	398,066,678
Total of inventories		531,453,239		398,066,678

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 15

	As at March 31, 2012	As at March 31, 2011
TRADE RECEIVABLES		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	386,475,628	302,778,805
Total of trade receivables	386,475,628	302,778,805

Note - 16

	As at March 31, 2012	As at March 31, 2011
CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	453,495	329,316
Balances with banks		
- in current accounts	25,944,498	10,991,126
- in fixed deposit accounts with original maturity of upto 3 months	12,500,000	38,444,498
Other bank balances*		
- in fixed deposit accounts with original maturity of more than 12 months	100,000	-
Less: non current bank balance in fixed deposits accounts	(100,000)	-
Total of cash and bank balances	38,897,993	11,320,442

*Fixed Deposit with bank of Rs 100,000 is pledged for guarantee provided by the bank to sales tax department.

Note - 17

	As at March 31, 2012	As at March 31, 2011
OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on:		
- loans and advances	4,519,879	197,687,197
- fixed deposit accounts	132,869	-
Total of other current assets	4,652,748	197,687,197

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 18

	For the year ended March 31, 2012	For the year ended March 31, 2011
REVENUE FROM OPERATIONS		
Revenue from real estate project under development	394,293,544	806,974,073
Income form software service	323,111,548	-
Sale of traded goods	98,734,735	5,073,598
Other operating revenues	24,648,709	495,313
Total of revenue from operations	840,788,536	812,542,984

Note - 19

	For the year ended March 31, 2012	For the year ended March 31, 2011
OTHER INCOME		
Dividend income on units of mutual funds	2,401,514	-
Interest income on loans and advances to related party	57,791,455	214,630,356
Interest income on fixed deposit	154,561	-
Interest - others	3,064,949	-
Miscellaneous income	52,771	164,381
Interest income on tax refund	-	32,170
Total of other income	63,465,250	214,826,907

Note - 20

	For the year ended March 31, 2012		For the year ended March 31, 2011	
COST OF SALES OF REAL ESTATE PROJECT UNDER DEVELOPMENT				
Cost incurred during the year		372,428,057		340,870,077
(Increase)/decrease in real estate project under development				
Opening stock	398,066,678		700,832,449	
Less: Closing stock	(531,453,239)	(133,386,561)	(398,066,678)	302,765,771
Total cost of sales of real estate project under development		239,041,496		643,635,848

Note - 21

	For the year ended March 31, 2012	For the year ended March 31, 2011
EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	176,227,277	-
Contribution to provident fund and other funds	418,156	-
Staff welfare expenses	2,030,567	-
Total of employee benefit expenses	178,676,000	-

Notes forming part of Consolidated financial statements

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 22

	For the year ended March 31, 2012		For the year ended March 31, 2011	
FINANCE COSTS				
Bank charges		30,694		6,491
Foreign exchange loss		216,172		-
Interest expenses on				
- taxation	3,506,713		817	
- bank car loan	-		75,384	
- loans and advances	103,083,055		76,714,357	
- others	634,814	107,224,582	36,198	76,826,756
Total of finance costs		107,471,448		76,833,247

Note - 23

	For the year ended March 31, 2012		For the year ended March 31, 2011	
OTHER EXPENSES				
Advertisement expenses		714,412		696,786
Auditor's remuneration - as auditors		2,830,626		160,300
Books and periodicals		11,691		-
Communication expenses		3,698,567		74,181
Donations		50,000		-
Insurance expenses		457,561		63,128
Legal and professional charges		25,135,413		295,398
Power and fuel expenses		1,611,530		-
Printing and stationery		738,027		75,589
Preliminary expenses		121,188		-
Rates and taxes		976,058		17,017
Rent expenses		8,128,730		525,000
Repairs and maintenance				
- vehicles	425,356		331,530	
- others	4,566,309	4,991,665	9,580	341,110
Sales and marketing expenses		1,098,818		676,513
Security expenses		2,460,053		-
Subscription fees		2,737,877		-
Software expenses		162,424		-
Travelling and conveyance expenses		10,110,382		78,772
Wealth tax		17,723		25,346
Miscellaneous expenses		2,113,883		112,088
Total of other expenses		68,166,628		3,141,228

24. Share warrants:

During the year ended March 31, 2011, the Board of Directors of the Indiabulls Real Estate Limited (IBREL) at their meeting held on August 26, 2010 and as already approved by the Shareholders of IBREL through postal ballot on August 12, 2010 has allotted 28,700,000 share warrants, convertible into 28,700,000 Equity Shares of Rs. 2 each to the promoter group entities and key management personnel of IBREL on preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956 at a conversion price of Rs.165 per Equity Share of the IBREL, as determined with applicable provisions of chapter VII of SEBI (issue of Capital and Disclosure Requirements) Regulation 2009 and 25% application money amounting to Rs. 1,183,875,000 was received from them.

Pursuant to the IBWSL Scheme of Arrangement, the IBWSL has issued 3,587,500 warrants of the Company and proportionate liability in respect of these share warrants amounting to Rs. 94,248,700 (representing 7.96% of total

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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application money received by IBREL) has been transferred by IBREL.

The holders of 3,587,500 warrants have informed the Company about their unwillingness to exercise these warrants at an exercise price of Rs. 105.09 per warrant of the Company (out of which Rs. 26.27 was already paid-up). In view thereof, 3,587,500 warrants allotted to them now stands lapsed and money collected against these warrants stand added to the capital reserve of the company.

The movement during the year in share warrants is given below:

Particulars	For the year ended March 31, 2012
Opening balance of Share Warrants	94,248,700
Less: Forfeiture of money received against share warrants	(94,248,700)
Closing balance of Share Warrants	NIL

25. The Company acquired 12,783,310 equity shares of Piramyd Retail Limited ("PRL"), comprising 63.92% of the outstanding share capital of PRL. The name of PRL was changed to Indiabulls Retail Services Limited ("IBRSL"), subsequent to receipt of approval from PRL's Shareholders on May 12, 2008. During the year ended March 31, 2010, the name of IBRSL was changed to Store One Retail India Limited ("SORIL"), subsequent to receipt of approval from IBRSL's Shareholders on September 30, 2009. The company bought 2,517,700 preference shares of SORIL having face value of Rs. 10 each at a premium of Rs 990 per.

The Company's investment in 63.92% of the outstanding equity shares of SORIL was acquired and is held with an exclusive intention to be disposed in the near future. Management is of the opinion that the fair value of this investment is not reflected in the quoted closing price per share of SORIL on the National Stock Exchange of India Limited, of Rs.16.35 (Previous Year Rs. 14.65) per equity share on March 31, 2012 as it does not consider the fair value of controlling interest embodied in the investment. Management has thus, not considered the fall in the quoted closing price per share of SORIL as diminution of current investments and therefore, not charged Rs. 214,432,771 (Previous Year Rs. 236,164,398) to the Statement of Profit and Loss.

The Board of Director of the Company at its meeting held on April 30, 2012, advised the management to discuss & evaluate various options to restructure the wholesale trading business, being carried by the Company and its subsidiaries including Store One Retail India Limited ("SORIL")

26. Employee benefits

Gratuity benefits

In accordance with "The Payment of Gratuity Act, 1972", the Company provides for gratuity a defined benefit retirement plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment. The amount of payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation and this plan is unfunded. The Company had charged Rs.2,501,469 (previous year: credit of Rs. 157,453) during the year ended March 31, 2012 and the amount outstanding as at March 31, 2012 is Rs. 12,612,644 (previous year: Rs. 351,600).

Compensated absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Company's policy and receive cash in lieu thereof. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on actuarial valuation as at balance sheet date carried out by a qualified actuary. The Company had charged Rs.2,836,328 (previous year: credit of Rs. 17,728) during the year ended March 31, 2012 and the amount outstanding as at March 31, 2012 is Rs. 3,220,525 (previous year: Rs.141,700).

The components of gratuity & compensated absence cost recognized, in accordance with AS-15 (Revised) on "Employee benefits", for the years ended March 31, 2012 and March 31, 2011 are enumerated as below:

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	Gratuity benefits		Compensated absence	
	For the year ended March 31,		For the year ended March 31,	
	2012	2011	2012	2011
Service cost	2,357,840	131,223	806,786	71,935
Interest cost	744,661	25,776	132,403	10,556
Actuarial (gain)/loss, net	(601,032)	(314,452)	1,897,229	(100,219)
Cost recognized during the year	2,501,469	(157,453)	2,836,328	(17,728)

Details of the employee benefits obligation are provided below:

	Gratuity benefits		Compensated absence	
	As at March 31,		As at March 31,	
	2012	2011	2012	2011
Obligation at the beginning of the year	351,600	509,053	141,700	159,428
Obligations transferred from companies	9,874,070	-	292,511	-
Benefits paid during the year	(104,567)	-	(49,718)	-
Cost recognized during the year	2,501,469	(157,453)	2,836,328	(17,728)
Cost Transferred to related parties	(9,928)	-	(296)	-
Obligation at the end of the year	12,612,644	351,600	3,220,525	141,700

The assumptions used to determine cost include:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Discount rate	8.50%	8.00%
Salary escalation rate	5.50%	5.00%
Mortality table	LIC (1994-96) duly modified	LIC (1994-96) duly modified

27. Income Tax

Current tax

Current tax for the year includes earlier year tax adjustments of Rs Nil (previous year credit of Rs. 57,815).

Deferred tax

In compliance with Accounting Standard 22 (AS 22) – 'Accounting for taxes on income', as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company had recognised deferred tax credit of Rs. 4,370,434 (previous year: charged of Rs. 6,257,952) in the statement of profit and loss.

