

Indiabulls Wholesale Services Limited

Annual Report 2010-11



Creating Value

Indiabulls

Indiabulls Wholesale Services Limited

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Company Information

Board of Directors

Mr. Surinder Singh Kadyan
Mr. Mehul CC Johnson
Mr. Karan Singh
Mr. Shamsheer Singh Ahlawat

Company Secretary

Ms. Priya Jain

Statutory Auditors

Sharma Goel & Co.,
Chartered Accountants,
Y -59, 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

1A, Hamilton House,
1st 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

Management Discussion and Analysis

Industry Overview

Wholesale trade firms fill several roles in the economy. They simplify flow of products, payments and information by acting as intermediaries between the manufacturer and the final customer. They provide businesses, institutions and governments a convenient nearby source of goods made by many different manufacturers, which allows them to devote minimal time and resources to transactions. The wholesale industry in India is currently growing at a great pace. Rising disposable incomes, easy availability of consumer credit, highly attractive demographics, and an increasingly liberal regulatory environment are key factors behind the growth.

Opportunities - Growth Drivers of Indian Wholesale Industry

Wholesale Industry in India has a huge growth potential, with opportunities existing in multiple sectors and segments. Organized trading in India in the near future would be driven by:

- Liberalization of the Indian Economy
- Growing consumer class and rising disposable incomes.
- Easy availability of credit.
- Growing rural income.
- Changing consumer patterns / behaviors.

Threat - Challenges facing Indian Wholesale Industry

Product sourcing, warehouse management and inventory management along with shortage of quality real estate and infrastructure requirements in the country are some of the significant challenges which the wholesale industry is facing.

Business Review

The Company is engaged in the business of wholesale trading of various industrial / consumer products and commodities in select Indian cities. The Company is trying to establish its foothold in this segment. The Company is intending to sell various industrial / consumer products and commodities to retailers, small manufacturers and local shops. Additionally, shareholders' authorization has been obtained to enable the Company to foray into the business of information technology and software development to provide customized solutions to various sectors, directly and / or through its subsidiary companies.

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 wholesale business activities.

Risks and concerns

Shortage of quality real estate resources at competitive prices, inappropriate terms and conditions, result in the cost overruns or otherwise affect business operations and profitability. Further any economic slowdown would impact the disposable income which in turn could impact Company's results.

Human Resources

The Company's businesses are managed by a team of competent and passionate leaders, capable of enhancing your Company's standing in the competitive market. The Company has a structured recruitment process, the focus is on recruiting people who have the right mindset for working at desired levels, supported by structured training programs and internal growth opportunities.

Management Discussion and Analysis (Contd.)

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 the assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly and adequately.

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 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

Dear Shareholders,

Your Directors present to you the Fourth Annual Report and the audited accounts of the Company for the financial year ended March 31, 2011.

Financial Results

The highlights of the financial results for the year ended March 31, 2011 are as under:

Particulars	Amount in Rupees	
	Year ended March 31, 2011	Year ended March 31, 2010
Profit/ (Loss) before Tax and Depreciation	298,940,181	(4,503,918)
Less: Depreciation	13,493,083	13,462,323
Profit/ (Loss) before Tax	285,447,098	(17,966,241)
Less: Provision for Taxation & Prior Period Tax Adjustments	46,224,553	14,476
Profit/ (Loss) after Tax and Prior Period Tax Adjustment	239,222,545	(17,980,717)
Profit/ (Loss) brought forward	(153,297,947)	(135,317,230)
Balance carried forward to Balance Sheet	85,924,598	(153,297,947)

Business Review

The Company is engaged in the business of wholesale trading of various industrial / consumer products and commodities in select Indian cities. The Company is trying to establish its foothold in this segment. The Company intends to sell various industrial / consumer products and commodities to retailers, small manufacturers and local shops. Additionally, shareholders' authorization has been obtained to enable the Company to foray into the business of information technology and software development to provide customized solutions to various sectors directly and/ or through its subsidiaries.

Significant Developments

The Scheme of Arrangement ("the Scheme") between the Company and Indiabulls Real Estate Limited (IBREL) has been sanctioned by the Hon'ble High Court of Delhi, New Delhi on March 3, 2011 and it has come into effect on March 31, 2011. Accordingly:

- w.e.f. the Appointed Date of the Scheme, i.e., April 1, 2010, the Wholesale Trading business of IBREL has been transferred to and vested in favor of the Company on a going concern basis.
- The pre-arrangement equity capital of 100,000,000 equity shares of face value Rs. 10/- each of the Company has been cancelled and fresh equity capital of 50,285,093 equity shares of face value Rs. 2/- each were issued on April 27, 2011 to the shareholders of IBREL.
- The equity shares of the Company have been listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE), effective August 18, 2011.

Dividend

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

Fixed Deposits

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

Directors' Report (Contd.)

Directors

To ensure compliance with Clause 49 of the Listing Agreement, the Board was reconstituted and accordingly on April 25, 2011, all the Board members i.e. Mr. Mukul Bansal, Mr. Nihar Devendra Gandhi and Ms. Ananya Gandotra resigned from the directorship of the Company. Your Directors place on record their deep sense of appreciation for the valuable services rendered by them during their tenure as Directors on the Board of the Company.

Further on April 25, 2011, Mr. Surinder Singh Kadyan (DIN: 03495880), Mr. Mehul CC Johnson (DIN: 00016075), Mr. Karan Singh (DIN: 00017236) and Mr. Shamsher Singh Ahlawat (DIN: 00017480) were appointed as Additional Directors on the Board of the Company, Mr. Kadyan being also appointed as Whole-time Director.

Being Additional Directors, Mr. Surinder Singh Kadyan, Mr. Mehul CC Johnson, Mr. Karan Singh and Mr. Shamsher Singh Ahlawat hold their office as such up to the date of ensuing Annual General Meeting of the Company. The Company has received notices in terms of the Section 257 of the Companies Act, 1956, from members, signifying their intention to propose the candidature of Mr. Surinder Singh Kadyan, Mr. Mehul CC Johnson, Mr. Karan Singh and Mr. Shamsher Singh Ahlawat for the office of Directors of the Company, liable to retire by rotation.

Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas and names of companies in which they 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 companies forms a part of the financial statements.

In terms of the Circular No. 2/2011, No.: 51/12/2007-CL-III dated February 8, 2011 issued by the Ministry of Corporate Affairs for granting general permission for not attaching certain prescribed documents including annual accounts of the subsidiaries to the Balance Sheet of the Holding Company, as required to be attached in terms of Section 212 of the Companies Act, 1956, and accordingly as approved by the Board of Directors of the Company in its meeting held on April

28, 2011, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries of the Company as of March 31, 2011 have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of the Company interested in obtaining the same. The annual accounts of the subsidiary companies are also kept for inspection by any shareholder at the head office of the holding company and of the subsidiary companies concerned. However, in terms of the said circular, information desired to be disclosed in respect of each of the subsidiary company, has been disclosed, in the notes to accounts of the Consolidated Balance Sheet forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries.

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 Agreements 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.

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,

Directors' Report (Contd.)

2011 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 CC Johnson
Director

Date: September 5, 2011

Place : New Delhi

Annexure to the Directors' Report

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:

While there were no earnings in foreign exchange during the year under review and the previous year, the foreign exchange outgo in previous year is depicted in the table given below:

Particulars	Amount in Rupees	
	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Professional Fees	--	930,597

Corporate Governance Report

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 ("IWSL" 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 IWSL 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.

As of March 31, 2011, the Board consisted of three directors of whom one was executive director and the remaining two directors were non-executive directors.

The details of Directors, number of directorships held by them in other companies as also the number of their

Corporate Governance Report (contd.)

memberships and chairmanships on various board Committees, as on March 31, 2011 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. Mukul Bansal*	Executive Director	14	3	1
2.	Mr. Nihar Devendra Gandhi	Non-Executive Director	7	1	1
3.	Ms. Ananya Gandotra	Non-Executive Director	Nil	1	Nil

*During FY 2010-11, Mr. Audhesh Kumar Pandey resigned from the directorship of the Company w.e.f. April 15, 2010 and Mr. Mukul Bansal was appointed as Whole-time Director thereupon.

** 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 was related to any other Director on the Board.

Subsequent to the year end, w.e.f. April 25, 2011, the Board was reconstituted in compliance with Clause 49 of the Listing Agreement. Presently, the Board consists of four directors of whom one is executive director and the remaining three directors are non-executive directors, with two of such directors being 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 date, 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 (DIN: 03495880)	Executive Director	10	1	Nil
2.	Mr. Mehul CC Johnson (DIN: 00016075)	Non-Executive Director	14	7	2
3.	Mr. Karan Singh (DIN: 00017236)	Non-Executive Independent Director	6	6	2
4.	Mr. Shamsher Singh Ahlawat (DIN: 00017480)	Non-Executive Independent Director	6	7	7

** 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.

Corporate Governance Report (contd.)

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

During the financial year 2010-11, the Board met 11 (Eleven) times. The dates of the meetings were April 5, 2010, April 13, 2010, April 15, 2010, April 21, 2010, July 9, 2010, September 4, 2010, November 15, 2010, January 3, 2011, February 1, 2011, February 28, 2011 and March 31, 2011.

The last Annual General Meeting (AGM) of the Company was held on September 30, 2010.

A table depicting the attendance of Directors at various Board Meetings and the Annual General Meeting held during FY 2010-11 is given below:

Sl. No.	Name of the Director	No. of Board meetings attended	Attendance at the last AGM
1.	Mr. Nihar Devendra Gandhi*	11	Yes
2.	Ms. Ananya Gandotra*	7	No
3.	Mr. Mukul Bansal*	9	Yes
4.	Mr. Audhesh Kumar Pandey#	Nil	N.A.

#During FY 2010-11, Mr. Audhesh Kumar Pandey resigned from the directorship of the Company w.e.f. April 15, 2010 and Mr. Mukul Bansal was appointed as Whole-time Director thereupon.

