

Indiabulls Wholesale Services Limited

2015-2016 **ANNUAL REPORT**



Indiabulls

Indiabulls Wholesale Services Limited

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Company Information

Board of Directors

Col. Surinder Singh Kadyan (Retd.)
Mr. Mehul Johnson
Ms. Pia Johnson
Mr. Shamsher Singh Ahlawat
Mr. Joginder Singh Kataria
Mr. Rajinder Singh Nandal

Company Secretary

Ms. Priya Jain

Chief Financial Officer

Mr. Saurabh Garg

Statutory Auditors

M/s Agarwal Prakash & Co.
Chartered Accountants
508, Indra Prakash,
21, Barakhamba Road,
New Delhi - 110 001

Internal Auditors

MRKS and Associates
Chartered Accountants
610, Best Sky Towers,
Netaji Subhash Place,
Pitampura, New Delhi-110034

Registrar and Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032

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
Axis Bank Limited

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Ninth Annual Report together with audited statement of accounts for the financial year ended March 31, 2016.

FINANCIAL RESULTS

The highlights of the standalone financial results of the Company for the financial year ended March 31, 2016 are as under:

Particulars	Amount in ₹	
	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Profit before Tax and Depreciation	5,347,330	178,403,902
Less: Depreciation and amortization expense	1,046,595	2,016,984
Profit before Tax	4,300,735	176,386,918
Less: Provision for Tax	(3,233,612)	42,684,699
Profit after Tax	7,534,347	133,702,219
Profit/ (Loss) brought forward	195,834,507	66,234,839
Less: Adjustments due to depreciation*	—	1,675,453
Amount available for appropriation	203,368,854	198,261,605
Less: Appropriations:		
Proposed dividend on preference shares	2,265,930	2,265,930
Corporate dividend tax thereon	95,834	161,168
Interim dividend on equity shares	—	—
Corporate dividend tax thereon	—	—
Transfer to general reserve	—	—
Balance carried forward to Balance Sheet	201,007,090	195,834,507

* Impact of transitional provision provided in Note 7(b) of Schedule II of Companies Act 2013.

OPERATIONS AND BUSINESS REVIEW

The total income of the Company during the year was ₹ 1719.00 lacs with a profit after tax of ₹ 75.34 lacs. The consolidated revenue of the Company was ₹ 31,267.48 lacs with a profit after tax of ₹ 707.64 lacs. The Company, directly and through its subsidiaries, is primarily engaged in the businesses of real estate development, providing management and maintenance services, construction advisory and other related services, charter business of aircraft, trade in all kinds of sculptures, paintings and art graphics etc. Your directors believe that all of these businesses have huge potential & scope for further business development.

DIVIDEND

In order to utilize the profits for future business requirements of the Company, your Directors do not recommend any dividend.

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013, Col. Surinder Singh Kadyan (Retd)

Directors' Report (contd.)

(DIN: 03495880), Executive Director, retire by rotation and, being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. The Board of Directors recommends his re-appointment.

The present composition of the Board along with the brief resume of Col. Surinder Singh Kadyan (Retd) (DIN: 03495880), nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships / chairmanships of Board Committees, are provided in the Report on Corporate Governance forming part of this Annual Report.

EMPLOYEES STOCK OPTIONS

No Employees Stock Options were outstanding as on March 31, 2016.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public, falling within the ambit of Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

LISTING WITH STOCK EXCHANGES

The Equity Shares (ISIN: INE126M01010) of the Company, continue to remain listed at BSE Limited and National Stock Exchange of India Limited. The listing fees payable to both the exchanges for the financial year 2016-17 have been paid.

AUDITORS

(a) Statutory Auditors

M/s Agarwal Prakash & Co. (Firm Registration No. 005975N), the Statutory Auditors of the Company were appointed by the members in their Seventh Annual General Meeting, held on September 26, 2014, for a period of five years i.e. until the conclusion of the Twelfth Annual General Meeting of the Company. The Company has received a certificate from the Auditors to the effect that their continuation as such from the conclusion of this Annual General Meeting until the conclusion of Tenth Annual General Meeting is in accordance with the provisions of the Section 141(3)(g) of the Companies Act, 2013. The Board recommends the ratification of the appointment of M/s Agarwal Prakash & Co., as Statutory Auditors of the Company till the conclusion of Tenth Annual General Meeting of the Company.

The Auditors' Report is self-explanatory and therefore do not call for any further explanation.

(b) Secretarial Auditor & Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the rules made thereunder, the Company has appointed Mr. B.D. Tapriya, a practicing Company Secretary as its Secretarial Auditor, to conduct the secretarial audit of the Company, for the Financial Year 2015-16. The Company has provided all assistance, facilities, documents, records and clarifications etc. to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the Financial Year 2015-16, is annexed as Annexure 1, forming part of this Report.