Notes forming part of Consolidated financial statements

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

The breakup of deferred tax assets / (liabilities) as at March 31, 2012 into major components is as under:

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax liability arising on account of :		
Depreciation	(3,620,144)	(6,263,287)
Total of deferred tax liability	(3,620,144)	(6,263,287)
Deferred tax asset arising on account of :		
Provision for compensated gratuity	1,727,296	6,494
Preliminary expenses	6,489	-
Total of deferred tax asset	1,733,785	6,494
Deferred tax liability, net	(1,886,359)	(6,256,793)

28. Segment Reporting

a) Primary segment information:

Particulars	Construction and development of real estate projects	Trading	Information Technology Solutions	Total
I				
Segment Revenue	406,034,944	98,734,735	336,071,572	840,841,251
Inter Segment Sales	-	-	-	-
Total Revenue	406,034,944	98,734,735	336,071,572	840,841,251
II				
Segment Results	125,694,622	(3,993,998)	128,541,279	250,241,903
Add: Unallocated income net of unallocated expenses				58,210,513
Less: Interest				107,224,582
Less: Income taxes				64,269,386
Total profit after tax				136,958,448
III				
Segment Assets	4,069,353,733	7,623,194	101,924,916	4,178,901,843
Unallocated Corporate Assets				3,975,899,696
Total assets				8,154,801,539
IV				
Segment Liabilities	162,794,929	-	36,883,001	199,677,930
Unallocated Corporate Liabilities				48,007,875
Total Liabilities				247,685,805
V				
Cost incurred/advance given during the year to acquire tangible fixed assets	8,951	-	8,395,536	8,404,487
VI				
Depreciation and amortisation provide during year	13,340,278	30,358	364,116	13,734,752
VII				
Significant non cash expenses, other than depreciation and amortization	3,048	36,265	5,298,484	5,337,797

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

- a) The group's primary business segments are reflected based on principal business activities carried on by the Company. The Company operates in three reportable business segments i.e.
- (i) Trading
 - (ii) Construction and development of real estate projects
 - (iii) Information technology services
- b) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in Significant Accounting Policies above.

Till the last financial year the company had only one reportable segment. Hence only current year figures are given.

b) Secondary segment information:

Particulars		Within India	Outside India	Total
I	Segment Revenue- External Sale	822,347,305	18,493,946	840,841,251
II	Segment Assets	4,150,288,782	28,613,061	4,178,901,843
III	Segment Liabilities	189,448,534	10,229,396	199,677,930
IV	Capital expenditure	8,364,108	40,379	8,404,487

- a) The group's secondary geographical segments are reflected based on principal business activities carried on by the Company. The Company operates in two reportable geographical segments i.e.
- (i) Within India
 - (ii) Outside India.
- b) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in Significant Accounting Policies above.

Till the last financial year the company had only one reportable segment. Hence only current year figures are given.

29. Earnings per equity share

Basic earnings per equity share are computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the 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 plans as appropriate.

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"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit after tax	136,958,448	239,140,314
Less:- Dividend on preference share including corporate dividend tax	(1,093,703)	-
Profit attributable to equity shareholders	135,864,745	239,140,314
Weighted average number of shares used in computing basic and diluted earnings per equity share	50,285,093	50,285,093
Face value per equity share	2.00	2.00
Basic earnings per equity share	2.70	4.76
Diluted earnings per equity share	2.70	4.76

30. Employee Stock Option Schemes

During the year ended March 31, 2012, the Board of Directors and Shareholders of the Company have given their consent to create, issue, offer and allot, to the eligible employees of the Company and its Subsidiary Companies, stock options not exceeding 5,000,000 in number, representing 5,000,000 Equity shares of face value of Rs. 2 each of the Company, accordingly the Indiabulls Wholesale Services Limited Employee Stock Option Scheme - 2011 ("IBWSL ESOP - 2011") has been formed. As per the scheme Exercise Price will be the market price of the equity shares of the Company, being the latest available closing price, prior to the date of grant or as may be decided by the Board or Compensation Committee. These options vest uniformly over a period of 10 years, commencing one year after the date of grant. The stock option under each of the slabs, are exercisable by the option holder within a period of five years from the relevant vesting date.

The Compensation Committee of the Board of Directors has in its meeting held on February 28, 2012, granted 1,257,000 (Twelve Lac Fifty Seven Thousand only) stock options at an exercise price of Rs 8.28 per option in terms of the IBWSL ESOP-2011. These options shall vest within ten years beginning from March 1, 2013 the first vesting date.

The Compensation Committee of the Board of Directors has in its meeting held on March 29, 2012, granted 650,000 (Six Lac Fifty Thousand only) stock options at an exercise price of Rs 7.80 per option in terms of the IBWSL ESOP-2011. These options shall vest within ten years beginning from March 30, 2013 the first vesting date.

The Company follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share Based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no deferred employee stock compensation cost has been recorded in the financial statements. The fair value of the options under IWSL ESOS -2011 using the Black-Scholes model, based on the following parameters, is as below, as certified by an independent firm of chartered accountants.

Particulars	IWSL ESOS - 2011	
	February 28, 2012	March 29, 2012
Grant date of options	February 28, 2012	March 29, 2012
Fair value of option at grant date (Rs. per option)	Rs. 2.49	Rs. 2.13
Exercise price (Rs. Per option)	Rs. 8.28	Rs. 7.80
Expected volatility	21.08%	20.92%
Expected forfeiture percentage on each vesting date	Nil	Nil
Option Life (Weighted Average)	8.00 Years	8.00 Years
Expected Dividend yield	3.26%	3.57%
Risk Free rate of Interest	8.31%	8.60%

The table below provides pro forma disclosures for the impact on the Company's net profits after taxes and basic and diluted earnings per equity share, had the compensation cost for the stock options granted under IWSL ESOS-2011 been determined using the fair value method as prescribed in the Guidance Note.

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Particulars	For the year ended March 31, 2012	
	As reported	Pro forma
Net Profit available to Equity Shareholders (as reported)	46,859,316	46,859,316
Less : Stock-based employee compensation expense determined using the fair value method for the year: Total Stock-based employee compensation expense recognisable over the vesting period of the options [Gross Rs.4,517,262] (pro forma)	-	87,852
Net Profit considered for computing EPS (pro forma)	46,859,316	46,771,464
Basic earnings per equity share	0.93	0.93
Diluted earnings equity per share	0.93	0.93

A summary of the movement, during the year, in various IWSL ESOS – 2011 is as below:

Particulars	IWSL ESOS – 2011	
	February 28, 2012	March 29, 2012
Total Number of options under Scheme	5,000,000	
Grant date of options	February 28, 2012	March 29, 2012
Number of options outstanding as at April 1, 2011	-	-
Number of options granted during the year	1,257,000	650,000
Number of options forfeited/cancelled during the year	-	-
Number of options vested during the year	-	-
Number of options exercised during the year	-	-
Number of options expired during the year	-	-
Number of options outstanding as at March 31, 2012	1,257,000	650,000
Out of the outstanding options number of options exercisable as at March 31, 2012	-	-
Exercise Price (Rs. per option)	8.28	7.80
Remaining Contractual Life (Months)	119	120

IBWSL Employees Welfare Trust has been formed on September 8th, 2011 with an initial corpus of Rs. 50,000, to administer and implement current un granted options under Employee Stock Option Scheme ("ESOP Schemes") and any further ESOP/Employee Stock Purchase Schemes to all eligible employees of the Company.

31. Operating Lease

The company has taken office premises on operating lease at various locations and lease rent of Rs. 8,128,730 (Previous year Rs. 779,129) in respect of the same has been charged during the year. The underlying agreements are executed for a period generally ranging from one year to three years, renewable at the option of the Company and the lessor and are cancellable in some cases, by either party by giving a notice generally upto 90 days. There are no restrictions imposed by such leases and there are no subleases. The minimum lease rentals payable in respect of such operating leases are as under:

Minimum Lease Rentals	As at March 31, 2012	As at March 31, 2011
Within One Year	7,370,492	6,852,552
Latter than one year but not later than five years	20,628,808	3,824,325
Latter than five years	1,184,234	-
Total	29,183,534	10,676,876

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

32. Discloser pursuant to Revised Schedule VI of companies Act, 1956:

Details of Purchases and Sales of Traded Goods made during the year ended March 31, 2012 with Opening and Closing of stock is as follows:

Particulars	Cement	Steel	Total
Opening Stock	-	-	-
	-	-	-
Purchases	23,929,046	72,011,210	95,940,256
	<i>3,431,470</i>	<i>1,494,333</i>	<i>4,925,803</i>
Sales	24,647,018	74,087,717	98,734,735
	<i>3,534,435</i>	<i>1,539,163</i>	<i>5,073,598</i>
Closing Stock	-	-	-
	-	-	-
Profit	717,972	2,076,507	2,794,479
	<i>102,965</i>	<i>44,830</i>	<i>147,795</i>

Previous Year figures are stated in italics

33. Related party transactions

Disclosures in respect of Accounting Standard (AS) – 18 'Related party disclosures', as notified under the Companies (Accounting Standards) Rules, 2006 as amended:

a) Name and nature of relationship with related parties:-

Relationship	Name of the related parties
a) Related parties where control exists	
- Subsidiary Companies	Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)
b) Other related parties	
- Key management personnel	Mr. Sameer Gehlaut (Promoter of the Company) Mr. Rajiv Rattan (Promoter of the Company) Mr. Saurabh K Mittal (Promoter of the Company) Mr. Surinder Singh Kadyan (Whole Time Director of the Company)
- Entity over which key management personnel have significant influence* ("significant interest entities")	-IIC Limited (Formerly known as Indiabulls Infrastructure Company Limited) -IINFC Limited (Formerly known as Indiabulls Infra Constructions Limited)

*With whom transactions have been entered during the year/ previous year

b) Summary of significant transactions with related parties

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Loans and advances (given) to / received back		
Subsidiary Company:		
-Store One Retail India Limited	3,719,600,000	(2,899,600,000)

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Investment		
Investment in preference shares		
Subsidiary Company:		
-Store One Retail India Limited	874,676,000	-
Income		
Interest income on loans and advances given		
Subsidiary Company:		
-Store One Retail India Limited	70,015,242	214,630,356
Purchase of trading goods		
Entity over which key management personnel have significant influence:		
-IIC Limited	10,662,439	-
Total of purchase of trading goods	10,662,439	-
Sale of trading goods		
Entity over which key management personnel have significant influence:		
-IIC Limited	84,984,001	-
-IINFC Limited	13,750,734	-
Total of sale of trading goods	98,734,735	-
Expenses		
Construction Cost Incurred		
Entity over which key management personnel have significant influence:		
-IIC Limited	241,617,723	-
Expense incurred and reimbursed by		
Subsidiary Company:		
-Store One Retail India Limited	195,000	-
I.T Support Expenses		
Subsidiary Company:		
-Store One Retail India Limited	8,333,327	-
Investment		
Investment in preference shares		
Subsidiary Company:		
-Store One Retail India Limited	2,747,756,000	-
Purchase of preference shares of Albasta Wholesale Services Limited from		
-Store One Retail India Limited	300,000,000	-
Total of investment in preference shares	2,173,080,000	-
Purchase of equity shares of Albasta Wholesale Services Limited from		
-Store One Retail India Limited	1,000,500,000	-
Total of investment in equity shares	1,000,500,000	-

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

c) Statement of maximum balance outstanding at any time during the year.