*Subsequent to the year end, 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 CC Johnson, Mr. Karan Singh and Mr. Shamsheer Singh Ahlawat were appointed as Additional 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 was reconstituted on April 25, 2011, consequent to the change in the composition of Board of Directors. It comprises of three members namely Mr. Shamsheer Singh Ahlawat as the Chairman, Mr. Karan Singh and Mr. Mehul CC Johnson, all Non-Executive Directors. Two out of the three members namely, Mr. Karan Singh and Mr. Shamsheer Singh Ahlawat, are Independent Directors. Prior to reconstitution, Mr. Mukul Bansal, Mr. Nihar Devendra Gandhi and Ms. Ananya Gandotra were the members of this Committee. Ms. Priya Jain, Secretary of the Company also acts as a Secretary of the Audit Committee.

Corporate Governance Report (contd.)

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 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 2010-11, the Audit Committee met three times. The dates of meetings being April 21, 2010, October 11, 2010 and February 28, 2011.

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. Nihar Devendra Gandhi*	3	3
Mr. Mukul Bansal*	3	3
Ms. Ananya Gandotra*	3	1

*Resigned w.e.f. April 25, 2011.

The Finance Head and Auditors attended the meetings by invitation.

(B) Remuneration Committee

Composition

The Remuneration Committee of the Board was constituted on April 25, 2011. It comprises of three Non-Executive Directors as its members namely

Mr. Karan Singh as the Chairman, Mr. Shamsher Singh Ahlawat and Mr. Mehul CC Johnson. Two out of the three members namely, Mr. Karan Singh 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

Not Applicable.

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. Neither Mr. Mukul Bansal drew any remuneration during his tenure as Executive Director of the Company.

(ii) Remuneration of Non-Executive Directors

Non-Executive Directors have not been paid any remuneration/ sitting fees during the FY 2010-11.

(C) Shareholders' / Investors' Grievance Committee

Composition

The Shareholders'/ Investors' Grievance Committee of the Board was constituted on April 25, 2011. It comprises of three directors, namely Mr. Shamsher Singh Ahlawat, Mr. Karan Singh and Mr. Surinder Singh Kadyan.

Mr. Shamsher Singh Ahlawat, an Independent Non-Executive Director, is the Chairman of the Committee.

Corporate Governance Report (contd.)

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

Not Applicable.

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

The equity shares of the Company got listed on BSE and NSE, effective August 18, 2011 and since then no investor complaint has been received.

4. General Body Meetings

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

Year	Location	Date	Time
2007-08	E-29, First Floor, Connaught Place, New Delhi – 110 001	September 5, 2008	11:00 A.M.
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.

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

In the AGM of the Company for the year 2007-08 held on September 5, 2008, one Special Resolution, as briefly described below, was passed:

- Special Resolution according consent to the appointment of Mr. Himanshu Kanubhai Shah, as the Whole-time Director of the Company for a period of three years with effect from October 25, 2007, without payment of any remuneration.

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

(C) Special resolutions passed during FY 2010-11 through postal ballot

Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 is applicable to a Listed Public Company. Since the equity shares of the Company got listed on the exchanges, effective August 18, 2011, the postal ballot rules have become applicable to the Company in the current financial year.

Corporate Governance Report (contd.)

5. Disclosures

(i) Details on materially significant related party transactions

Details of materially significant related party transactions made during the FY 2010-11, 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 market, during the last three years

The Equity Shares of the Company got listed on the Exchanges, effective August 18, 2011 and since the date of listing, there has been no instance of any non-compliance by the Company on any matter related to capital market and hence no penalties or strictures have been imposed on the Company by SEBI or the stock exchanges or any other statutory authority.

(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 victimisation 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.

(v) Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)

Persons constituting "Group" as defined under the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of Regulation 3(1) (e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time, include the following:

Mr. Sameer Gehlaut
Mr. Rajiv Rattan
Mr. Saurabh K Mittal
Kritikka Infrastructure Private Limited
Yantra Energetics Private Limited
Gragerious Projects Private Limited
Jyestha Infrastructure Private Limited
Punarvasu Builders and Developers Private Limited
Karanbhumi Estates Private Limited
Meru Minerals Private Limited
Spire Constructions Private Limited
Ceres Trading Services Private Limited
Powerscreen Media Private Limited
Dahlia Infrastructure Private Limited
Laurel Energetics Private Limited
Daisy Projects Private Limited
Galax Minerals Private Limited
Nettle Constructions Private Limited
Lucerne Trading Services Private Limited
Calleis Real Estate Private Limited
Calleis Constructions Private Limited
Calleis Properties Private Limited
Antheia Infrastructure Private Limited
Antheia Properties Private Limited
Cleta Infrastructure Private Limited
Cleta Constructions Private Limited
Mr. Narendra Gehlaut

Corporate Governance Report (contd.)

6. Means of Communication

- (i) **Publication of Results:** Since the equity shares of the Company got listed on the exchanges, effective August 18, 2011, the requirement of publication of results in newspapers shall become applicable to the Company from the end of the current quarter i.e. September 30, 2011.
- (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 'Investors' and '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 appointment

Mr. Surinder Singh Kadyan

Mr. Surinder Singh Kadyan, aged 47 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.

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 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 a 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.

Mr. Mehul CC Johnson

Mr. Mehul CC Johnson, aged about 39 years, is a Non-Executive Director on the Board of Directors since April 25, 2011. He graduated from Punjab University with a degree in Economics. He is the founder of an infrastructure construction business where he successfully executed several prestigious projects by leading institutions, including the National Highway Authority of India and the Prime Minister's Rural Road Development Scheme. He has more than 15 years of experience in his family business of hotels. His association on the Board of the Company will be to the benefit of the Company in the years to come, meriting his appointment as director on the Board of the Company.

Mr. Johnson is also on the Board of Store One Retail India Limited, Indiabulls Buildcon Limited, Indiabulls Lands Limited, Indiabulls Infrastructure Development Limited, Indiabulls Estate Limited, Bridget Builders And Developers Limited, Indiabulls Constructions Limited, Makala Infrastructure Limited, Indiabulls Industrial Infrastructure Limited, Airmid Aviation Services Private Limited, Juventus Buildwell Limited, Indiabulls Builders Limited, Indiabulls Water Supply and Waste Management Services Limited and Indiabulls Technology Solutions Limited. He is also member of the Audit Committee

Corporate Governance Report (contd.)

and Remuneration Committee of the Company, member of the Audit Committee, Shareholders'/ Investors' Grievance Committee and Compensation Committee of Store One Retail India Limited, member of the Audit Committee of Indiabulls Industrial Infrastructure Limited and Indiabulls Builders Limited and also Chairman of the Audit Committee of Indiabulls Estate Limited and Indiabulls Infrastructure Development Limited.

Mr. Johnson holds 24,375 Equity Shares of face value of Rs. 2/- each in the Company.

Mr. Karan Singh

Mr. Karan Singh, aged 65 years is a Non-Executive Independent Director on the Board of Directors since April 25, 2011. He holds a postgraduate degree in English and is a retired professor. His excellent HR and administrative skills will be to the benefit of the Company in the years to come, meriting his appointment as director on the Board of the Company.

Mr. Karan Singh is also on the Board of Indiabulls Financial Services Limited, Indiabulls Commodities Limited, Indiabulls Real Estate Limited, Store One Retail India Limited, Indiabulls Securities Limited and Poena Power Solutions Limited. He is member of the Audit Committee and Shareholders'/ Investors' Grievance Committee and Chairman of the Remuneration Committee of the Company. He is also Chairman of the Audit Committee, Compensation Committee, Shareholders'/ Investors' Grievance Committee and member of the Remuneration Committee of Indiabulls Securities Limited and member of the Audit Committee and Shareholders'/ Investors' Grievance Committee of Indiabulls Financial Services Limited.

Mr. Karan Singh does not hold any shares in the Company.

Mr. Shamsher Singh Ahlawat

Mr. Shamsher Singh Ahlawat, aged 62 years is a Non-Executive Independent Director on the Board of Directors since April 25, 2011. He holds a post graduate degree in History from St. Stephens College, New Delhi. He started his career as a Probationary Officer with the State Bank of India in the year 1971

and retired as Chief Manager. During his tenure with the Bank, Mr. Ahlawat worked on various assignments at the Merchant Banking and Credit Division of the State Bank of India. Mr. Ahlawat is involved in social welfare activities including that of running a school providing free education in Jhajjar, Haryana. Having been associated with the banking sector for a long time, Mr. Ahlawat has an in depth understanding of the economy of the country and ability to visualize its impact on the Company's business etc. which can be to the benefit of Company's business in years to come, meriting his appointment as director on the Board of the Company.

Mr. Shamsher Singh Ahlawat is also on the Board of Indiabulls Financial Services Limited, Indiabulls Real Estate Limited, Store One Retail India Limited, Indiabulls Power Limited., Indiabulls Constructions Limited and Elena Power and Infrastructure Limited. He is Chairman of the Audit Committee, Shareholders'/ Investors' Grievance Committee and member of the Remuneration Committee of the Company. He is also Chairman of the Audit Committee, member of the Remuneration Committee and Compensation Committee of Indiabulls Real Estate Limited and Store One Retail India Limited, Chairman of the Audit Committee, Shareholders'/ Investors' Grievance Committee, Remuneration Committee and Compensation Committee of Indiabulls Power Limited., and also the Chairman of Audit Committee, Compensation Committee and member of the Remuneration Committee of Indiabulls Financial Services Limited.

Mr. Shamsher Singh Ahlawat does not hold any shares in the Company.

(C) Financial Calendar 2011-12 (tentative)

Tentative Schedule

Financial reporting for the quarter ending June 30, 2011	Not Applicable [#]
Financial reporting for the quarter ending September 30, 2011	Upto November 14, 2011
Financial reporting for the quarter ending December 31, 2011	Upto February 14, 2012

Corporate Governance Report (contd.)