The Report is self-explanatory and therefore do not call for any further explanation.

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under "Corporate Social Responsibility (CSR)", the Company has undertaken projects in the areas of Education and Rural Development, as per its CSR Policy (available on your Company's website www.indiabulls.com/wholesale) and the details are contained in the Annual Report on CSR Activities given in Annexure 2, forming part of this Report. These projects are in accordance with Schedule VII of the Companies Act, 2013, read with the relevant rules.

Directors' Report (contd.)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations'), Management's Discussion and Analysis Report, for the year under review, is presented in a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 24 of SEBI LODR Regulations, a separate section on Corporate Governance Practices followed by the Company, together with a certificate from a practicing Company Secretary confirming compliance, is presented in a separate section forming part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made 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, 2016 and the profit and loss of the company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that such financial controls were adequate and were operating effectively; and
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

INFORMATION PURSUANT TO SECTION 134 AND SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH THE RELEVANT RULES AND SEBI LODR REGULATIONS

The information required to be disclosed pursuant to Section 134 and Section 197 of the Companies Act, 2013, read with the relevant rules (to the extent applicable) and SEBI LODR Regulations, not elsewhere mentioned in this Report, are given in Annexure A, forming part of this Report.

GREEN INITIATIVES

Electronic copies of the Annual Report 2016 and Notice of the Ninth AGM will be 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 2016 and Notice of the Ninth AGM will be sent in the permitted mode.

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 of the Ninth AGM. This is pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by Companies (Management and Administration) Amendment Rules, 2015, and the SEBI LODR Regulations. The instructions for e-voting are provided in the AGM Notice.

Directors' Report (contd.)

ACKNOWLEDGEMENT

Your Company has been able to operate efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all functional areas and the efficient utilization of all its resources for sustainable and profitable growth. Your Directors wish to place on record their appreciation of the contributions made and committed services rendered by the employees of the Company at various levels. Your Directors also wish to express their gratitude for the continuous assistance and support received from the investors, clients, bankers, regulatory and government authorities, during the year.

For and on behalf of the Board of Directors

Date: August 12, 2016
Place : Gurgaon

Surinder Singh Kadyan
Executive Director
(DIN: 03495880)

Mehul Johnson
Director
(DIN: 00016075)

Annexure to the Directors' Report

ANNEXURE A

EXTRACT OF ANNUAL RETURN

The details forming part of extract of Annual Return, as on the financial year ended March 31, 2016, pursuant to Section 92(3) of the Companies Act, 2013, in form MGT-9, are given in Annexure 3, forming part of this Report.

BOARD MEETINGS

During the FY 2015-16, 7 (Seven) Board Meetings were convened and held. The details of such meetings are given in Corporate Governance Report forming part of this Annual Report. The intervening gap between these meetings was within the period prescribed under the Companies Act, 2013. The notice and agenda including all material information required to be made available to the Board were circulated to all directors, well within the prescribed time, before the meeting or placed at the meeting. During the year, separate meeting of the Independent Directors was held on January 22, 2016, without the presence of Non-Independent Directors and the members of the Company Management.

BOARD EVALUATION

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI LODR Regulations, the Board has carried out an evaluation of its performance, the directors individually as well as the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report forming part of this Annual Report.

REMUNERATION POLICY

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report forming part of this Annual Report.

LOANS, GUARANTEES OR INVESTMENTS

During the FY 2015-16, in terms of the provisions of Section 186 (1) of the Companies Act, 2013, the Company did not make any investments through more than two layers of investment companies.

The Company's investment / loans / guarantees, during FY 2015-16, were in compliance with the provisions of Section 186 of the Companies Act, 2013, particulars of which are captured in financial statement of the Company.

RELATED PARTY TRANSACTIONS

During the year, no materially significant related party transaction was entered by the Company with its Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large. Details of all related party transactions are disclosed in the Annual report and/or financials statements of the Company. The Policy on materiality of Related Party Transactions and also on dealing with such transactions is available on the website of the Company: www.indiabulls.com/wholesale.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an elaborate system of internal controls commensurate with the size, scale and complexity of its operations; it also covers areas like financial reporting, fraud control, compliance with applicable laws and regulations etc. Regular internal audits are conducted to check and to ensure that responsibilities are discharged effectively. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with regulatory directives, efficacy of its operating systems, adherence to the accounting procedures and policies of the Company and its subsidiaries. Wherever required, the internal audit efforts are supplemented by audits conducted by specialized consultants/audit firms. Based on the report of the Internal Auditors, process owners undertake corrective actions, in their respective areas and thereby strengthen the controls.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments, affecting the financial position of the Company, which has occurred between the end of the Financial Year of the Company i.e. March 31, 2016 and the date of this Report.

Further, no significant and material orders were passed by the regulators or courts or tribunals, impacting the going concern status and Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo, is as under:

Annexure to the Directors' Report (contd.)

