

2013-14

INDIABULLS WHOLESALE SERVICES LIMITED

ANNUAL REPORT

Indiabulls

INDIABULLS WHOLESALE SERVICES LIMITED

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Company Information

Board of Directors

Col Surinder Singh Kadyan (Retd.)
Mr. Mehul Johnson
Mr. Karan Singh Khara
Mr. Shamsheer Singh Ahlawat

Company Secretary

Ms. Priya Jain

Chief Financial Officer

Mr. Saurabh Garg

Statutory Auditors

Sharma Goel & Co. LLP,
Chartered Accountants,
A - 47, Lower Ground Floor, 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
CIN: L51101DL2007PLC166209
Website: www.indiabulls.com/wholesale
E-mail: helpdesk@indiabulls.com
Tel: 0124-6681199, Fax: 0124-6681240

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
Yes Bank Limited

Management Discussion and Analysis

Economic and Industry Overview

In FY 2013-14, the global economy showed signs of recovery with growth in demand from the developed countries in the second half of the year. The global economy in 2014 appears to be in a better shape than what it was in 2012-13. Over the past decade, the Indian economy has passed through phases of growth and slowdown. Multiple issues have plagued the economy, yet India Inc. has steered through and remains confident of an economic rebound. The decisive mandate by the people of India will pave the way for a conducive policy environment leading to the resurrection of growth in the economy over the next few years. The Government is expected to encourage foreign direct investment in the country which will help in the creation of job and asset generation and will introduce the long pending Goods and Services Tax that will help in creating a conducive environment for investment. The reformation of public distribution system and upliftment of Tier II cities with a well developed civic infrastructure will boost the economy.

Opportunities

There is huge growth potential with opportunities existing in multiple sectors and segments in the Industry segment in which the Company is carrying on its business operations. The significant growth drivers are highly attractive demographics, world's largest unexploited retail market, rapid development of real estate, changes in consumer behavior, FDI regulations, technological advances, electronic media, rise in the use of plastic money and an increasingly liberal regulatory environment. The large size of addressable global market, with relatively low current level of penetration suggests significant headroom for future growth of Company's business.

Threats / Risks & Concerns

There are few factors like supply chain disruptions, inability to penetrate emerging markets, failure to respond to shifting consumer behavior, regulation and compliances, inability to control costs/rising inputs, volatility in commercial real estate markets may affect the operations and growth potentials of the Company. Logistics and supply chain, product sourcing and inventory management along with shortage of quality real estate and infrastructure requirements in the country, continuous and adequate power supply are some of the challenges which the industry is facing. Increased competition in the industry segment in which the Company is carrying on its business operations may also adversely affect its operation.

Business Review

Apart from its ongoing business activities, the Company, through its subsidiary, Store One Retail India Limited, was also engaged into the business of providing property and facility management services, rental services of plant and machinery etc. Your directors believe that these businesses have huge potential & scope for further business development.

Business Outlook & Strategy

The Company aims to continue to grow and build a stable, secure and sustainable business that is focused on maximizing growth opportunities within the industry. The Company believes that presence of dynamic leadership and strong management team, strong systems and process and its strong bargaining power are its strengths that provide competitive advantages in managing its business activities. The Company's strategy for long term profitable growth is based on continuously scaling its various businesses in India, while investing in new markets and industries.

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

Management Discussion and Analysis (contd.)

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 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. It is in continuation of this process that the Company has in place, Employee Stock Option Scheme which aim at rewarding and nurturing talent so that the Company gets to retain what is best in the industry.

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 Seventh Annual Report and the audited accounts of the Company for the financial year ended March 31, 2014.

FINANCIAL RESULTS

The highlights of the financial results for the year ended March 31, 2014 are as under:

Particulars	Amount in ₹	
	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Profit before Tax and Depreciation	77,542,267	(48,485,868)
Less: Depreciation and amortization expense	2,332,028	9,812,652
Profit before Tax	75,210,239	(58,298,520)
Less: Provision for Tax	27,287,494	(16,966,615)
Profit after Tax	47,922,745	(41,331,905)
Profit/ (Loss) brought forward	20,824,738	132,783,914
Amount available for appropriation	68,747,483	91,452,009
Less: Appropriations:		
Proposed dividend on preference shares	2,265,930	2,265,930
Corporate dividend tax thereon	385,095	385,095
Interim dividend on equity shares	140,700	50,285,093
Corporate dividend tax thereon	(279,081)	8,545,952
Transfer to general reserve	—	9,145,201
Balance carried forward to Balance Sheet	66,234,839	20,824,738

OPERATIONS AND BUSINESS REVIEW

The total income of the Company during the year was ₹ 4,416.72 lacs with a profit after tax of ₹ 479.23 lacs. The consolidated revenue of the Company was ₹ 28,272.77 lacs with a profit after tax of ₹ 4,316.91 lacs. During the year under review, apart from its ongoing business activities, the Company, through its subsidiary, Store One Retail India Limited, was also engaged into the business of providing property and facility management services, rental services of plant and machinery etc.