Financial reporting for the quarter and year ending March 31, 2012	Upto May 15, 2012*
Annual General Meeting for the year ending March 31, 2012	Upto September 30, 2012

Since the equity shares of the Company got listed on the exchanges, effective August 18, 2011, the requirement of financial reporting has become applicable to the Company subsequent to the said quarter.

*Pursuant to Clause 41 of the Listing Agreement, Board may also consider publication of Audited results for FY 2011-12 by May 30, 2012, instead of publishing unaudited results for the fourth quarter.

(D) Date of Book Closure

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

(E) (i) Distribution of shareholding as on April 27, 2011*

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	89941	99.62	5,263,380	5.23
2.	5,001	- 10,000	82	0.09	584,766	0.58
3.	10,001	- 20,000	58	0.07	855,064	0.85
4.	20,001	- 30,000	33	0.04	828,286	0.82
5.	30,001	- 40,000	22	0.02	780,576	0.78
6.	40,001	- 50,000	12	0.01	541,022	0.54
7.	50,001	- 1,00,000	48	0.05	3,610,012	3.59
8.	1,00,001	and above	93	0.10	8,8107,080	87.61
	Total		90289	100.00	100,570,186	100.00

*Being the date of allotment of shares in the Company pursuant to the Scheme of Arrangement between Indiabulls Real Estate Limited and the Company and their respective shareholders and creditors, sanctioned by the Hon'ble High Court of Delhi, New Delhi vide its Order dated March 3, 2011.

(ii) Shareholding pattern as on April 27, 2011*

Sl. No.	Category	No. of Shares	% holding
1.	Promoters and Promoters Group	13,862,669	27.57
2.	Mutual Funds	491,578	0.98
3.	Banks	65,280	0.13
4.	FIs	25,447,984	50.61
5.	Bodies Corporate	1,527,916	3.04
6.	Indian Public	5,882,730	11.69
7.	NRIs/ OCBs	394,838	0.79
8.	Other foreign entities	1,097,867	2.18
9.	Shares held by custodian#	1,381,088	2.75
10.	Clearing Members	133,143	0.26
	Total	50,285,093	100.00

*Being the date of allotment of shares in the Company pursuant to the Scheme of Arrangement between Indiabulls Real Estate Limited and the Company and their respective shareholders and creditors, sanctioned

Corporate Governance Report (contd.)

by the Hon'ble High Court of Delhi, New Delhi vide its Order dated March 3, 2011. Upon the issue and allotment of the shares on April 27, 2011, the entire pre-arrangement shareholding of 10,00,00,000 Equity Shares of face value of Rs. 10 each held by Indiabulls Real Estate Limited in the Company as its promoter, got cancelled, pursuant to the said Scheme of Arrangement.

#In terms of Clause 35 of the Scheme, investors holding global depository receipts in Indiabulls Real Estate Limited (IBREL) shall not be issued global depository receipts in the Company. Instead, shares representing the entitlement of investors holding global depository receipts in IBREL shall be issued in favour of Deutsche Bank Trust Company Americas, being the depository for the global depository receipts in IBREL, who shall, in terms of the relevant provisions of the Scheme and the Deposit Agreement between the depository and IBREL, sell such shares and the sale proceeds shall be distributed proportionately among the investors holding global depository receipts.

- (ii) 3,587,500 warrants are outstanding, convertible upto February 25, 2012. As and when the warrants are converted, the equity capital of the Company will stand increased accordingly.

(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.

99.92% Equity shares of the Company representing aggregate of 50,243,518 out of a total of 50,285,093 Equity shares were credited in dematerialised form with CDSL & NSDL on May 6, 2011 & May 7, 2011, respectively and the balance 41,575 shares were held in physical form.

(G) Listing on Stock Exchanges

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

Bombay Stock Exchange 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

(H) Stock Code

Bombay Stock Exchange Limited (BSE) - 533520

National Stock Exchange of India Limited (NSE) -
IBWSL

ISIN for Dematerialisation - INE 126M01010

(I) Stock Market Price Data at NSE and BSE

The Equity Shares of the Company got listed on the Exchanges, effective August 18, 2011 and hence as of March 31, 2011, stock market price is not available.

(J) 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 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

(K) 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 shall be processed on the first and third Monday of every month thereby ensuring that share transfers are processed without delay and the transferred certificates are sent to the concerned investors well within the stipulated time as prescribed under the Listing Agreements.

Corporate Governance Report (contd.)

(L) Address for Correspondence

(i) Registered Office:

Indiabulls Wholesale Services Limited
1A, Hamilton House,
1st 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 a 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 shall get its quarterly and

annual financial results published in leading newspapers with wide circulation across the country and shall also regularly update the same and other important information on its public domain website.

(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 WHOLE-TIME 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.

Sd/-

Surinder Singh Kadyan
Whole-time Director

Date : September 5, 2011
Place : New Delhi

Corporate Governance Report (contd.)

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"), 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 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.

The equity shares of the Company got listed on the Stock Exchanges, effective August 18, 2011 and since then there are no outstanding investor grievances.

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 **S. Khandelwal & Co.**
Company Secretaries

Sd/-

Sanjay Khandelwal
Proprietor
Membership No.: FCS 5945
C.P. No. - 6128

Date: September 5, 2011
Place: New Delhi

Auditors' Report

to the Board of Directors of 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, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. 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. The net adjustment for 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 of the Company, in pursuant to the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Delhi, as explained in Note B-1 of Schedule 19 of Notes to Accounts. Having regards to this, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India.
5. 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, 2011;
 - b. in the case of the Consolidated Profit and Loss Account, 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 28, 2011
Place: New Delhi

Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2011

	Schedule	Amount in Rupees	
		As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100,570,186	1,000,000,000
Share Warrants (Refer Note B-2 of Schedule 19)		94,248,700	-
Reserves and Surplus	2	5,058,732,103	-
Loan Funds			
Secured Loans	3	-	1,849,236
Unsecured Loans	4	2,464,873,530	4,110,168,851
Deferred Tax Liabilities (Net) (Refer Note B-11 of Schedule 19)		6,256,793	-
Total		7,724,681,312	5,112,018,087
APPLICATION OF FUNDS			
Goodwill on Consolidation			
Fixed Assets	5	297,105,373	297,105,373
Gross Block		64,800,698	63,986,678
Less : Accumulated Depreciation/ Amortization		33,374,923	19,772,184
Net Block		31,425,775	44,214,494
Capital Work-In-Progress (including Capital advances)		-	50,572
Investments	6	31,425,775	44,265,066
Deferred Tax Assets (Net) (Refer Note B-11 of Schedule 19)		-	1,159
Current Assets, Loans and Advances			
Inventories	7	398,066,678	700,832,449
Sundry Debtors	8	302,778,805	-
Cash and Bank Balances	9	11,320,442	16,562,991
Other Current Assets	10	197,687,197	4,519,879
Loans and Advances	11	6,144,187,272	3,566,705,686
		7,054,040,394	4,288,621,005
Less: Current Liabilities and Provisions			
Current Liabilities	12	49,324,010	126,915,832
Provisions	13	32,006,110	733,101
		81,330,120	127,648,933
Net Current Assets		6,972,710,274	4,160,972,072
Profit and Loss Account (Debit Balance)		-	186,234,527
Total		7,724,681,312	5,112,018,087
Significant Accounting Policies and Notes to Accounts	19		

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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Consolidated Profit and Loss Account

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2011

	Schedule	For the year ended March 31, 2011	Amount in Rupees For the year ended March 31, 2010
INCOME			
Revenue From Operations	14	807,617,181	755,852
Other Income	15	214,826,905	42,391
Total		1,022,444,086	798,243
EXPENDITURE			
Cost of Real Estate Projects Under Development			
Opening Balance		700,832,449	623,708,379
Add: Additions during the year		340,870,077	77,124,070
Less: Cost of Sales		643,635,848	-
Less: Closing Balance		398,066,678	700,832,449
Cost of Sales		643,635,848	-
Employees Remuneration and Benefits	16	-	644,874
Administration and Other Expenses	17	3,115,882	4,481,422
Interest and Finance Charges	18	76,833,247	33,111,285
Depreciation/Amortisation	5	13,493,083	13,462,322
Total		737,078,060	51,699,903
Profit / (Loss) Before Tax		285,366,026	(50,901,660)
Less: Provision for Taxation			
a) Current Tax		40,000,229	-
b) Deferred Tax		6,257,952	1,159
c) Wealth Tax		25,346	14,479
Profit / (Loss) after Tax but before earlier year adjustments		239,082,499	(50,917,298)
Adjustment related to earlier years		(57,815)	-
Profit / (Loss) After Tax		239,140,314	(50,917,298)
Balance of Profit/(Loss) Brought Forward		(186,234,527)	(135,317,229)
Balance of Profit/(Loss) carried forward		52,905,787	(186,234,527)
Earnings Per Share (Refer Note B-6 of Schedule 19)			
- Basic (Rs.)		4.76	(0.51)
- Diluted (Rs.)		4.76	(0.51)
- Face value per Equity Share (Rs.)		2.00	10.00
Significant Accounting Policies and Notes to Accounts	19		

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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Consolidated Cash Flow Statement