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Loans and advances to		
Subsidiary Company:		
-Store One Retail India Limited	3,945,800,000	3,606,100,000

d) Statement of balance outstanding:

Particulars	As at March 31, 2012	As at March 31, 2011
Loans and advances to		
Subsidiary Company:		
-Store One Retail India Limited	-	2,899,600,000
Interest accrued		
-Store One Retail India Limited	-	193,167,318
Advance from customers		
Entity over which key management personnel have significant influence:		
-IIC Limited	18,999,924	-
Trade receivable		
Entity over which key management personnel have significant influence:		
- IINFC Limited	2,032,417	-
Trade payable		
Entity over which key management personnel have significant influence:		
- IIC Limited	105,985,460	-

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which such relationships existed. Related party relationships, as given above, are as identified by the Company and have been relied upon by the auditors.

34. Contingent liabilities and Commitment

Particulars	As at March 31, 2012
Contingent liabilities:	
- Guarantees issued by banks to sale tax department (secured by way of fixed deposits of the Company)	100,000
Commitments	

Notes forming part of Consolidated financial statements

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

- Estimated amount of contracts remaining to be executed on capital account, net of advances	12,355,363
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As per the best estimate of the management, no provision is required to be made in respect of any present obligation as a results of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

35. Earnings in Foreign Currency:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Export of Software Services	13,724,052	Nil

Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Travelling Expenses	405,505	Nil
Subscription Charges	3,494,520	Nil

36. The company has exposure to foreign exchange related risks on account of investments in subsidiary company and loan given to subsidiary company in foreign currencies. The company did not enter into any derivative transactions during the period under review.

Unhedged foreign currency exposure as at reporting date is as follows:(previous year nil)

Particulars	As at March 31, 2012 (in US \$)	As at March 31, 2012 (in Rs)
Trade receivable	268,849	13,465,780
Loan given	110,000	5,627,215
Total	378,849	19,092,995

37. 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, 2012.
38. In the opinion of the Board of Directors, all current assets and long term loans & advances, appearing in the balance sheet as at March 31, 2012, have a value on realization, in the ordinary course of the Company's business, at least equal to the amount at which they are stated in the financial statements and hence no provision is required to be made against the recoverability of these balances.
39. Previous year figures have been regrouped and/or re-arranged, wherever considered necessary to conform to current year groupings and/or classifications.

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Mehul Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 30, 2012

Place : New Delhi
Date : April 30, 2012

Auditors' Report

To the Members of Indiabulls Wholesale Services Limited

Indiabulls

Indiabulls Wholesale Services Limited

1. We have audited the accompanying financial statements of Indiabulls Wholesale Services Limited ("the Company") which comprise the Balance Sheet as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date. 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 Standards on Auditing generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance 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 by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act'), we enclose in the Annexure, a statement on the matters specified in paragraph 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 it appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 representations received from the directors, as at March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2012 from being appointed as a director in terms of Section 274 (1) (g) of the Act;
 - vi) In our opinion and according to the information and 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, 2012;
 - b) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Sharma Goel & Co.**
Chartered Accountants
FRN: 000643N

Amar Mittal
Partner
Membership No. 017755

Place: New Delhi
Date: April 30, 2012

Annexure to the Auditors' Report

of even date to the Members of Indiabulls Wholesale Services Limited on the financial statements for the year ended March 31, 2012.

Refer to in paragraph 3 of our report of even date

Indiabulls

Indiabulls Wholesale Services Limited

1. Based on the Audit Procedures performed for the purpose of reporting a true and fair view on the financials statements of the company and taking into the consideration the information and explanation given to us and the books of accounts and other records examined by us in the normal course of audit, we report that:
 - i) In respect of Fixed Assets of the Company and in our opinion:
 - (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of physical verification of its fixed assets by which they are verified annually. In accordance with this programme, fixed assets were verified during the year and no discrepancies were noticed on such verification. In our opinion, the frequency of the physical verification is reasonable having regards to the size of the company and nature of fixed assets.
 - (c) The Company has not disposed off any fixed assets during the year.
 - ii) In respect of Inventories of the Company and in our opinion
 - (a) Inventories have been physically verified by management during the year and the frequency of verification is reasonable.
 - (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
 - iii) In respect of loans, secured or unsecured, granted to or taken from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, in our opinion:
 - (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year aggregated to Rs.5,931,469,963/- and there was no balance outstanding at end of the year.
- (b) In our opinion rate of interest, where ever stipulated and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (c) The payments of principal amount and interest where ever stipulated in respect of such loans have been regular.
- (d) There is no overdue amount with regard to principal amount and interest where ever stipulated.
- (e) The company has not taken any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and sale of goods & services. We have not observed any major weakness in the internal control system during the course of the audit.
- v) In our opinion, the Company has not entered into any contracts or arrangements referred to in Section 301 of the Companies Act, 1956, the particulars of which are required to be entered in the register, maintained section 301.
- vi) In our opinion, 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 or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) In our opinion and as per the explanations given to us, cost records as prescribed under section 209(1)(d) of the Companies Act, 1956 are applicable and the company has duly made

Annexure to the Auditors' Report

of even date to the Members of Indiabulls Wholesale Services Limited on the financial statements for the year ended March 31, 2012 (contd.)

Refer to in paragraph 3 of our report of even date



- and maintained such accounts & records.
- ix) In respect of disputed and undisputed Statutory Dues of the Company and according to information and explanations given to us and on the basis of our examination of the records of the Company.
- a. Amounts deducted / accrued in the books of accounts in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and any other material Statutory Dues have generally been regularly deposited during the year by the Company with the appropriate authorities, to the extent applicable. 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. According to the information and explanations given to us, no undisputed amounts payable in respect aforesaid dues were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable, wherever applicable.
- b. There are no dues of Income-Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute, wherever applicable.
- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and immediately preceding financial year as well.
- xi) Based on our audit procedures and as per the information and explanations given by the management, there are no dues to financial institutions or banks or debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a Chit Fund or a Nidhi/ Mutual Benefit fund/society. Accordingly, the provisions of paragraph 4 clause (xiii) of the Order are not applicable.
- xiv) In our opinion the company is not dealing or trading in shares, debentures, securities and other investments. The investments in shares of subsidiary and other companies are held by the Company in its own name except to the extent exemption granted under section 49 of the Companies Act, 1956.
- xv) In our opinion, the Company has not given any guarantee in terms of paragraph 4 clause (xv).
- xvi) In our opinion and to the best of our knowledge and belief no term loans were obtained during the year.
- xvii) In our opinion and on an overall examination of the Balance Sheet of the Company, no funds were raised on short-term basis.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) In our opinion and according to the records examined by us, no debentures were issued during the year.
- xx) The Company has not raised any monies by way of public issue during the year.
- xxi) In our opinion, no material fraud on or by the Company has been noticed or reported during the year.

For **Sharma Goel & Co.**
Chartered Accountants
FRN: 000643N

Amar Mittal
Partner
Membership No. 017755

Place: New Delhi
Date: April 30, 2012

Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2012

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	Note	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	125,747,186	100,570,186
Reserves and surplus	5	7,725,381,930	5,091,750,914
Money received against share warrants	23	-	94,248,700
Total of Shareholders' funds		7,851,129,116	5,286,569,800
Non-current liabilities			
Deferred tax liabilities, net	26	3,251,956	6,256,793
Long-term provisions	9	509,969	464,608
Total of Non-current liabilities		3,761,925	6,721,401
Current liabilities			
Short-term borrowings	6	-	2,464,873,530
Trade Payables	7	112,611,782	11,510,715
Other current liabilities	8	49,660,758	37,742,817
Short-term provisions	9	22,840,471	31,516,156
Total of Current liabilities		185,113,011	2,545,643,218
Total of Equity and Liabilities		8,040,004,052	7,838,934,419
II. ASSETS			
Non-current assets			
Fixed assets	10		
- Tangible assets		10,747,239	13,115,701
- Intangible assets		7,316,851	18,064,090
Non-current investments	11	1,302,000,000	18,310,074
Long-term loans and advances	12	3,485,713,820	31,425,775
Total of Non-current assets		4,805,777,910	33,180,495
Current assets			
Current investment	11	2,296,519,890	423,439,890
Inventories	13	531,320,909	397,934,348
Trade receivables	14	334,549,607	302,778,805
Cash and bank balances	15	1,483,063	10,490,929
Short-term loans and advances	12	70,352,673	6,477,942,634
Other current assets	16	-	193,167,318
Total of current assets		3,234,226,142	7,805,753,924
Total of Assets		8,040,004,052	7,838,934,419

Significant accounting policies 3

The accompanying notes are an integral part of financial statements

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN : 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Surinder Singh Kadyan
Whole Time Director