PROMOTERS DE-CLASSIFICATION

To impart greater focus and undivided accountability at the leadership level and to rationalize operations of the diverse businesses of the Indiabulls group, so as to put the Company firmly on the growth path, the promoters have mutually decided to reorganize the management control of different group companies amongst themselves. As part of the restructuring, Mr. Sameer Gehlaut, alongwith the entities promoted by him namely Jyestha Infrastructure Private Limited, Kritikka Infrastructure Private Limited, Powerscreen Media Private Limited, Karanbhumi Estates Private Limited, Meru Minerals Private Limited, Calleis Real Estate Private Limited, Calleis Constructions Private Limited, Calleis Properties Private Limited, Dahlia Infrastructure Private Limited and Galax Minerals Private Limited shall continue as Promoters / Promoter Group / PACs with the promoters of the Company.

Further, with effect from July 18, 2014, Mr. Rajiv Rattan, Yantra Energetics Private Limited, Spire Constructions Private Limited, Laurel Energetics Private Limited, Nettle Constructions Private Limited, Antheia Infrastructure Private Limited, Antheia Properties Private Limited, Mr. Saurabh Kumar Mittal, Gragerious Projects Private Limited, Punarvasu Builders

Directors' Report (contd.)

and Developers Private Limited, Ceres Trading Services Private Limited, Daisy Projects Private Limited, Lucerne Trading Services Private Limited, Cleta Infrastructure Private Limited and Cleta Constructions Private Limited have ceased to be the Promoters / Promoter Group / PACs with the promoters of the Company.

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 part of this report.

CHANGE IN CAPITAL OF THE COMPANY

During the FY 2013-14, an aggregate of 2,76,700 Equity shares of ₹ 2/- each and subsequent to FY 2013-14, an aggregate of 1,56,700 Equity shares of ₹ 2/- each were issued upon exercise of stock options by certain eligible employees vested to them in terms of 'Indiabulls Wholesale Services Limited Employee Stock Option Scheme- 2011', consequent to which the paid-up Equity share capital of the Company increased to ₹10,14,36,986/- divided into 5,07,18,493 Equity shares of face value ₹ 2/- each.

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 152 of the Companies Act, 2013, Col Surinder Singh Kadyan (DIN: 03495880), Whole-time Director, retire by rotation and, being eligible, offers himself for reappointment at the ensuing Annual General Meeting. The Board of Directors of the Company (the Board) recommend his re-appointment.

The earlier tenure of Col Surinder Singh Kadyan (DIN: 03495880) as Whole-time Director of the Company has expired on April 24, 2014. The Board recommend his re-appointment as Whole-time Director of the Company for a period of five years w.e.f. April 25, 2014.

The Board has proposed the appointment of Mr. Rajinder Singh Nandal (DIN: 03094903), Mr. Joginder Singh Kataria (DIN: 05202673) and Mr. Shamsher Singh Ahlawat (DIN: 00017480), as Independent Directors of the Company. Keeping in view their vast experience & knowledge, the Board is of the view that it will be in the interest of the Company that aforesaid persons are appointed as Independent Directors on its Board.

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

SUBSIDIARIES

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

In 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 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.

CORPORATE SOCIAL RESPONSIBILITY

During the year, your directors have constituted the Corporate Social Responsibility Committee comprising of Mr. Shamsher Singh Ahlawat as the Chairman and Mr. Mehul Johnson and Col Surinder Singh Kadyan, as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

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 2014-15 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, 2014 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 Agarwal Prakash & Co., Chartered Accountants (Firm Registration Number: 005975N), are proposed to be appointed as Statutory Auditors of the Company, for a period of 5 years, to hold office as such from the conclusion of this AGM, in place of retiring auditors M/s Sharma Goel & Co. LLP, Chartered Accountants, who have completed their five year term.

The Company has received a special notice from a member proposing M/s Agarwal Prakash & Co., Chartered Accountants, as statutory auditors of the Company.

M/s Agarwal Prakash & Co., Chartered Accountants, has submitted their consent for appointment and also a requisite certificate, pursuant to the provisions of Section 139 & 141 of the Companies Act, 2013, confirming eligibility & satisfaction of criteria for their appointment as statutory auditors of the Company. The Board recommends their appointment.

Directors' Report (contd.)

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

CONSOLIDATED FINANCIAL STATEMENT

In accordance with Accounting Standard (AS) - 21 on consolidated financial statements read with other related AS, the audited consolidated financial statement is provided in the Annual Report.

GREEN INITIATIVES

Electronic copies of the Annual Report for the FY 2013-14 and Notice of the Seventh AGM are sent to all the members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report for the FY 2013-14 and Notice of the Seventh AGM are sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The instructions for e-voting are being provided in the Notice.

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

Date: August 26, 2014
Place : New Delhi

Surinder Singh Kadyan
Whole-time Director

Mehul Johnson
Director