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2011

	Amount in Rupees	
	For the year ended March 31, 2011	For the year ended March 31, 2010
A Cash Flow from Operating Activities		
Net Profit/(Loss) before Tax	285,366,026	(50,901,660)
Adjustments for :		
Depreciation/Amortisation	13,493,083	13,462,322
Provision for Gratuity and Compensated Absences	-	20,014
Interest Expenses on Inter Corporate Deposits	76,826,756	33,107,532
Profit on Sale of Fixed Assets	-	(1,163)
Interest Income on Inter Corporate Deposits	(214,630,356)	-
Operating Profit / (Loss) before working capital changes	161,055,509	(4,312,955)
Adjustments for :		
(Increase)/Decrease in Inventories	302,765,771	(565,488,254)
(Increase)/Decrease in Sundry Debtors	(302,778,805)	-
(Increase)/Decrease in Loans and Advances	327,275,520	(3,516,614,548)
Increase/(Decrease) in Trade Payables and Other Liabilities	(77,767,003)	87,480,115
Cash generated from/(Used in) Operations	410,550,992	(3,998,935,642)
Direct Taxes Paid	(8,176,676)	(9,966,272)
Net Cash Generated from/(Used in) Operating Activities	402,374,316	(4,008,901,914)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(552,874)	(842,543)
Proceeds from Sale of Fixed Assets (including Capital Work in Progress)	50,572	488,195,281
Excess / (Deficit) of Net Assets taken over on acquisition of Subsidiary	-	(297,105,373)
Interest Received on Inter Corporate Deposits given	21,463,038	92,974,428
Inter Corporate Deposits (given)/received back (net)	-	922,800,000
Net Cash Generated from/(Used in) Investing Activities	20,960,736	1,206,021,793
C Cash Flow from Financing Activities :		
Received Share Warrants money pursuant to Scheme of Arrangement from Indiabulls Real Estate Limited	94,248,700	-
Repayment of Secured Loan	(1,849,236)	(2,278,749)
Inter Corporate Deposits taken/(repaid) (net)	(434,726,470)	2,924,432,000
Interest Paid on Inter Corporate Deposits taken	(86,250,595)	(102,718,204)
Net Cash Generated from/(Used in) Financing Activities	(428,577,601)	2,819,435,047

Consolidated Cash Flow Statement

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2011 (Contd.)

	Amount in Rupees	
	For the year ended March 31, 2011	For the year ended March 31, 2010
D Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(5,242,549)	16,554,926
E Cash and Cash Equivalents at the Beginning of the Year	16,562,991	8,065
F Cash and Cash Equivalents at the End of the Year (D+E)	11,320,442	16,562,991

Note :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 (AS-3) on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 as amended.
- The above Cash Flow Statement excludes assets/liabilities (other than cash balance) acquired on demerger of wholesale business from Indiabulls Real Estate Limited (an erstwhile holding company), as it is Non Cash transactions (Refer Note B-1 of Schedule 19)
- Cash and Cash equivalents as at the end of the year include:

	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
Cash on Hand	329,316	299,341
Balances with Scheduled Banks		
In Current Accounts	10,991,126	16,263,650
Total	11,320,442	16,562,991

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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Schedules forming part of the Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2011

		Amount in Rupees	
		As at March 31, 2011	As at March 31, 2010
1	Share Capital		
	Authorised		
	550,000,000 (Previous year Nil) Equity Shares of Rs.2 each	1,100,000,000	-
	Nil (Previous year 110,000,000) Equity Shares of Rs.10 each (Refer Note B-1 of Schedule 19)	-	1,100,000,000
	Issued, subscribed and paid up		
	Equity Share Capital		
	Nil (Previous year 100,000,000) Equity Shares of Rs 10 each fully paid up [The entire paid-up Equity Shares Capital is held by the erstwhile holding company-Indiabulls Real Estate Limited and its nominees] (Refer Note B-1 of Schedule 19)	-	1,000,000,000
	50,285,093 (Previous year Nil) Equity Shares of Rs 2 each fully paid up to be issued to Shareholders of Indiabulls Real Estate Limited pursuant to Scheme of Arrangement (Refer Note B-1 of Schedule 19)	100,570,186	-
	As Per Balance Sheet	100,570,186	1,000,000,000
2	Reserves and Surplus		
	Transfer of Net Assets of Trading business (Demerged undertaking) pursuant to Scheme of Arrangement from Indiabulls Real Estate Limited (Refer Note B-1 of Schedule 19)	5,005,826,316	-
	Surplus as per Profit & Loss Account	52,905,787	-
	As Per Balance Sheet	5,058,732,103	-
3	Secured Loans		
	From Banks		
	Vehicle Loans (Secured against hypothecation of respective vehicles) (Amount repayable within one year Rs.Nil (Previous year Rs. 1,849,236))	-	1,849,236
	As Per Balance Sheet	-	1,849,236
4	Unsecured Loans		
	Other Loans and Advances		
	Inter Corporate Deposits		
	- From Erstwhile Holding Company (upto March 31, 2010)	-	4,100,745,012
	- From Others-Indiabulls Real Estate Limited	2,464,873,530	-
	Interest Accrued and due on above	-	9,423,839
	As Per Balance Sheet	2,464,873,530	4,110,168,851

Schedules forming part of the Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2011 (contd.)

Particulars	Gross Block (At Cost)					Accumulated Depreciation/ Amortization				Amount in Rupees	
	As at April 01, 2010	Asset transferred from IBREL under scheme of arrangement on April 01, 2010	Additions during the year	Adjustments/Sales during the year	As at March 31, 2011	As at April 01, 2010	Opening Depreciation on Asset transferred from IBREL under scheme of arrangement on April 01, 2010	Provided during the Year	Adjustments during the Year	As at March 31, 2011	As at March 31, 2010
A. Tangible Assets											
Temporary Erections	212,754	-	-	-	212,754	147,471	-	65,283	-	212,754	65,283
Plant and Machinery	-	-	349,010	-	349,010	-	-	6,222	-	342,788	-
Computers	8,813,291	148,396	108,653	-	9,070,340	2,844,319	79,877	1,472,379	-	4,396,575	5,968,972
Office Equipment	2,705,885	-	20,350	-	2,726,235	235,457	-	131,162	-	366,619	2,470,428
Vehicles	8,023,786	-	-	-	8,023,786	1,726,940	-	762,260	-	2,489,200	6,296,846
Furniture & Fixtures	258,069	112,750	74,861	-	445,680	148,402	29,779	62,553	-	240,734	109,667
Total (A)	20,013,785	261,146	552,874	-	20,827,805	5,102,589	109,656	2,499,859	-	7,712,104	14,911,196
B. Intangible Assets											
Software	43,972,893	-	-	-	43,972,893	14,669,595	-	10,993,224	-	25,662,819	29,303,298
Total (B)	43,972,893	-	-	-	43,972,893	14,669,595	-	10,993,224	-	25,662,819	29,303,298
Grand Total (A+B)	63,986,678	261,146	552,874	-	64,800,698	19,772,184	109,656	13,493,083	-	33,374,923	44,214,494
Previous Year	63,158,125	-	842,543	13,990	63,996,678	6,311,015	-	13,462,322	1,154	19,772,184	44,214,494
Capital Work In Progress (including Capital Advances)	50,572	-	-	50,572	-	-	-	-	-	-	50,572
Previous Year	-	-	50,572	-	50,572	-	-	-	-	50,572	-

Schedules forming part of the Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2011(contd.)

		Amount in Rupees	
		As at	As at
		March 31, 2011	March 31, 2010
6	Investments		
	Current Investment (At cost)		
	Trade, Quoted -Fully Paid up Equity Shares		
	In Subsidiary Company		
	12,783,310 (Previous year 12,783,310) fully paid equity shares of face value Rs.10 each in Store One Retail India Limited (Formerly Indiabulls Retail Services Limited) (Refer Note B-3 of Schedule 19)	423,439,890	423,439,890
	As Per Balance Sheet	423,439,890	423,439,890
	Aggregate amount of Quoted Investments	423,439,890	423,439,890
	Aggregate Market Value of Quoted Investments	187,275,492	391,808,452
	Aggregate Book Value of Unquoted Investments	-	-

Schedules forming part of the Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2011(contd.)

7 Inventories

(As taken, value and certified by Management)

Real Estate Projects Under Development (at cost)				Amount in Rupees	
Particulars	As at April 01, 2010	Additions during the Year	Cost of Sales	As at March 31, 2011	
Land	585,180,530	-	343,987,565	241,192,965	
Expenditure during Construction and Development	110,370,971	340,870,077	296,164,742	155,076,306	
Interest on Inter Corporate Deposits*	10,470,932	-	6,907,078	3,563,854	
Sub Total	706,022,433	340,870,077	647,059,385	399,833,125	
Less: Income from Temporary Deployment of funds					
Interest Income on Inter Corporate Deposits (Tax deducted at source Rs. Nil (Previous Year Rs.1,176,051))	5,189,984	-	3,423,537	1,766,447	
As per Balance Sheet	700,832,449	340,870,077	643,635,848	398,066,678	
Previous year	623,708,379	77,124,070	-	700,832,449	

*(Refer Note B-10 of Schedule 19)

Schedules forming part of the Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2011(contd.)

		Amount in Rupees	
		As at March 31, 2011	As at March 31, 2010
8	Sundry Debtors		
	(Unsecured, considered good, unless otherwise stated)		
	Debts outstanding for a period exceeding six months	-	-
	Other Debts	302,778,805	-
	As Per Balance Sheet	302,778,805	-
9	Cash and Bank Balances		
	Cash on Hand	329,316	299,341
	Balances with Scheduled Banks		
	- in Current Accounts	10,991,126	16,263,650
	As Per Balance Sheet	11,320,442	16,562,991
10	Other Current Assets		
	(Unsecured, considered good unless otherwise stated)		
	Accrued Interest on Inter Corporate Deposits	197,687,197	4,519,879
	As Per Balance Sheet	197,687,197	4,519,879
11	Loans and Advances		
	(Unsecured, considered good unless otherwise stated)		
	Inter Corporate Deposits to Subsidiary Company		
	Store One Retail India Limited (Formerly Indiabulls Retail Services Limited) [Maximum Balance outstanding at any time during the year Rs.3,606,100,000 (Previous year Rs.962,800,000)]	2,899,600,000	-
	Advance for Land	3,150,000,000	3,500,000,000
	Advances Recoverable in cash or in kind or for value to be received	47,526,940	25,007,930
	Security Deposits	6,468,720	763,250
	Advance Income Tax / Tax Deducted At Source [Net of Provision for Tax Rs.Nil (Previous Year Rs. 14,476)]	40,591,612	40,934,506
	As Per Balance Sheet	6,144,187,272	3,566,705,686
12	Current Liabilities		
	Sundry Creditors (Refer Note-B-14 of Schedule 19)		
	(a) Due to Micro, Small and Medium Enterprises	-	-
	(b) Due to others	5,145,213	4,299,288
	Advance from Customers	6,464,876	116,923,246
	Book Overdraft with Scheduled Bank in Current Account	393,813	-
	Other Liabilities (including expenses payable)	37,320,108	5,693,298
	As Per Balance Sheet	49,324,010	126,915,832

Schedules forming part of the Consolidated Balance Sheet

of Indiabulls Wholesale Services Limited Group as at March 31, 2011 (contd.)