Mehul Johnson
Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 30, 2012

Place : New Delhi
Date : April 30, 2012

Statement of Profit and Loss

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue			
Revenue from operations	17	504,769,679	812,542,984
Other income	18	60,034,918	214,794,737
Total of Revenue		564,804,597	1,027,337,721
Expenses			
Cost of sales for real estate project under development	19		
-Cost incurred during the year		372,428,057	340,870,077
-(Increase)/decrease in real estate project under development		(133,386,561)	302,765,771
		239,041,496	643,635,848
Cost of sales of trading goods		95,940,256	4,925,803
Employee benefits expense	20	12,558,066	-
Finance costs	21	107,202,691	76,833,247
Depreciation and amortisation expense	10	13,370,636	13,493,083
Other expenses	22	24,287,096	3,027,988
Total of Expenses		492,400,241	741,915,969
Profit before tax			
		72,404,356	285,421,752
Tax expense:			
Current tax (including of earlier year taxes)	26	27,456,174	39,942,414
Deferred tax		(3,004,837)	6,256,793
Profit for the year		47,953,019	239,222,545
Earnings per equity share			
	28		
- Basic		0.93	4.76
- Diluted		0.93	4.76
Face value per equity share		2.00	2.00

Significant accounting policies

3

The accompanying notes are an integral part of financial statements

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN : 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Surinder Singh Kadyan
Whole Time Director

Mehul Johnson
Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 30, 2012

Place : New Delhi
Date : April 30, 2012

Cash Flow Statement

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. Cash flow from operating activities:		
Net profit before tax	72,404,356	285,421,752
Adjustments for Statement of Profit and Loss items:		
Depreciation and amortisation expense	13,370,636	13,493,083
Interest expense on loans and advances taken	103,083,055	76,714,357
Interest income on loans and advances given	(57,218,258)	(214,630,356)
Dividend income on units of mutual fund	(600,390)	-
Provision for gratuity and compensated absences	29,089	-
Operating profit before working capital changes and other adjustments	131,068,488	160,998,836
Working capital changes and other adjustments		
Increase in trade receivables	(31,770,802)	(302,778,805)
(Increase)/decrease in loans and advances	(5,389,852)	11,688,831
(Increase)/decrease in inventories	(133,386,561)	302,595,336
Increase in trade payables	101,101,067	6,616,561
Increase/(decrease) in other liabilities	11,917,941	(84,184,474)
Cash generated from operating activities	73,540,281	94,936,285
Income tax paid	(16,772,577)	(21,484,321)
Net cash generated from operating activities	56,767,704	73,451,964
B. Cash flow from investing activities:		
Purchase of fixed assets	(8,951)	(502,302)
Investment in equity share of subsidiary companies	(1,001,000,000)	-
Investment in preference share of subsidiary companies	(2,173,080,000)	-
Loans and advances received back/(given), net	2,907,584,000	(2,549,700,000)
Interest received on loans and advance	250,385,576	-
Dividend received from units of mutual fund	600,390	-
Net cash used in investing activities	(15,518,985)	(2,550,202,302)
C. Cash flow from financing activities:		
Proceeds from issue of preference share capital (including premium)	2,517,700,000	-
Received share warrants money pursuant to scheme of arrangement from Indiabulls Real Estate Limited	-	94,248,700
Repayment of borrowings from banks and financial institutions	-	(1,773,852)
Interest paid on borrowings from banks and financial institutions	-	(75,384)
Loans and advances (repaid)/taken, net	(2,464,873,530)	2,464,873,530
Interest paid on loans and advances	(103,083,055)	(86,138,196)
Net cash (used in) / generated from financing activities	(50,256,585)	2,471,134,798
D. Decrease in cash and cash equivalents, net (A+B+C)	(9,007,866)	(5,615,540)
E. Cash and cash equivalents at the beginning of the year	10,490,929	16,106,469
F. Cash and cash equivalents at the end of the year (D+E)	1,483,063	10,490,929

Cash Flow Statement

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Notes:

- a) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) - 3 on "Cash Flow Statements" as notified under the Companies (Accounting Standards) Rules, 2006 as amended.
- b) The above cash flow statement for previous year excludes assets/liabilities (other than cash balance) acquired pursuant to the Scheme of arrangement from Indiabulls Real Estate Limited (an erstwhile holding company), as it is non cash transactions.
- c) Cash and cash equivalents includes:

	As at March 31, 2012	As at March 31, 2011
Cash on hand	153,213	66,646
Balances with scheduled banks		
- In current accounts	1,329,850	10,424,283
Total of cash and cash equivalents	1,483,063	10,490,929

- d) Previous year figures have been regrouped and/ or reclassified wherever considered necessary to conform to those of the current year grouping and/or classification.

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN : 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Surinder Singh Kadyan
Whole Time Director

Mehul Johnson
Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 30, 2012

Place : New Delhi
Date : April 30, 2012

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

1. Company overview

Indiabulls Wholesale Services Limited ("the Company", "IBWSL") was incorporated on July 24, 2007 as a wholly owned subsidiary of Indiabulls Real Estate Limited ("IBREL").

The Company carries on wholesale trading and retail business and is also developing Real Estate Projects on land situated in Ahmedabad (Gujarat) and Hyderabad (Andhra Pradesh).

A Scheme of Arrangement ("IBWSL Scheme of Arrangement") between Indiabulls Real Estate Limited ("Demerged Company", "IBREL") and the Company ("IBWSL", "Resulting Company") and their respective shareholders and creditors under Sections 391 – 394 of the Companies Act, 1956, was sanctioned by the Hon'ble High Court of Delhi at New Delhi on March 3, 2011. Upon coming into effect of the IBWSL Scheme of Arrangement on March 31, 2011 and with effect from the Appointed Date on April 01, 2010, the Wholesale trading business stand demerged from IBREL and transferred to and vested in IBWSL on a going concern basis. In terms of the Scheme, with effect from the Appointed Date on April 01, 2010 :

- Certain assets comprising of fixed assets and loans and advances in IBREL aggregating to Rs. 4,106,396,502 have been transferred to IBWSL, at their book values;
- The equity share capital of the demerged Company amounting to Rs. 1,000,000,000 was cancelled;
- The net adjustment for such transfer of assets, liabilities and cancellation and issue of equity share capital amounting to Rs. 5,005,826,316 has been shown in the General reserve account;
- In terms of the Scheme, all business activities of the IBREL made by IBREL in trust for IBWSL, carried out on or after the Appointed Date are deemed to have been carried out by the IBREL on behalf of the IBWSL on a going concern basis;
- The transfer of proportionate Share warrant has been made as per the net worth ratio between net worth of the IBREL transferred to IBWSL pursuant to Scheme and the net worth of the IBREL immediately before demerger as on appointed date. Proportionate liability in respect of share warrants representing 25% of the application money amounting to Rs. 94,248,700 has also been transferred to the Company;
- Pursuant to the scheme being given effect to, by the Company, IBWSL has allotted one (1) equity share of face value of Rs. 2 each credited as fully paid-up for every eight (8) equity share of Rs. 2 each held by such shareholders in the IBREL.

In terms of the scheme, on April 27, 2011, the Company has issued and allotted 50,285,093 equity shares of face value of Rs. 2 each aggregating to Rs.100, 570,186 to the respective shareholders of IBREL as on the record date i.e. April 25, 2011.

Pursuant to the scheme, the authorised share capital of the Company has been reorganised to Rs. 1,100,000,000 divided into 550,000,000 equity shares of Rs.2 each.

2. Basis of preparation of financial statements

a) Statement of compliance

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India and in compliance with the applicable accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, as amended and as per Revised Schedule VI to the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

b) Use of estimates

The presentation 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 and disclosure of contingent liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known or materialized.

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

3. Significant accounting policies

a) Revenue recognition

- i) Revenue from real estate development projects and plots under development is recognized in the financial year in which the agreement to sell or application forms (containing salient terms of agreement to sell) is executed, on the percentage of completion method which is applied on a cumulative basis in each accounting year to the current estimate of contract revenue and related project costs, when the stage of completion of each project reaches a significant level which is estimated to be at least 25% of the total estimated construction cost of the respective projects.
- ii) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods. The Company collects all relevant applicable taxes like sales taxes, value added taxes (VAT) etc. on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. The ownership in goods/merchandise of third parties under concessionaire arrangements does not pass to the Company. Concessionaire income earned from sales made by third parties under such arrangements is recognised in the statement of profit and loss as other operating income under the head Concessionaire Income.
- iii) Revenue from sale of developed land and plots is recognized in the year in which the underlying sale deed is executed.
- iv) Interest income from deposits is recognized on accrual basis.
- v) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- vi) Profit on sale of investment is recognized on the date of its sale and is computed as excess of sale proceeds over its carrying amount as at the date of sale.
- vii) Interest on delayed receipts, cancellation/forfeiture and transfer fees from customers is recognized, as per revenue recognition principles laid down in Accounting Standard - 9 on "Revenue Recognition", when certainty of its collection is established.

b) Inventories

Land other than that transferred to real estate projects under development is valued at lower of cost or net realizable value.

Cost includes cost of acquisition and internal and external development costs, construction costs, and development/construction materials. Real estate projects under development represents land under development, cost incurred directly in respect of construction activity and indirect construction cost to the extent to which the expenditure is related to the construction or incidental thereto on unsold real estate projects is valued at cost.

Construction materials, stores and spares, tools and consumable are valued at lower of cost or net realizable value, on the basis of first-in first-out method.

Inventories of trading goods are valued at cost or estimated net realizable value, whichever is lower. Cost of inventories is determined using the weighted average cost method and includes purchase price, and all direct costs incurred in bringing the inventories to their present location and condition.

c) Fixed assets

Recognition and measurement

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

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

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Depreciation and Amortization

Depreciation on fixed assets is provided on the straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, on a pro-rata basis from the date the asset is ready to put to use till the end of its useful life or till the asset is discarded, whichever is earlier. Individual assets costing up to Rs. 5,000 per item are fully depreciated in the year of purchase. Temporary structures are depreciated over a period of twelve months, on a pro-rata basis, from the date it is ready to put to use.

