



Indiabulls

Indiabulls Wholesale Services Limited

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— Annual Report 2011-12 —

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Company Information

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Indiabulls Wholesale Services Limited

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

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Indiabulls Wholesale Services Limited

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.