	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
13 Provisions		
Provision for Tax [Net of Advance Income Tax/Tax Deducted At Source Rs.21,463,036 (Previous year Rs.Nil)]	31,512,810	-
Provision for Fringe Benefit Taxation [Net of Advance Tax of Rs. Nil (Previous year Rs.850,018)]	-	64,620
Provision for Gratuity (Refer Note B-4 of Schedule 19)	351,600	509,053
Provision for Compensated Absences (Refer Note B-4 of Schedule 19)	141,700	159,428
As Per Balance Sheet	32,006,110	733,101

Schedules forming part of the Consolidated Profit and Loss Account

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2011

	For the Year ended March 31, 2011		Amount in Rupees For the Year ended March 31, 2010	
14 Revenue from Operations				
Income from Construction and Development of Real Estate Projects	807,469,386		-	
Profit on Sale of Traded Goods				
- Sale of Traded Goods	5,073,598		27,989,349	
- Cost of Sales of Traded Goods	4,925,803	147,795	27,233,497	755,852
As Per Profit and Loss Account	807,617,181		755,852	
15 Other Income				
Interest on Inter Corporate Deposits - Gross (Tax Deducted at Source Rs. 21,463,036 (Previous Year Rs.Nil))	214,630,356		-	
Profit on Sale of Fixed Assets	-		1,163	
Interest on Income Tax Refund	32,170		-	
Miscellaneous Income	164,379		41,228	
As Per Profit and Loss Account	214,826,905		42,391	
16 Employees Remuneration and Benefits				
Salaries and wages	-		601,948	
Contributions to Provident Fund and Other Funds	-		3,821	
Bonus and Exgratia	-		19,091	
Provision for Gratuity and Compensated Absences	-		20,014	
As Per Profit and Loss Account	-		644,874	

Schedules forming part of the Consolidated Profit and Loss Account

of Indiabulls Wholesale Services Limited Group for the year ended March 31, 2011 (contd.)

	For the Year ended March 31, 2011	Amount in Rupees For the Year ended March 31, 2010
17 Administration and Other Expenses		
Rent Expenses	525,000	432,780
Printing and Stationery	64,659	51,997
Postage and Telegrams	10,930	-
Repairs and Maintenance Expenses	341,110	164,671
Advertisement Expenses	696,786	1,811,240
Rates and Taxes	17,017	71,729
Stamp Duty and Franking Charges	91,380	1,460
Insurance Expenses	63,128	18,465
Legal and Professional Charges	295,398	330,099
Communication Expenses	74,181	125,224
Travelling and Conveyance Expenses	78,772	289,676
Auditor's Remuneration - Audit Fees	160,300	594,241
Commission Expenses	665,422	154,666
Business Promotion Expenses	11,091	184,648
Miscellaneous Expenses	20,708	250,526
As Per Profit and Loss Account	3,115,882	4,481,422
18 Interest and Finance Charges		
Bank Charges	6,491	3,753
Interest on Inter Corporate Deposits	76,714,357	32,808,862
Interest to others	112,399	298,670
As Per Profit and Loss Account	76,833,247	33,111,285

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011

SCHEDULE: 19

A. Significant Accounting Policies

i. Basis of Consolidation and Preparation:

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 (AS 21) on Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006, as amended. Reference in these notes to the Company, Holding Company, Companies or Group shall mean to include Indiabulls Wholesale Services Limited ("IBWSL") or any of its subsidiaries, unless otherwise stated.

ii. Principles of Consolidation:

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

v. 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-2010 to 31-March-2011	100%
		01-January-2010 to 31-March-2010	
Sentia Properties Limited	India	01-April-2010 to 31-March-2011	100%
		01-January-2010 to 31-March-2010	

* 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.

Rules, 2006, as amended.

iii. 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 profit and loss account being the profit or loss on disposal of investment in subsidiary.

iv. Minority Interest:

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

- in case of profit and loss account for the year ended, net profit attributable to them
- in case of balance sheet, net assets attributable to them

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

vi. Information relating to Subsidiaries for the year ended March 31, 2011:

(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
Share Capital	500,000	500,000
	<i>500,000</i>	<i>500,000</i>
Reserves and Surplus (Net of debit Balance of Profit & Loss Account)	(77,667,062)	(252,457,122)
	<i>(77,641,303)</i>	<i>(252,400,652)</i>
Total Assets (Fixed Assets +Current Assets+ Deferred Tax Assets)	163,508,188	3,000,418,028
	<i>513,487,256</i>	<i>3,000,424,498</i>
Total Liabilities (Debts+Current Liabilities & Provisions+Deferred tax Liabilities)	240,675,250	3,252,375,150
	<i>590,628,559</i>	<i>3,252,325,150</i>
Details of Investments (excluding investment in the subsidiary companies)	-	-
	-	-
Turnover*	32,170	-
	-	-
Profit / (Loss) before Taxation*	(24,600)	(56,470)
	<i>(5,174,207)</i>	<i>(27,761,207)</i>
Provision for Taxation*	1,159	-
	<i>1,159</i>	-
Profit / (Loss) after Taxation*	(25,759)	(56,470)
	<i>(5,175,368)</i>	<i>(27,761,207)</i>
Proposed Dividend (including Corporate Dividend Tax)	-	-
	-	-

Previous year figures are stated in italics

* Since the Company has acquired above said subsidiaries on January 01, 2010, the previous year figures relates to 3 months i.e. from January 01, 2010 to March 31, 2010.

vii. Basis of Accounting:

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.

viii. 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 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 /materialized.

ix. Revenue Recognition:

- Revenue from real estate development projects and plots under development is recognised in the financial year in which the agreement to sell / 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 developed land and plots is recognised in the year in which the

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

underlying sale deed is executed.

- c) Income from sale of goods is recognised on dispatch of goods. Gross sale are stated at contractual realizable values and net of sale tax and trade discounts.
- d) Interest income from deposits and others is recognised on accrual basis.
- e) Dividend income is recognised when the right to receive the dividend is unconditionally established.

x. 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 revenue.

xi. Investments:

Investments are classified as long term or current investments. Long term investments are stated at cost and provision for diminution in their value, other than temporary, is recorded in the books of account. Current investments are stated at the lower of cost or fair value.

xii. Inventories:

Land other than that transferred to real estate projects under development is valued at lower of cost or net realisable 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 indirectly 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 realisable value, whichever is lower on the basis of first-in first-out method.

xiii. Fixed Assets:

Tangible fixed assets are stated at cost, net of tax / duty credits availed, less accumulated depreciation

/ 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 / duty credits availed, less accumulated amortization /impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

Expenditure directly relating to construction/development activity is capitalised. Indirect expenditure incurred during construction/development period is capitalised as part of the indirect construction/development cost to the extent to which the expenditure is indirectly related to construction/development or is incidental thereto.

xiv. Depreciation/Amortization:

Depreciation on fixed assets is provided on the straight-line method at the rates and as per the manner prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on additions/deletions to fixed assets is provided on pro-rata basis from/till the date the asset is put to use/discarded. Assets costing less than Rs. 5,000 per item are fully depreciated in the year of purchase.

Intangible assets consisting of Software are amortized on a straight line basis over a period of four years from the date when the assets are available for use.

xv. Impairment of Assets:

At each Balance Sheet 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 Profit and Loss Account. If, at the Balance Sheet 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

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

previously recognized are accordingly reversed.

xvi. Taxes on Income:

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. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

Deferred Tax resulting from timing differences between taxable income and accounting income is accounted for at the current rate of tax / substantively enacted tax rates as on the Balance Sheet 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 Balance Sheet date.

xvii. Leases:

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

xviii. Foreign Currency Transactions:

a) Initial Recognition

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

b) 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.

c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded, are recognized as income or expense 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 balance sheet.

xix. Employee benefits:

Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account /real estate projects under development for the year in which the related service is rendered. The Company's contribution to Provident Fund and Employee State Insurance Schemes is charged to the profit and loss account/ real estate projects under development.

Post employment and other long term employee benefits for its eligible employees are recognised as an expense in the profit and loss account/real estate projects under development, for the year in which the employee has rendered services. 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 (AS) - 15 (Revised 2005) “Employee Benefits”, notified under the Companies (Accounting Standards) Rules, 2006, as amended. Actuarial gains and losses are recognized in profit and loss account/real estate projects under development.

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

xx. Deferred Employee Stock Compensation Costs:

Deferred Employee Stock Compensation Costs are recognised 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 estimated intrinsic or fair value (as elected by the Company in respect of its different Employees Share Based Payment Plans) of the stock options on the grant date. The compensation expense is amortized over the vesting period of the options.

xxi. 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:

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

xxii. Share Issue Expenses:

Share Issue Expenses are adjusted against Securities Premium Account to the extent of balance available and thereafter, the balance portion is charged off to the profit and loss account, as incurred.

xxiii. Earnings Per Share:

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

xxiv. 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 profit and loss account, as incurred.