Intangible assets are amortized over the expected useful life from the date the assets are available for use, as mentioned below:

Description of asset	Estimated useful life
Computer Software	Four Years

Capital work-in-progress

Costs of fixed assets under construction are disclosed under capital work-in-progress. Advances paid towards acquisition or construction of fixed assets or intangible assets is included as capital advances under long term loans and advances.

d) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to statement of profit and loss.

e) Investments

Investments are classified as long term or current investments. Long term investments are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are stated at the lower of cost or fair value.

f) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or 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 Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed.

g) Employee benefits

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss or inventorized, as the case may be. The Company has unfunded defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on the basis of actuarial valuation, conducted semi-annually, by an independent actuary, in accordance with Accounting Standard 15 (Revised 2005) – 'Employee Benefits', notified under the Companies (Accounting Standards) Rules, 2006, as amended.

Actuarial gains and losses are recognized in the statement of profit and loss or inventorized, as the case may be.

h) Stock based compensation expense

Stock based compensation expense are recognized in accordance with the guidance note on 'Accounting for employee share based payments' issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the intrinsic value of the stock options on the grant date. The compensation expense is amortized over the vesting period of the options.

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

i) Leases

In case of assets taken on operating lease, the lease rentals are charged to the statement of profit and loss in accordance with Accounting Standard 19 (AS 19) – 'Leases', as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

j) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the exchange rate between the reporting currency and the foreign currency at the date of the transaction to the foreign currency amount.

Conversion

Foreign currency monetary items are converted to reporting currency using the closing rate. Non monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on monetary items that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized in the statement of profit and loss.

k) Taxes on income

Current tax

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

Deferred tax resulting from timing differences between taxable income and accounting income is accounted for at the current rate of tax or substantively enacted tax rates as at reporting date, 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 supported by convincing evidence that such deferred tax assets will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognized 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:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or,
- 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.

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

m) Earnings per equity share

Basic earnings per equity share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year.

n) 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 statement of profit and loss, as incurred.

o) Preliminary expenses

Preliminary expenses are adjusted against securities premium account (net of tax) to the extent of balance available and thereafter, the balance portion is charged off to the statement of profit and loss, as incurred.

p) 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 performance assessment and decision making with regards to resource allocation.

Note - 4

SHARE CAPITAL

	As at March 31, 2012		As at March 31, 2011	
Authorised	No. of shares		No. of shares	
Equity shares of face value of Rs. 2 each	400,000,000	800,000,000	550,000,000	1,100,000,000
Preference shares of face value of Rs. 10 each	30,000,000	300,000,000	-	-
		<u>1,100,000,000</u>		<u>1,100,000,000</u>
Issued, subscribed and paid up	No. of shares		No. of shares	
Equity shares of face value of Rs. 2 each fully paid up				
Balance at the beginning of the year	50,285,093	100,570,186	50,285,093	100,570,186
Add: Issued during the year	-	-	-	-
Total of equity share capital	50,285,093	100,570,186	50,285,093	100,570,186
	No. of shares		No. of shares	
9% Redeemable non -cumulative, non-convertible preference share of face value of Rs.10 each				
Balance at the beginning of the year	-	-	-	-
Add: Issued during the year	2,517,700	25,177,000	-	-
Total of preference share capital	2,517,700	25,177,000	-	-
Total of share capital		125,747,186		100,570,186

The holders of equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In the event of liquidation of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date. The holders of preference shares are entitled to receive dividends, but do not carry the right to vote. All shares rank equally with regard to the Company's residual assets, except that holders of preference shares participate only to the extent of the face value of the shares.

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

- 1) Pursuant to the IBWSL Scheme of Arrangement, the Company has allotted one (1) Equity Share of face value of Rs. 2 each credited as fully paid-up for every eight (8) Equity share of Rs. 2 each held by such shareholders in the IBREL (Refer Note 1).
- 2) At the AGM held on September 30, 2011, the authorised share capital of the Company has been reorganized to Rs.1,100,000,000 divided into 400,000,000 equity share of Rs. 2 each and 30,000,000 preference share of Rs. 10 each.
- 3) On October 14, 2011, the Company has issued and allotted 2,517,700, 9% redeemable, non cumulative, non convertible preference share of face value Rs. 10 each to Indiabulls Real Estate Limited.

	As at March 31, 2012	As at March 31, 2011
Details of equity share holding in excess of 5% of equity share capital:		
- Number of share holders [including their nominees]	4	-
- Number of shares held	14,943,427	-
Details of preference share holding in excess of 5% of preference share capital:		
- Number of share holders	1	-
- Number of shares held	2,517,700	-
Details of number of equity share reserved for issuance under contracts or options:		
- Employee stock option scheme	1,907,000	-
- Share warrants	-	3,587,500
Total of shares reserved for issuance	1,907,000	3,587,500

Note - 5

RESERVES AND SURPLUS

	As at March 31, 2012		As at March 31, 2011	
Capital reserve				
Balance as at the beginning of the year	-		-	
Add : Forfeiture of money received against share warrants	94,248,700	94,248,700	-	-
General reserve				
Balance as at the beginning of the year	5,005,826,316		-	
Add: Transfer of net assets of wholesale trading business (demerged undertaking) pursuant to scheme of arrangement from Indiabulls Real Estate Limited	-	5,005,826,316	5,005,826,316	5,005,826,316
Securities premium:				
Balance as at the beginning of the year	-		-	
Add : Issue of preference share capital	2,492,523,000	2,492,523,000	-	-
Retained earnings				
Balance as at the beginning of the year	85,924,598		(153,297,947)	
Add: Profit for the year	47,953,019		239,222,545	
	133,877,617		85,924,598	

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	As at March 31, 2012	As at March 31, 2011
Less: Appropriations		
Proposed dividend on preference shares	941,042	-
Corporate dividend tax thereon	152,661	-
	132,783,914	85,924,598
Total of reserves and surplus	7,725,381,930	5,091,750,914

Note - 6

BORROWINGS

Short term borrowings - Unsecured		
Loans and advances from related parties	-	2,464,873,530
Total of short term borrowings	-	2,464,873,530

Note - 7

TRADE PAYABLES

Due to micro and small enterprises	-	-
Due to others	112,611,782	11,510,715
Total of trade payables	112,611,782	11,510,715

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006"):

	Amount
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	nil
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	nil
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	nil
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	nil
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	nil

The above information regarding micro, small and medium enterprises have 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.

Note - 8

OTHER CURRENT LIABILITIES

Temporary book overdraft	-	393,813
Advance from customers	36,764,336	6,464,876
Payable to statutory and government authorities	8,663,476	7,785,953
Security deposits	20,000	-
Expenses payable	4,212,946	23,098,175
Total of other current liabilities	49,660,758	37,742,817

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 9
PROVISIONS

	As at		As at	
	March 31, 2012		March 31, 2011	
Long-term provisions				
Provision for employee benefits				
For gratuity	359,412		330,768	
For compensated absences	150,557	509,969	133,840	464,608
Total of long term provisions	509,969		464,608	
Short-term provisions				
Provision for employee benefits				
For gratuity	4,643		20,832	
For compensated absences	7,777	12,420	7,860	28,692
Provision for income tax [Net of advance income tax and tax deducted at source]		21,734,348		31,487,464
Dividend proposed on preference shares		941,042		-
Corporate dividend tax thereon		152,661		-
Total of short term provisions	22,840,471		31,516,156	

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 10 Fixed Assets

Particulars	Gross Block (at cost)			Accumulated Depreciation / Amortisation				Net Block	
	As at April 01, 2011	Additions during the year	Assets transfer from IBREL under scheme of arrangement on April 01, 2010	As at March 31, 2012	As at April 01, 2011	Provided during the year	Assets transfer from IBREL under scheme of arrangement on April 01, 2010	As at March 31, 2012	As at March 31, 2011
A. Tangible Assets									
Building - Temporary Structure	212,754	-	-	212,754	212,754	-	-	212,754	-
Plant & Equipment	349,010	8,951	-	357,961	6,222	16,740	-	22,962	334,999
Office Equipment	2,726,235	-	-	2,726,235	366,619	127,404	-	494,023	2,232,212
Computers	9,070,340	-	-	9,070,340	4,396,575	1,454,733	-	5,851,308	3,219,032
Furniture and Fixtures	445,680	-	-	445,680	240,734	16,277	-	257,011	188,669
Vehicles	8,023,786	-	-	8,023,786	2,489,200	762,259	-	3,251,459	4,772,327
Total of Tangible Assets	20,827,805	8,951	-	20,836,756	7,712,104	2,377,413	-	10,089,517	13,115,701
B. Intangible Assets									
Computer Software	43,972,893	-	-	43,972,893	25,662,819	10,993,223	-	36,656,042	7,316,851
Total of Intangible Assets	43,972,893	-	-	43,972,893	25,662,819	10,993,223	-	36,656,042	18,310,074
Total of Fixed Assets [A+B]	64,800,698	8,951	-	64,809,649	33,374,923	13,370,636	-	46,745,559	31,425,775
Previous Year	63,986,678	552,874	261,146	64,800,698	19,772,184	13,493,083	109,656	33,374,923	31,425,775

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 11

INVESTMENTS

	As at March 31, 2012	As at March 31, 2011
Non-current investments		
Trade, un-quoted - fully paid up equity share (at Cost)		
In subsidiary companies:		
- 50,000 (previous year 50,000) fully paid equity share of face value Rs.10 each in Lucina Infrastructure Limited	500,000	500,000
- 50,000 (previous year 50,000) fully paid equity share of face value Rs.10 each in Sentia Properties Limited	500,000	500,000
- 50,000 (previous year Nil) fully paid equity share of face value Rs.10 each in Indiabulls Technology Solutions Limited	500,000	-
- 100,050,000 (previous year Nil) fully paid equity share of face value Rs.10 each in Albasta Wholesale Services Limited (formerly known as Albsta Power Limited)	1,000,500,000	-
Trade, un-quoted - fully paid up preference share (at Cost)		
In subsidiary company:		
- 30,000,000 (previous year Nil) fully paid preference share of face value Rs.10 each in Albasta Wholesale Services Limited (formerly known as Albsta Power Limited)	300,000,000	-
Total of non current investments	1,302,000,000	1,000,000
Current investments		
Trade, quoted - fully paid up equity share (at Cost)		
In subsidiary company:		
- 12,783,310 (previous year 12,783,310) fully paid up equity share of face value Rs.10 each in Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	423,439,890	423,439,890
Trade, un-quoted - fully paid up preference share (at Cost)		
- 2,128,500 (previous year Nil) fully paid preference share of face value Rs.10 each in Store One Retail India Limited (Formerly Indiabulls Retails Services Limited)	1,873,080,000	-
Total of current investments	2,296,519,890	423,439,890
Total of investments	3,598,519,890	424,439,890
Aggregate book value of unquoted investments	3,175,080,000	1,000,000