A. Conservation of Energy

The Company uses energy for its office equipment such as computers, lighting and utilities at its 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 charges and energy.
- c) Awareness and training sessions, at regular intervals, to concerned operational personnel on opportunities of energy conservation and their benefits.

B. Technology Absorption

The Company is investing in cutting edge technologies to upgrade its infrastructure set up and innovative technical solutions, thereby increasing customer delight & employee efficiency. Next Generation Business Intelligence & analytics tool have been implemented to ensure that while data continues to grow, decision makers gets answers faster than ever for timely & critical level decision making. The Company has implemented best of the breed applications to manage and automate its business processes to achieve higher efficiency, data integrity and data security. It has helped it in implementing best business practices and shorter time to market new schemes, products and customer services. The Company has taken major initiatives for improved employee experience and efficient Human resource management, by implementing world class HRMS application and empowering them by providing mobile platform to manage their work while on the go.

The Company's investment in technology has improved customer services, reduced operational cost and development of new business opportunities.

C. Foreign Exchange Earnings and Outgo

There was no earning and outgo in foreign exchange during the year under review and the previous year.

BUSINESS RISK MANAGEMENT

Pursuant to the applicable provisions of the Companies Act, 2013, the Company has formulated robust business Risk Management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on its business objectives and enhance its competitive advantage. It defines the risk management approach across the Company and its subsidiaries at various levels including the documentation and reporting. At present, the Company has not identified any element of risk which may threaten its existence. The requirement of constituting Risk Management Committee in terms of SEBI LODR Regulations is not applicable to the Company.

PARTICULARS OF EMPLOYEES

Pursuant to the applicable provisions of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures on Managerial Remuneration are provided in Annexure 4, forming part of this Report. There were no employees of the Company, employed by the Company throughout the year or part thereof, information in respect of which is required to be made in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

FAMILIARIZATION PROGRAM FOR NON-EXECUTIVE DIRECTORS

Non-Executive Directors are familiarized with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company through presentations about the Company's strategy, business model, product and service offerings, customers' & shareholders' profile, financial details, human resources, technology, facilities, internal controls and risk management, their roles, rights and responsibilities in the Company. The Board is also periodically briefed on the various changes, if any, in the regulations governing the conduct of non-executive directors including independent directors. The details of the familiarization programs have been hosted on the website of the company and can be accessed on the link: www.indiabulls.com/wholesale/pdf/IBWSL_Familiarisation_Programme.pdf

Annexure to the Directors' Report (contd.)

LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulation came into effect from December 1, 2015. Accordingly, all listed entities were required to enter into afresh Listing Agreement within six months from the effective date and thus the Company entered into Listing Agreement with National Stock Exchange of India Limited and BSE Limited during the FY 2015-16.

SUBSIDIARY COMPANIES

Pursuant to Section 129 of the Companies Act, 2013, the Company has prepared its Consolidated Financial Statement along with all its subsidiaries, in the same form and manner, as that of the Company, which shall be laid before its ensuing Ninth Annual General Meeting along with its Standalone Financial Statement. The Consolidated Financial Statements of the Company along with its subsidiaries, for the year ended March 31, 2016, form part of this Annual Report.

For the performance and financial position of each of the subsidiaries of the Company, along with other related information required pursuant to Rule 8(5)(iv) of the Companies (Accounts) Rules, 2014, the Members are requested to refer to the Financial Statements of the Company.

COMMITTEES OF THE BOARD

The Company has following Board constituted committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholders Relationship Committee
- d) Corporate Social Responsibility Committee

The details with respect to composition, power, role, terms of reference, etc. of each of these committees are given in the Corporate Governance Report forming part of this Annual Report.

Apart from the above, the Board has also constituted Compensation Committee for administration of stock option scheme(s).

NUMBER OF CASES FILED, IF ANY, AND THEIR DISPOSAL UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards any action on the part of any of its officials, which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman employee of the Company. The Company's Sexual Harassment Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints.

During the financial year 2015-16, no case of sexual harassment was reported.

VIGIL MECHANISM

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of its business operations. To maintain these standards, the Company has implemented the Whistle Blower Policy ("the Policy"), to provide an avenue for employees to report matters without the risk of subsequent victimization, discrimination or disadvantage. The Policy applies to all employees working for the Company and its subsidiaries. Pursuant to the Policy, the whistle blowers can raise concerns relating to matters such as breach of Company's Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, misappropriation of Company's funds / assets etc. A whistle-blowing or reporting mechanism, as set out in the Policy, invites all employees to act responsibly to uphold the reputation of the Company and its subsidiaries. The Policy aims to ensure that serious concerns are properly raised and addressed and are recognized as an enabling factor in administering good governance practices. The details of the Whistle Blower Policy are available on the website of the Company(<http://www.indiabulls.com/wholesale/>).