B. Notes to Accounts:

1. 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") with an authorized capital of Rs. 20,000,000 divided into 2,000,000 equity shares of Rs.10 each. The authorised capital of the company increased to Rs.1,100,000,000 with effect from October 24, 2007.

The company is 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 03, 2011. Upon coming into effect of the 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:

- a) Certain Assets comprising of Fixed Assets and Loans and Advances in the IBREL aggregating to Rs. 4,106,396,502 have been transferred to IBWSL, at their book values;
- b) The Equity Share Capital of the Company amounting to Rs. 1,000,000,000 was cancelled;
- c) 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;

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

- d) 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;
- e) 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 i.e. April 01, 2010. 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;
- f) 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. Share Warrants:

During the year, the Board of Directors of the IBREL at their meeting held on August 26, 2010 and as already approved by the Shareholders of the 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, Joint Managing Directors and Key Management Personnel

of the 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 Scheme of Arrangement, the company has issued 3,587,500 warrants and proportionate liability in respect of Share warrants amounting to Rs. 94,248,700 representing 7.96% of application money has been transferred by the IBREL.

The movement during the year in Share Warrants is given below:

Amount in Rupees	
Particulars	For the year ended March 31, 2011
Amount transferred by IBREL pursuant to the Scheme of Arrangement	94,248,700
Total	94,248,700

3. 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'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.14.65 (Previous Year Rs. 30.65) per equity share on March 31, 2011 as it does not consider the fair value of controlling interest embodied in the investment. Management

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

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. 236,164,398 (Previous Year Rs. 31,631,438) to the Profit and Loss Account.

4. Employee Benefits

Disclosures in respect of Employee Benefits in accordance with Accounting Standard (AS) –15 “Employee Benefits” as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees eligible under applicable acts. Both the employees

and the Company make predetermined contributions to the Provident Fund. The contributions are normally based on a certain proportion of the employee's salary.

Provisions for unfunded gratuity and compensated absences for all eligible employees are based upon actuarial valuation conducted by an independent actuary. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions during the year ended March 31, 2011, have been accounted for in the Profit and Loss Account/Real Estate Project under Development.

The table below provides disclosures in respect of gratuity and compensated absences in accordance with AS 15:

Particulars	Amount in Rupees			
	March 31, 2011		March 31, 2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Reconciliation of liability recognized in the Balance Sheet				
Present value of commitment (as per actuarial valuation)	351,600	141,700	509,053	159,428
Fair value of plans	-	-	-	-
Net liability in the Balance Sheet (Actual)	351,600	141,700	509,053	159,428
Movement in the net liability recognized in the Balance Sheet				
Net liability as at beginning of the Year	509,053	159,428	328,831	192,133
Net expenses recognized in the Profit and Loss account/Real Estate Project Under Development	(157,453)	(17,728)	180,222	(32,705)
Contribution during the Year	-	-	-	-
Net liability as at March 31, 2011	351,600	141,700	509,053	159,428
Expenses recognized in the Profit and Loss Account/Real Estate Project Under Development				
Current service cost	131,223	71,935	243,056	83,187
Interest cost	25,776	10,556	23,568	11,209
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	(314,452)	(100,219)	(86,402)	(127,101)
Expenses charged to the Profit and Loss Account/Real Estate Project Under Development	(157,453)	(17,728)	180,222	(32,705)
Return on plan assets				
Expected return on plan assets	NA	NA	NA	NA
Actuarial (gains) / losses	NA	NA	NA	NA

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

Particulars	Amount in Rupees			
	March 31, 2011		March 31, 2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Actual return on plan assets	NA	NA	NA	NA
Reconciliation of defined-benefits commitments				
Commitments as at beginning of the Year	509,053	159,428	328,831	192,133
Current service cost	131,223	71,935	243,056	83,187
Interest cost	25,776	10,556	23,568	11,209
Paid benefits	-	-	-	-
Actuarial (gains) / losses	(314,452)	(100,219)	(86,402)	(127,101)
Commitments as at March 31, 2011	351,600	141,700	509,053	159,428
Reconciliation of plan assets				
Plan assets as at beginning of Year	NA	NA	NA	NA
Expected return on plan assets	NA	NA	NA	NA
Contributions during the Year	NA	NA	NA	NA
Paid benefits	NA	NA	NA	NA
Actuarial (gains) / losses	NA	NA	NA	NA
Plan assets as at end of Year	NA	NA	NA	NA

The actuarial valuation to determine commitments and expenses in respect of gratuity and compensated absences is based on the following assumptions which if changed, would affect the commitment's size, funding requirement and expenses:

	For the year ended March 31, 2011	For the year ended March 31, 2010
Discount rate	8.00%	7.50%
Expected return on plan assets	Nil	Nil
Expected rate of salary increase	5.00%	5.00%
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified

5. Disclosure in respect of Accounting Standard (AS) - 18 "Related Party Disclosures" as notified under the Companies (Accounting Standards) Rules, 2006, as amended :

a) Related Parties where control exists:

Erstwhile Holding Company

Subsidiaries**

Indiabulls Real Estate Limited*

Store One Retail India Limited
(Formerly Indiabulls Retail Services Limited)
Lucina Infrastructure Limited
Sentia Properties Limited
Albasta Power Limited

b) Other Related Parties:

Erstwhile Fellow Subsidiaries

Lucina Land Development Limited*
Sentia Infrastructure Limited*

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

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)

*The transactions with Company's erstwhile holding Company and erstwhile fellow subsidiaries with effect from Appointed Date, have not been treated as related party transactions as they do not qualify as being Related Parties during the year.

** With whom transactions have been made during the year/previous year.

c) Summary of Significant Transactions with Related Parties for the year ended March 31, 2011 :

Amount in Rupees

Nature of Transactions	Erstwhile Holding Company	Erstwhile Fellow Subsidiaries	Subsidiaries	Total
Finance				
Inter Corporate Deposits Taken*	--	--	--	--
	<i>4,100,745,012</i>	--	--	<i>4,100,745,012</i>
Inter Corporate Deposits Given*	--	--	3,606,100,000	3,606,100,000
	--	--	962,800,000	962,800,000
Purchase of Equity Shares	--	--	--	--
	--	<i>1,000,000</i>	--	<i>1,000,000</i>
Income				
Interest Income on Inter Corporate Deposits Given	--	--	214,630,356	214,630,356
	--	--	<i>5,189,984</i>	<i>5,189,984</i>
Expenses				
Interest Expenses on Inter Corporate Deposits Taken	--	--	--	--
	<i>10,470,932</i>	--	--	<i>10,470,932</i>
Expenses incurred and Reimbursed	--	--	--	--
	<i>5,597,680</i>	<i>15,000</i>	--	<i>5,612,680</i>

*Maximum Balance outstanding at any time during the year
Previous year figures are stated in italics

d) Balance Outstanding as on March 31, 2011

Amount in Rupees

Nature of Transactions	Erstwhile Holding Company	Erstwhile Fellow Subsidiaries	Subsidiaries	Total
Inter Corporate Deposits Taken	--	--	--	--
	<i>4,100,745,012</i>	--	--	<i>4,100,745,012</i>
Inter Corporate Deposits Given	--	--	2,899,600,000	2,899,600,000
	--	--	--	--
Accrued Interest on Inter Corporate Deposits Taken	--	--	--	--
	<i>9,423,839</i>	--	--	<i>9,423,839</i>
Accrued Interest on Inter Corporate Deposits Given	--	--	193,167,318	193,167,318
	--	--	--	--

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

Nature of Transactions	Erstwhile Holding Company	Erstwhile Fellow Subsidiaries	Subsidiaries	Total
Inter Company Receivable- Expenses incurred and Reimbursed	--	--	--	--
	5,597,470	--	--	5,597,470

Previous year figures are stated in italics

e) Statement of Material Transactions for the year ended March 31, 2011:

Amount in Rupees

Particulars	For the year ended March 31, 2011	For the Year ended March 31, 2010
Finance		
Inter-corporate Deposit Taken*		
- Indiabulls Real Estate Limited	--	4,100,745,012
Inter-Corporate Deposit Given*		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	3,606,100,000	962,800,000
Income		
Interest Income on Inter Corporate Deposits		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	214,630,356	5,189,984
Expenses		
Interest Expenses on Inter Corporate Deposits:		
- Indiabulls Real Estate Limited	--	10,470,932
Expenses incurred and Reimbursed		
- Indiabulls Real Estate Limited	--	5,597,680
- Sentia Infrastructure Limited	--	15,000
Purchase of Equity Shares		
- Lucina Land Development Limited	--	1,000,000

*Maximum Balance outstanding at any time during the Year

f) Balance Outstanding as on March 31, 2011

Amount in Rupees

Particulars	As at March 31, 2011	As at March 31, 2010
Inter Corporate Deposit Taken		
- Indiabulls Real Estate Limited	--	4,100,745,012
Inter Corporate Deposit Given		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	2,899,600,000	--
Interest Accrued and due on Inter Corporate Deposits		
- Indiabulls Real Estate Limited	--	9,423,839
Interest Accrued on Inter Corporate Deposits Given		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	193,167,318	--
Inter Company Receivable- Expenses incurred and Reimbursed		
- Indiabulls Real Estate Limited	--	5,597,470

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such year 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

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

6. Earnings per Share:

Basic Earnings Per share is 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 is 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 diluted potential equity shares.

The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Diluted potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The numbers of equity shares are 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, 2011	For the Year ended March 31, 2010
Profit/(Loss) available for equity Shareholders (Rs.)	239,140,314	(50,917,298)
Weighted average number of Shares used in computing basic earning per share	50,285,093*	100,000,000
Add: Potential number of equity share that could arise due to conversion of share warrants	--	--
Weighted average number of Shares used in computing diluted earning per share	50,285,093*	100,000,000
Nominal Value per Equity Share- (Rs.)	2.00	10.00
Basic Earnings Per Equity Share - (Rs.)	4.76	(0.51)
Diluted Earnings Per Equity Share - (Rs.)	4.76	(0.51)

*the weighted average number of equity shares used in computing basic and diluted earning per Share is taken as per the Scheme of Arrangement with effect from April 01, 2010 i.e. from Appointed Date.