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	As at March 31, 2012	As at March 31, 2011
Aggregate amount of quoted investments	423,439,890	423,439,890
Aggregate market value of quoted investments	209,007,119	187,275,492

Note - 12

LOANS AND ADVANCES

Long-term loans and advances (Unsecured, considered good)		
Loans and advances to related parties	3,484,956,100	-
Security deposits - others	757,720	754,720
Total of Long term loans and advances	3,485,713,820	754,720
Short-term loans and advances (Unsecured, considered good)		
Loans and advances to related parties	-	6,392,540,100
Security deposits - others	5,680,000	5,714,000
Advance for land	25,000,000	-
Advance to material / service providers	6,925,619	18,570,150
Prepaid expenses	183,673	98,795
Wealth Tax recoverable	14,476	14,476
Input credit and others recoverable of indirect taxes	4,480,833	12,519,882
Other receivables	3,407,394	3,387,840
MAT credit entitlement	12,948,471	12,950,273
Advance income tax, including tax deducted at source, net of provision for tax	11,712,207	32,147,118
Total of short term loans and advances	70,352,673	6,477,942,634

Note - 13

INVENTORIES

Real estate project under development (at cost)			
-Land	585,078,200	585,078,200	
-license and other regulatory fees	19,169,952	17,912,563	
-cost of material, construction services and other overheads	809,750,101	438,579,433	
	1,413,998,253	1,041,570,196	
Less: cost of sale recognised till date	(882,677,344)	(643,635,848)	397,934,348
Total of inventories	531,320,909	397,934,348	

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 14

TRADE RECEIVABLE

	As at March 31, 2012	As at March 31, 2011
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts	334,549,607	302,778,805
Total of trade receivables	334,549,607	302,778,805

Note - 15

CASH AND BANK BALANCES

Cash and cash equivalents		
Cash on hand	153,213	66,646
Balances with banks		
- In current accounts	1,329,850	10,424,283
Total of cash and bank balances	1,483,063	10,490,929

Note - 16

OTHER CURRENT ASSETS

(Unsecured, considered good)		
Interest accrued on loans and advances	-	193,167,318
Total of other current assets	-	193,167,318

**For the year ended
March 31, 2012**

**For the year ended
March 31, 2011**

Note - 17

REVENUE FROM OPERATIONS

Revenue from real estate project under development	394,293,544	806,974,073
Sale of traded goods	98,734,735	5,073,598
Other operating revenues	11,741,400	495,313
Total of revenue from operations	504,769,679	812,542,984

Note - 18

OTHER INCOME

Dividend income on units of mutual fund	600,390	-
Interest on loans and advance given	57,218,258	214,630,356
Interest - others	2,216,270	-
Miscellaneous income	-	164,381
Total of other income	60,034,918	214,794,737

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Note - 19

COST OF SALES

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Cost incurred during the year	372,428,057		340,870,077	
(Increase)/decrease in real estate project under development				
Opening stock	397,934,348		700,700,119	
Less: Closing stock	(531,320,909)	(133,386,561)	(397,934,348)	302,765,771
	239,041,496		643,635,848	

Note - 20

EMPLOYEE BENEFITS EXPENSES

Salaries and wages	12,160,065	-
Contribution to provident fund and other funds	17,798	-
Staff welfare expenses	380,203	-
Total of employee benefits expenses	12,558,066	-

Note - 21

FINANCE COSTS

Bank charges	5,865	6,491
Interest expenses		
- on taxation	3,479,157	817
- on bank car loan	-	75,384
- on loans and advances	103,083,055	76,714,357
- Others	634,614	36,198
Total of finance costs	107,202,691	76,833,247

Note - 22

OTHER EXPENSES

Advertisement expenses	714,412	696,786
Auditor's remuneration - as auditors	1,685,400	50,000
Books and periodicals	7,588	265
Communication expenses	2,166,001	85,111
Donations	50,000	-
Insurance expenses	454,506	63,128
Legal and professional charges	1,890,052	295,398
Power and fuel expenses	1,470,305	-
Printing and stationery	609,386	64,394
Rates and taxes	802,272	105,457
Rent expenses (Refer Note- 30)	6,845,352	525,000
Repairs and maintenance		
- Vehicles	363,756	331,530
- Others	1,701,186	9,580
Sales and marketing expenses	1,000,822	676,513

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

	For the year ended March 31, 2012	For the year ended March 31, 2011
Security expenses	2,432,497	-
Travelling and conveyance expenses	1,682,743	78,772
Wealth tax	17,723	25,346
Miscellaneous expenses	393,095	20,708
Total of other expenses	24,287,096	3,027,988

23. Share warrants:

During the year ended March 31, 2011, the Board of Directors of the Indiabulls Real Estate Limited (IBREL) at their meeting held on August 26, 2010 and as already approved by the Shareholders of IBREL through postal ballot on August 12, 2010 has allotted 28,700,000 share warrants, convertible into 28,700,000 Equity Shares of Rs. 2 each to the promoter group entities and key management personnel of IBREL on preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956 at a conversion price of Rs.165 per Equity Share of the IBREL, as determined with applicable provisions of chapter VII of SEBI (issue of Capital and Disclosure Requirements) Regulation 2009 and 25% application money amounting to Rs. 1,183,875,000 was received from them.

Pursuant to the IBWSL Scheme of Arrangement, the company has issued 3,587,500 warrants of the Company and proportionate liability in respect of these share warrants amounting to Rs. 94,248,700 (representing 7.96% of total application money received by IBREL) has been transferred by IBREL.

The holders of 3,587,500 warrants have informed the Company about their unwillingness to exercise these warrants at an exercise price of Rs. 105.09 per warrant of the Company (out of which Rs. 26.27 was already paid-up). In view thereof, 3,587,500 warrants allotted to them now stands lapsed and money collected against these warrants stand added to the capital reserve of the company.

The movement during the year in share warrants is given below:

Particulars	For the year ended March 31, 2012
Opening balance of Share Warrants	94,248,700
Less: Forfeiture of money received against share warrants	(94,248,700)
Closing balance of Share Warrants	NIL

24. The Company acquired 12,783,310 equity shares of Piramyd Retail Limited ("PRL"), comprising 63.92% of the outstanding share capital of PRL. The name of PRL was changed to Indiabulls Retail Services Limited ("IBRSL"), subsequent to receipt of approval from PRL's Shareholders on May 12, 2008. During the year ended March 31, 2010, the name of IBRSL was changed to Store One Retail India Limited ("SORIL"), subsequent to receipt of approval from IBRSL's Shareholders on September 30, 2009. The company bought 2,517,700 preference shares of SORIL having face value of Rs. 10 each at a premium of Rs 990 per share.

The Company's investment in 63.92% of the outstanding equity shares of SORIL was acquired and is held with an exclusive intention to be disposed in the near future. Management is of the opinion that the fair value of this investment is not reflected in the quoted closing price per share of SORIL on the National Stock Exchange of India Limited, of Rs.16.35 (Previous Year Rs. 14.65) per equity share on March 31, 2012 as it does not consider the fair value of controlling interest embodied in the investment. Management has thus, not considered the fall in the quoted closing price per share of SORIL as diminution of current investments and therefore, not charged Rs. 214,432,771 (Previous Year Rs. 236,164,398) to the statement of profit and loss.

The Board of Director of the Company at its meeting held on April 30, 2012, advised the management to discuss & evaluate various options to restructure the wholesale trading business, being carried by the Company and its subsidiaries including Store One Retail India Limited ("SORIL")

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

25. Employee benefits

Gratuity benefits

In accordance with "The Payment of Gratuity Act, 1972", the Company provides for gratuity a defined benefit retirement plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment. The amount of payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation and this plan is unfunded. The Company had charged Rs.22,383 (previous year: credit of Rs. 157,453) during the year ended March 31, 2012 and the amount outstanding as at March 31, 2012 is Rs. 364,055 (previous year: Rs. 351,600).

Compensated absences

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Company's policy and receive cash in lieu thereof. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on actuarial valuation as at balance sheet date carried out by a qualified actuary. The Company had charged Rs.16,930 (previous year: credit of Rs. 17,728) during the year ended March 31, 2012 and the amount outstanding as at March 31, 2012 is Rs.158,334 (previous year: Rs.141,700).

The components of gratuity & compensated absence cost recognized, in accordance with AS-15 (Revised) on "Employee benefits", for the years ended March 31, 2012 and March 31, 2011 are enumerated as below:

	Gratuity benefits		Compensated absences	
	For the year ended March 31		For the year ended March 31	
	2012	2011	2012	2011
Service cost	149,564	131,223	69,383	71,935
Interest cost	27,280	25,776	10,857	10,556
Actuarial (gain)/loss, net	(154,461)	(314,452)	(63,220)	(100,219)
Cost recognized during the year	22,383	(157,453)	16,930	(17,728)

Details of the employee benefits obligation are provided below:

	Gratuity benefits		Compensated absences	
	As at March 31		As at March 31	
	2012	2011	2012	2011
Obligation at the beginning of the year	351,600	509,053	141,700	159,428
Cost recognized during the year	22,383	(157,453)	16,930	(17,728)
Cost Transferred to related parties	(9,928)	-	(296)	-
Obligation at the end of the year	364,055	351,600	158,334	141,700

The assumptions used to determine cost include:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Discount rate (%)	8.50	8.00
Salary escalation rate (%)	5.50	5.00
Mortality table (%)	LIC (1994-96) duly modified	LIC (1994-96) duly modified

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

26. Income Tax

Current tax

Current tax for the year includes earlier year tax adjustments of Rs Nil (Previous Year Rs. 57,815).