Consequent to the scheme being given effect by the Company, earnings per share for the year are not directly comparable to those of prior year.

7. The company has taken office premises on operating lease at various locations and lease rent of Rs. 779,129 (Previous year Rs. 434,380) in respect of the same has been charged to Profit and Loss Account/ Real Estate Project under Development. 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:

Amount in Rupees

Minimum Lease Rentals	As at March 31, 2011	As at March 31, 2010
Within One Year	6,852,552	766,265
One to Five Years	3,824,325	892,944
Total	10,676,877	1,659,209

8. Disclosure pursuant to Part II of Schedule VI of Companies Act, 1956, to the extent applicable:

- Managerial Remuneration under Section 198 of the Companies Act, 1956 (included under Employees Remuneration & Benefits) is Rs. Nil (Previous Year Rs. Nil)
- Expenditure in foreign currency

Amount in Rupees

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Professional Fees	--	930,597

Note: There are no other particulars required to be disclosed in accordance with Part II of Schedule VI to the Companies Act, 1956.

9. The Company's primary business segment is reflected based on principal business activities carried on by the Company i.e. purchase, sale,

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

dealing, construction and development of real estate projects and all other related activities. The Company operates in domestic market only. Considering the nature of Company's business and operations and based on the information available with the management no further disclosures are required in respect of reportable segments, under Accounting Standard (AS) – 17 "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, other than those already provided in the financial statements

10. During the year ended March 31, 2011, the Company has inventorised borrowing costs of Rs.Nil (Previous Year Rs. 10,470,932) to cost of Real Estate Projects under Development.
11. 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 debited deferred tax charge of Rs. 6,257,952 in the profit and loss account during the year ended March 31, 2011

The breakup of deferred tax assets/(liabilities) (net) as at March 31, 2011 into major components is as under:

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities:		
Arising on account of temporary timing differences due to:		
Depreciation	(6,263,287)	--
Total (A)	(6,263,287)	--
Deferred Tax Assets:		
Arising on account of temporary timing differences due to:		
Preliminary Expenses	--	1,159
Provision for Compensated Absences and Gratuity	6,494	--
Total (B)	6,494	1,159
Deferred Tax Assets/(Liabilities) (net) (A-B)	(6,256,793)	1,159

12. As per the best estimate of the management, no provision is required to be made as per Accounting Standard 29 (AS 29) - Provisions, Contingent Liabilities and Contingent Assets, as notified under the Companies (Accounting Standards) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
13. 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 on March 31, 2011.
14. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 :
- (i) There is no payment due to suppliers as at

the end of the accounting year on account of Principal and Interest.

- (ii) No interest was paid during the Year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and no amount was paid to the supplier beyond the appointed date.
- (iii) No interest is payable at the end of the Year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
- (iv) No amount of interest was accrued and unpaid at the end of the accounting Year.

The above information and that given in Schedule-12 "Current Liabilities" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

identified on the basis of information available with the Company. This has been relied upon by the auditors.

15. The company has not entered into any derivative instrument during the Year. The company does not have any foreign currency exposure towards receivables, payables or any other derivative instrument that have not been hedged.
16. Contingent Liability not provided for in respect of :
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for of Rs.Nil (Previous Year Rs. 198,908).
17. In the opinion of the Board of Directors of the

Company, all Current Assets, Loans and Advances appearing in the balance sheet as at March 31, 2011 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 balance sheet. Certain balances shown under loans and advances are subject to confirmation / reconciliation. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of these balances.

18. Previous year figures have been regrouped and / or re-arranged wherever necessary to confirm to current year groupings and 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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Auditors' Report

To the Members of Indiabulls Wholesale Services Limited

1. We have audited the attached Balance Sheet of Indiabulls Wholesale Services Limited ("the Company") as at March 31, 2011 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2011. 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 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 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 appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account;
 - (iv) the net adjustment for 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 of the Company, in pursuant to the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Delhi, as explained in Note B-1 of Schedule 19 of Notes to Accounts. Having regards to this, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India.
- (v) in our opinion, the Balance Sheet, Profit and Loss Account 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;
 - (vi) on the basis of written representations received from the directors, as at March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Act;
 - (vii) in our opinion and to the best of our information and according to the 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, 2011;
 - b) In the case of Profit and Loss Account, 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. 01775N

New Delhi
Date: April 28, 2011

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year is such that paragraphs 4(viii), 4(x), 4(xii), 4(xiii), 4(xv), 4(xvi), 4(xix) and 4(xx) of the Order are not applicable to the Company.
2. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets 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 physical verification is reasonable having regard to the size of the Company and the nature of its assets.
(c) The Company has not disposed off any fixed assets during the year.
3. (a) According to the information and explanations given to us, inventories have been physically verified by management during the year.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventories and no discrepancies were noted on physical verification.
4. 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, according to the information and explanations given to us:
(a) The Company has granted unsecured loan to a subsidiary company 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.3,799,267,318/- and the balance outstanding at year end is Rs.3,092,767,318/-.
(b) According to the information and explanation given to us, 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 as regard to principal amount and interest where ever stipulated.
(e) The Company has not taken loan from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us there are adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories, fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
6. In our opinion and according to the information and explanations given to us, 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 required to be maintained under that section.
7. In our opinion and according to the information and explanations given to us, 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 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.
8. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date (Contd.)

9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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 of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other material statutory dues were in arrears, as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and, there are no dues of Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited on account of any dispute.
10. Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institutions or banks. There were no dues to debenture holders.
11. The Company has maintained proper records of the transactions and contracts in respect of dealing in shares, securities, debentures and other investment and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act 1956.
12. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis, prima facie, have not been used for the long-term investment by the Company.
13. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
14. According to the information and explanations given to us, 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

New Delhi
Date: April 28, 2011

Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2011

	Schedule	Amount in Rupees	
		As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100,570,186	1,000,000,000
Share Warrants (Refer Note B-2 of Schedule 19)		94,248,700	-
Reserves and Surplus	2	5,091,750,914	-
Loan Funds			
Secured Loans	3	-	1,849,236
Unsecured Loans	4	2,464,873,530	4,110,168,851
Deferred Tax Liabilities (Net) (Refer Note B-12 of Schedule 19)		6,256,793	-
TOTAL		7,757,700,123	5,112,018,087
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	64,800,698	63,986,678
Less : Accumulated Depreciation/Amortisation		33,374,923	19,772,184
Net Block		31,425,775	44,214,494
Capital Work in Progress (including Capital Advances)		-	50,572
		31,425,775	44,265,066
Investments			
Current Assets, Loans and Advances	6	424,439,890	424,439,890
Inventories	7	397,934,348	700,700,119
Sundry Debtors	8	302,778,805	-
Cash and Bank Balances	9	10,490,929	16,106,469
Other Current Assets	10	193,167,318	-
Loans and Advances	11	6,478,682,878	3,900,743,922
		7,383,054,278	4,617,550,510
Less: Current Liabilities and Provisions			
Current Liabilities	12	49,213,710	126,802,223
Provisions	13	32,006,110	733,103
		81,219,820	127,535,326
Net Current Assets		7,301,834,458	4,490,015,184
Profit and Loss Account (Debit Balance)		-	153,297,947
TOTAL		7,757,700,123	5,112,018,087
Significant Accounting Policies and Notes to Accounts	19		

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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Profit and Loss Account

of Indiabulls Wholesale Services Limited for the year ended March 31, 2011

	Schedule	For the year ended March 31, 2011	Amount in Rupees For the year ended March 31, 2010
INCOME			
Revenue from Operations	14	807,617,181	755,852
Other Income	15	214,794,737	42,391
TOTAL		1,022,411,918	798,243
EXPENDITURE			
Cost of Real Estate Projects Under Development			
Opening Balance		700,700,119	623,576,049
Add: Additions during the year		340,870,077	77,124,070
Less: Cost of Sales		643,635,848	-
Less: Closing Balance		397,934,348	700,700,119
Cost of Sales		643,635,848	-
Employees Remuneration and Benefits	16	-	644,874
Administrative and Other Expenses	17	3,002,642	4,354,864
Interest and Finance Charges	18	76,833,247	302,423
Depreciation/Amortisation	5	13,493,083	13,462,323
TOTAL		736,964,820	18,764,484
Profit / (Loss) Before Tax		285,447,098	(17,966,241)
Less: Provision for Taxation			
a) Current Tax		40,000,229	-
b) Deferred Tax		6,256,793	-
c) Wealth Tax		25,346	14,476
Profit / (Loss) after Tax but before earlier year adjustments		239,164,730	(17,980,717)
Adjustment related to earlier years		(57,815)	-
Profit / (Loss) After Tax		239,222,545	(17,980,717)
Balance of Profit/(Loss) Brought Forward		(153,297,947)	(135,317,230)
Balance of Profit/(Loss) carried forward to Balance Sheet		85,924,598	(153,297,947)
Earnings Per Share (Refer Note B-7 of Schedule 19)			
-Basic (Rs.)		4.76	(0.18)
-Diluted (Rs.)		4.76	(0.18)
Face Value Per Share (Rs.)		2.00	10.00
Significant Accounting Policies and Notes to Accounts	19		