Deferred tax

In compliance with Accounting Standard 22 (AS 22) – 'Accounting for taxes on income', as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company has recognised deferred tax credit of Rs. 3,004,837 (previous year: charged Rs. 6,256,793) in the statement of profit and loss during the year ended March 31, 2012.

The breakup of deferred tax assets / (liabilities) as at March 31, 2012 into major components is as under:

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax liability arising on account of timing differences due to:		
Depreciation	(3,264,711)	(6,263,287)
Deferred tax asset arising on account of timing differences due to:		
Provision for compensated absences and gratuity	12,755	6,494
Net deferred tax liability	(3,251,956)	(6,256,793)

27. Segment Reporting

Particulars	Construction and development of real estate projects	Trading	Total
Segment Revenue	406,034,944	98,734,735	504,769,679
Inter Segment Sales	-	-	-
Total Revenue	406,034,944	98,734,735	504,769,679
Segment Results	125,694,621	(3,993,997)	121,700,624
Less: Unallocated expenditure net of other unallocated income			49,296,267
Less: Interest			107,196,826
Less: Income taxes			24,451,337
Total profit after tax			47,953,019
Segment assets	919,353,733	3,604,643,194	4,523,996,927
Unallocated corporate assets			3,516,007,125
Total assets			8,040,004,052
Segment Liabilities	162,794,929	-	162,794,929
Unallocated corporate liabilities			26,080,007
Total liabilities			188,874,936
Cost incurred/advance given during the year to acquire tangible fixed assets	25,008,951	-	25,008,951
Depreciation and amortisation provided during year	13,340,278	30,358	13,370,636

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Particulars	Construction and development of real estate projects	Trading	Total
Significant non cash expenses, other than depreciation and amortisation	3,048	36,265	39,313

- The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.
- The group's primary business segments are reflected based on principal business activities carried on by the Company. The Company operates in two reportable business segments i.e.
 - Trading
 - Construction and development of real estate projects.
- Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in Significant Accounting Policies above.
- Till the last financial year the Company had only one reportable segment. Hence only current year figures are given.

28. Earnings per equity share

Basic earnings per equity share are computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the 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 plans as appropriate.

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit after tax as per Statement of Profit and Loss	47,953,019	239,222,545
Less:- Preference Dividend accrued for the year on Preference share capital	941,042	-
Less: -Corporate dividend tax thereon	152,661	-
Profit attributable to equity shareholders	46,859,316	239,222,545
Weighted average number of shares used in computing basic and diluted earnings per equity share	50,285,093	50,285,093
Face value per equity share	2.00	2.00
Basic earnings per equity share	0.93	4.76
Diluted earnings per equity share	0.93	4.76

29. Employee Stock Option Schemes

During the year ended March 31, 2012, the Board of Directors and Shareholders of the Company have given their consent to create, issue, offer and allot, to the eligible employees of the Company and its Subsidiary Companies, stock options not exceeding 5,000,000 in number, representing 5,000,000 Equity shares of face value of Rs. 2 each of the Company, accordingly the Indiabulls Wholesale Services Limited Employee Stock Option Scheme - 2011 ("IBWSL ESOP - 2011") has been formed. As per the scheme Exercise Price will be the market price of the equity shares of the Company, being the latest available closing price, prior to the date of grant or as may be decided by

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

the Board or Compensation Committee. These options vest uniformly over a period of 10 years, commencing one year after the date of grant. The stock option under each of the slabs, are exercisable by the option holder within a period of five years from the relevant vesting date.

The Compensation Committee of the Board of Directors has in its meeting held on February 28, 2012, granted 1,257,000 (Twelve Lac Fifty Seven Thousand only) stock options at an exercise price of Rs 8.28 per option in terms of the IBWSL ESOP-2011. These options shall vest within ten years beginning from March 1, 2013 the first vesting date.

The Compensation Committee of the Board of Directors has in its meeting held on March 29, 2012, granted 650,000 (Six Lac Fifty Thousand only) stock options at an exercise price of Rs 7.80 per option in terms of the IBWSL ESOP-2011. These options shall vest within ten years beginning from March 30, 2013 the first vesting date.

The Company follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share Based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no deferred employee stock compensation cost has been recorded in the financial statements. The fair value of the options under IWSL ESOS -2011 using the Black-Scholes model, based on the following parameters, is as below, as certified by an independent firm of chartered accountants

Particulars	IWSL ESOS – 2011	
	February 28, 2012	March 29, 2012
Grant date of options	February 28, 2012	March 29, 2012
Fair value of option at grant date (Rs. per option)	Rs. 2.49	Rs. 2.13
Exercise price (Rs. Per option)	Rs. 8.28	Rs. 7.80
Expected volatility	21.08%	20.92%
Expected forfeiture percentage on each vesting date	Nil	Nil
Option Life (Weighted Average)	8.00 Years	8.00 Years
Expected Dividend yield	3.26%	3.57%
Risk Free rate of Interest	8.31%	8.60%

The table below provides pro forma disclosures for the impact on the Company's net profits after taxes and basic and diluted earnings per equity share, had the compensation cost for the stock options granted under IWSL ESOS-2011 been determined using the fair value method as prescribed in the Guidance Note.

Particulars	For the year ended March 31, 2012	
	As reported	Pro forma
Net Profit available to Equity Shareholders (as reported)	46,859,316	46,859,316
Less : Stock-based employee compensation expense determined using the fair value method for the year:		
Total Stock-based employee compensation expense recognisable over the vesting period of the options [Gross Rs.4,517,262] (pro forma)	-	87,852
Net Profit considered for computing EPS (pro forma)	46,859,316	46,771,464
Basic earnings per equity share	0.93	0.93
Diluted earnings per equity share	0.93	0.93

A summary of the movement, during the year, in various IWSL ESOS – 2011 is as below:

Particulars	IWSL ESOS – 2011	
	February 28, 2012	March 29, 2012
Total Number of options under Scheme	5,000,000	
Grant date of options	February 28, 2012	March 29, 2012
Number of options outstanding as at April 1, 2011	--	--
Number of options granted during the year	1,257,000	650,000
Number of options forfeited/cancelled during the year	--	--

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)



"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Number of options vested during the year	--	--
Number of options exercised during the year	--	--
Number of options expired during the year	--	--
Number of options outstanding as at March 31, 2012	1,257,000	650,000
Out of the outstanding options number of options exercisable as at March 31, 2012	--	--
Exercise Price (Rs. per option)	8.28	7.80
Remaining Contractual Life (Months)	119	120

IBWSL Employees Welfare Trust has been formed on September 8th, 2011 with an initial corpus of Rs. 50,000, to administer and implement current un granted options under Employee Stock Option Scheme("ESOP Schemes") and any further ESOP/Employee Stock Purchase Schemes to all eligible employees of the Company.

30. Operating Lease

The Company has taken office premises on operating lease at various locations and lease rent of Rs. 6,845,352 (Previous year Rs. 779,129) in respect of the same has been charged during the year. The underlying agreements are executed for a period generally ranging from one year to three years, renewable at the option of the Company and the lessor and are cancellable in some cases, by either party by giving a notice generally upto 90 days. There are no restrictions imposed by such leases and there are no subleases. The minimum lease rentals payable in respect of such operating leases are as under:

Minimum Lease Rentals	As at March 31, 2012	As at March 31, 2011
Within One Year	1,127,838	6,852,552
More than one year but not later than five year	-	3,824,325
Total	1,127,838	10,676,876

31. Discloser pursuant to Schedule VI of Companies Act, 1956:

Details of Purchases and Sales of Traded Goods made during the year ended March 31, 2012 with Opening and Closing of stock is as follows

Particulars	Cement	Steel	Total
Opening Stock	-	-	-
	-	-	-
Purchases	23,929,046	72,011,210	95,940,256
	<i>3,431,470</i>	<i>1,494,333</i>	<i>4,925,803</i>
Sales	24,647,018	74,087,717	98,734,735
	<i>3,534,435</i>	<i>1,539,163</i>	<i>5,073,598</i>
Closing Stock	-	-	-
	-	-	-
Profit	7,17,972	20,76,507	27,94,479
	<i>1,02,965</i>	<i>44,830</i>	<i>1,47,795</i>

Previous Year figures are stated in italics

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

32. Related party transactions

Disclosures in respect of Accounting Standard (AS) – 18 'Related party disclosures', as notified under the Companies (Accounting Standards) Rules, 2006 as amended:

a) Name and nature of relationship with related parties:

Relationship	Name of the related parties
a) Related parties where control exists	
- Subsidiary Companies	-Lucina Infrastructure Limited -Sentia Properties Limited -Albasta Wholesale Services Limited (formerly known as Albasta Power Limited) -Indiabulls Technology Solutions Limited -Archalia Software Solutions Limited -IB Technology Solutions, Inc. -Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)
b) Other related parties	
- Key management personnel	Mr. Sameer Gehlaut (Promoter of the Company) Mr. Rajiv Rattan (Promoter of the Company) Mr. Saurabh K Mittal (Promoter of the Company) Mr. Surinder Singh Kadyan (Whole Time Director of the Company)
-Entity over which key management personnel have significant influence* ("significant interest entities")	-IIC Limited (Formerly known as Indiabulls Infrastructure Company Limited) -IINFC Limited (Formerly known as Indiabulls Infra Constructions Limited)

*With whom transactions have been entered during the year/ previous year

b) Summary of significant transactions with related parties

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Loans and advances given to / (received back)		
Subsidiary Companies:		
-Lucina Infrastructure Limited	(8,000,000)	(349,950,000)
-Sentia Properties Limited	16,000	50,000
-Store One Retail India Limited	(2,899,600,000)	2,899,600,000
Total of loans and advance given to / (received back)	(2,907,584,000)	2,549,700,000
Income		
Interest income on loans and advances given		
Subsidiary Company:		
-Store One Retail India Limited	57,218,258	214,630,356
Total of interest income on loans and advances given	57,218,258	214,630,356

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Purchase of trading goods		
<i>Entity over which key management personnel have significant influence:</i>		
-IIC Limited	10,662,439	-
Total of purchase of trading goods	10,662,439	-
Sale of trading goods		
<i>Entity over which key management personnel have significant influence:</i>		
-IIC Limited	84,984,001	-
-IINFC Limited	13,750,734	-
Total of sale of trading goods	98,734,735	-
Expenses		
Construction Cost Incurred		
<i>Entity over which key management personnel have significant influence:</i>		
-IIC Limited	241,617,723	-
Expense incurred and reimbursed by		
Subsidiary Companies:		
-Indiabulls Technology Solutions Limited	1,341,498	-
-Store One Retail India Limited	195,000	-
Total of expenses incurred and reimbursed	1,536,498	-
Liabilities		
Employee benefit liabilities transfer		
Subsidiary Company:		
-Store One Retail India Limited	10,224	-
Investment		
Investment in preference shares		
Subsidiary Company:		
-Store One Retail India Limited	1,873,080,000	-
Purchase of preference shares of Albasta Wholesale Services Limited from		
-Store One Retail India Limited	300,000,000	-
Total of investment in preference shares	2,173,080,000	-
Purchase of equity shares of Albasta Wholesale Services Limited from		
-Store One Retail India Limited	1,000,500,000	-
Total of investment in equity shares	1,000,500,000	-

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

c) Statement of maximum balance outstanding at any time during the year.

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Loans and advances to		
Subsidiary Companies:		
-Lucina Infrastructure Limited	240,620,100	590,620,100
-Sentia Properties Limited	3,252,336,000	3,252,320,000
-Store One Retail India Limited	3,125,800,000	3,606,100,000
-Indiabulls Technology Solutions Limited	11,000,000	-

d) Statement of balance outstanding:

Loans and advances to		
Subsidiary Companies:		
-Lucina Infrastructure Limited	232,620,100	240,620,100
-Sentia Properties Limited	3,252,336,000	3,252,320,000
-Store One Retail India Limited	-	2,899,600,000
Total of loans and advances given	3,484,956,100	6,392,540,100
Interest accrued		
-Store One Retail India Limited	-	193,167,318
Advance from customers		
Entity over which key management personnel have significant influence:		
-IIC Limited	18,999,924	-
Trade receivable		
Entity over which key management personnel have significant influence:		
-IINFC Limited	2,032,417	-
Trade payable		
Entity over which key management personnel have significant influence:		
-IIC Limited	105,985,460	-

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which such relationships existed. Related party relationships, as given above, are as identified by the Company and have been relied upon by the auditors.

33. Contingent liabilities and Commitment

There are no contingent liabilities and commitment to be reported as at March 31, 2012 (Previous Year: Nil).

34. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.

Notes forming part of financial statements

of Indiabulls Wholesale Services Limited for the year ended March 31, 2012 (Contd.)

Indiabulls

Indiabulls Wholesale Services Limited

"(All Amounts in Indian Rupees, except share data and where otherwise stated)"

35. 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, 2012.
36. In the opinion of the Board of Directors, all current assets and long term loans & advances, appearing in the balance sheet as at March 31, 2012, have a value on realization, in the ordinary course of the Company's business, at least equal to the amount at which they are stated in the financial statements and hence no provision is required to be made against the recoverability of these balances.
37. Previous year figures have been regrouped and/or re-arranged, wherever necessary to conform to current year groupings and/or classifications.

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN : 000643N

For and on behalf of the Board

Amar Mittal
Partner
Membership No. 017755

Surinder Singh Kadyan
Whole Time Director

Mehul Johnson
Director

Place : New Delhi
Date : April 30, 2012

Priya Jain
Company Secretary

Place : New Delhi
Date : April 30, 2012

Statement pursuant to Section 212 (1) (e) of the Companies Act 1956, relating to Company's interest in Subsidiary Companies for the financial year 2011-2012

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 unless stated otherwise)	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company		Amount (Rs.)			
					a.	b.	a. Not dealt with in the Holding Company Accounts		b. Dealt with in the Holding Company Accounts	
					Extent of Holding	i) For the Financial Year ended 31st March 2012	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	i) For the Financial Year ended 31st March 2012	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries	
1	Lucina Infrastructure Limited	31-Mar-12	1-Jan-10	50,000	100%	647,993	(5,201,134)	NIL	NIL	
2	Sentia Properties Limited	31-Mar-12	1-Jan-10	50,000	100%	(57,440)	(27,817,677)	NIL	NIL	
3	Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	31-Mar-12	10-Apr-08	12,783,310	64%	75,676,511	(1,129,153,059)	NIL	NIL	
4	Albasta Wholesale Services Limited (Formerly Albasta Power Limited)**	31-Mar-12	1-Apr-10	100,050,000	100%	16,463,186	(184,012,244)	NIL	NIL	
5	Indiabulls Technology Solutions Limited	For the period from 31-May-2011 to 31-Mar-2012	31-May-11	50,000	100%	83,279,488	N.A.	NIL	NIL	
6	Archalia Software Solutions Limited*	For the period from 01-Jan-2012 to 31-Mar-2012	1-Jan-12	50,000	100%	3,512,192	N.A.	NIL	NIL	
7	IB Technology Solutions, INC*	For the period from 23-Jan-2012 to 31-Mar-2012	23-Jan-12	100,000	100%	(883,535)	N.A.	NIL	NIL	

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

** Earlier it was Subsidiary of the Company in term of Section 4(1)(c) and since June 30, 2011, it is a subsidiary of the Company in term of Section 4(1)(b) of the Companies Act, 1956.

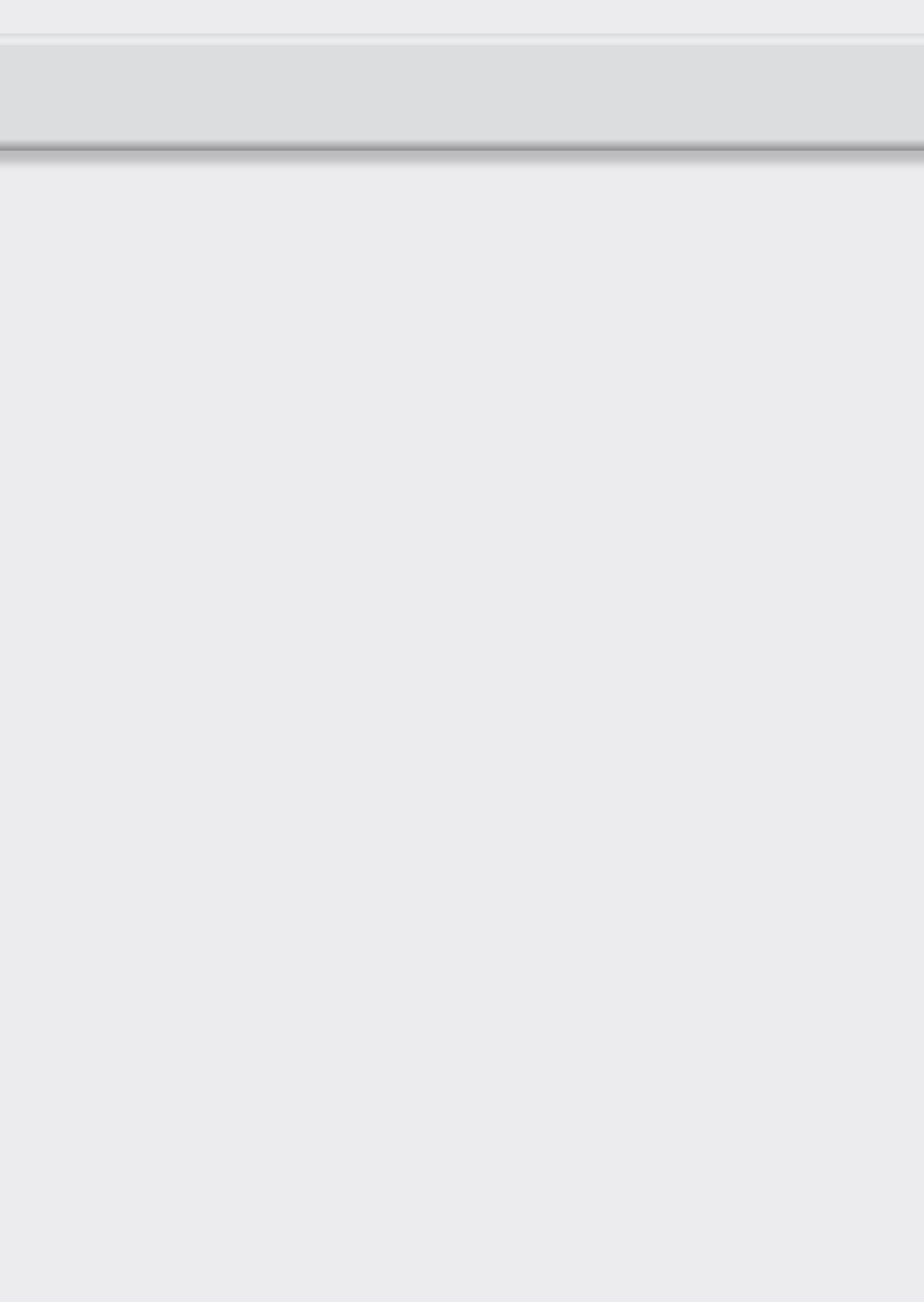
For and on behalf of the Board

Mehul Johnson
Director

Place: New Delhi
Date: April 30, 2012

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary



Indiabulls

Indiabulls Wholesale Services Limited

Registered Office

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Connaught Place,
New Delhi – 110 001
Website: www.indiabulls.com/wholesale

Corporate Offices

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Gurgaon – 122 016

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Senapati Bapat Marg,
Elphinstone Road, Mumbai - 400 013
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