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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Cash Flow Statement

of Indiabulls Wholesale Services Limited for the year ended March 31, 2011

	Amount in Rupees	
	For the year ended March 31, 2011	For the year ended March 31, 2010
A Cash Flow from Operating Activities		
Net Profit/(Loss) before Tax	285,447,098	(17,966,241)
Adjustments for :		
Depreciation/Amortisation	13,493,083	13,462,323
Provision for Gratuity and Compensated Absences	-	20,014
Interest Expenses	76,714,357	298,670
Profit on Sale of Fixed Assets	-	(1,163)
Interest on Inter Corporate Deposits	(214,630,356)	-
Operating Profit / (Loss) before working capital changes	161,024,182	(4,186,397)
Adjustments for :		
(Increase)/Decrease in Inventories	302,595,336	(82,186,551)
(Increase)/Decrease in Sundry Debtors	(302,778,805)	-
(Increase)/Decrease in Loans and Advances	11,688,831	(16,589,548)
Increase/(Decrease) in Trade Payables and Other Liabilities	(77,593,259)	87,239,003
Cash Generated from/(Used in) Operations	94,936,285	(15,723,493)
Direct Taxes Paid	(21,484,321)	(1,187,088)
Net Cash Generated from/(Used in) Operating Activities	73,451,964	(16,910,581)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets (including Capital Work in Progress)	(502,302)	(893,115)
Proceeds from Sale of Fixed Assets	-	13,999
Investment in Equity Shares of Subsidiary Companies	-	(1,000,000)
Inter Corporate Deposits (given)/received back (net)	(2,549,700,000)	(2,920,040,100)
Interest Received on Inter Corporate Deposits given	-	102,684,291
Net Cash Generated from/(Used in) Investing Activities	(2,550,202,302)	(2,819,234,925)
C Cash Flow from Financing Activities :		
Received Share Warrants money pursuant to Scheme of Arrangement from Indiabulls Real Estate Limited	94,248,700	-
Repayment of Secured Loans	(1,773,852)	(2,278,749)
Interest paid on Secured Loans	(75,384)	(298,670)
Inter Corporate Deposits taken/(repaid) (net)	2,464,873,530	2,924,432,000
Interest Paid on Inter Corporate Deposits taken	(86,138,196)	(69,610,672)
Net Cash Generated from/(Used in) Financing Activities	2,471,134,798	2,852,243,909

Cash Flow Statement

of Indiabulls Wholesale Services Limited for the year ended March 31, 2011 (Contd.)

	Amount in Rupees	
	For the year ended March 31, 2011	For the year ended March 31, 2010
D Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(5,615,540)	16,098,403
E Cash and Cash Equivalents at the Beginning of the Year	16,106,469	8,066
F Cash and Cash Equivalents at the End of the Year (D+E)	10,490,929	16,106,469

Note:

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) -3 "Cash Flow Statements" as notified under the Companies (Accounting Standards) Rules, 2006 as amended.
- 2 The above Cash Flow Statement 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. (Refer Note B-1 of Schedule 19)
- 3 Cash and Cash equivalents as at the end of the Year include:

	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
Cash on Hand	66,646	36,671
Balances with Scheduled Banks		
In Current Accounts	10,424,283	16,069,798
Total	10,490,929	16,106,469

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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Schedules forming part of the Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2011

	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
Schedule 1		
Share Capital		
Authorised		
550,000,000 (Previous year Nil) Equity Shares of Rs.2 each	1,100,000,000	-
Nil (Previous year 110,000,000) Equity Shares of Rs.10 each (Refer Note B-1 of Schedule 19)	-	1,100,000,000
Issued, Subscribed and Paid up		
Equity Share Capital		
Nil (Previous year 100,000,000) Equity Shares of Rs 10 each fully paid up [The entire paid-up Equity Shares Capital is held by the erstwhile holding company-Indiabulls Real Estate Limited and its nominees] (Refer Note B-1 of Schedule 19)	-	1,000,000,000
50,285,093 (Previous year Nil) Equity Shares of Rs 2 each fully paid up to be issued to Shareholders of Indiabulls Real Estate Limited pursuant to Scheme of Arrangement (Refer Note B-1 of Schedule 19)	100,570,186	-
As Per Balance Sheet	100,570,186	1,000,000,000
Schedule 2		
Reserves and Surplus		
Transfer of Net Assets of Wholesale Trading Business (Demerged undertaking) pursuant to Scheme of Arrangement from Indiabulls Real Estate Limited (Refer Note B-1 of Schedule 19)	5,005,826,316	-
Surplus as per Profit and Loss Account	85,924,598	-
As Per Balance Sheet	5,091,750,914	-
Schedule 3		
Secured Loans		
From Banks		
Vehicle Loans (Secured against hypothecation of respective vehicles) [Amount repayable within one year Rs.Nil (Previous year Rs.1,849,236)]	-	1,849,236
As Per Balance Sheet	-	1,849,236
Schedule 4		
Unsecured Loans		
Other Loans and Advances		
Inter Corporate Deposits		
- From Erstwhile Holding Company (upto March 31, 2010)	-	4,100,745,012
- From Others-Indiabulls Real Estate Limited	2,464,873,530	-
Interest Accrued and due on above	-	9,423,839
As Per Balance Sheet	2,464,873,530	4,110,168,851

Schedules forming part of the Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2011 (Contd.)

Schedule 5 Fixed Assets

Particulars	Gross Block (At Cost)					Accumulated Depreciation/ Amortization				Amount in Rupees	
	As at April 01, 2010	Asset transferred from IBREL under scheme of arrangement on April 01, 2010	Additions during the year	Adjustments/Sales during the year	As at March 31, 2011	As at April 01, 2010	Provided during the Year	Adjustments during the Year	As at March 31, 2011	As at March 31, 2010	Net Block
A. Tangible Assets											
Temporary Erections	212,754	-	-	-	212,754	147,471	65,283	-	212,754	-	65,283
Computers	8,813,291	148,396	108,653	-	9,070,340	2,844,319	1,472,379	-	4,396,575	4,673,765	5,968,972
Plant and Machinery	-	-	349,010	-	349,010	-	6,222	-	6,222	342,788	-
Office Equipment	2,705,885	-	20,350	-	2,726,235	235,457	131,162	-	366,619	2,359,616	2,470,428
Vehicles	8,023,786	-	-	-	8,023,786	1,726,940	762,260	-	2,489,200	5,534,586	6,296,846
Furniture & Fixtures	258,069	112,750	74,861	-	445,680	148,402	29,779	-	240,734	204,946	109,667
Total (A)	20,013,785	261,146	552,874	-	20,827,805	5,102,589	2,499,859	-	7,712,104	13,115,701	14,911,196
B. Intangible Assets											
Softwares	43,972,893	-	-	-	43,972,893	14,669,595	10,993,224	-	25,662,819	18,310,074	29,303,298
Total (B)	43,972,893	-	-	-	43,972,893	14,669,595	10,993,224	-	25,662,819	18,310,074	29,303,298
Grand Total (A+B)	63,986,678	261,146	552,874	-	64,800,698	19,772,184	13,493,083	-	33,374,923	31,425,775	44,214,494
Previous Year	63,158,125	-	842,543	13,990	63,986,678	6,311,015	13,462,323	1,154	19,772,184	44,214,494	
Capital Work In Progress (including Capital Advances)	50,572	-	-	50,572	-	-	-	-	-	-	50,572
Previous Year	-	-	50,572	-	50,572	-	-	-	-	50,572	

Schedules forming part of the Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2011 (Contd.)

	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
Schedule 6		
Investments		
i) Long Term (At Cost)		
Trade, Unquoted - Fully Paid Up Equity Shares		
In Subsidiary Companies :		
- 50,000 (Previous year 50,000) fully paid equity shares of face value Rs.10 each in Lucina Infrastructure Limited	500,000	500,000
- 50,000 (Previous year 50,000) fully paid equity shares of face value Rs.10 each in Sentia Properties Limited	500,000	500,000
ii) Current Investment (At Cost)		
Trade, Quoted -Fully Paid up Equity Shares		
In Subsidiary Company		
- 12,783,310 (Previous year 12,783,310) fully paid equity shares of face value Rs.10 each in Store One Retail India Limited (Formerly Indiabulls Retail Services Limited) (Refer Note B-3 of Schedule 19)	423,439,890	423,439,890
As Per Balance Sheet	424,439,890	424,439,890
Aggregate amount of Quoted Investments	423,439,890	423,439,890
Aggregate Market Value of Quoted Investments	187,275,492	391,808,452
Aggregate Book Value of Unquoted Investments	1,000,000	1,000,000

Schedules forming part of the Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2011 (Contd.)

Schedule 7

Inventories

(As taken, value and certified by Management)

Particulars	Amount in Rupees			
	As at April 01, 2010	Additions during the Year	Cost of Sales	As at March 31, 2011
Land	585,078,200	-	343,987,565	241,090,635
Expenditure during Construction and Development	110,340,971	340,870,077	296,164,742	155,046,306
Interest on Inter Corporate Deposits*	10,470,932	-	6,907,078	3,563,854
Sub Total	705,890,103	340,870,077	647,059,385	399,700,795
Less: Income from Temporary Deployment of funds				
Interest Income on Inter Corporate Deposits [Tax deducted at source Rs. Nil (Previous Year Rs.1,176,051)]	5,189,984	-	3,423,537	1,766,447
As per Balance Sheet	700,700,119	340,870,077	643,635,848	397,934,348
Previous year	623,576,049	77,124,070	-	700,700,119

*(Refer Note B-11 of Schedule 19)

Schedules forming part of the Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2011 (Contd.)

	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
Schedule 8		
Sundry Debtors		
(Unsecured, considered good, unless otherwise stated)		
Debts Outstanding for a period exceeding six months	-	-
Other Debts	302,778,805	-
As Per Balance Sheet	302,778,805	-
Schedule 9		
Cash and Bank Balances		
Cash on Hand	66,646	36,671
Balances with Scheduled Banks		
- in Current Accounts	10,424,283	16,069,798
As Per Balance Sheet	10,490,929	16,106,469
Schedule 10		
Other Current Assets		
(Unsecured, considered good unless otherwise stated)		
Accrued Interest on Inter Corporate Deposits	193,167,318	-
As Per Balance Sheet	193,167,318	-
Schedule 11		
Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Inter Corporate Deposits to Subsidiary Companies		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited) [Maximum Balance outstanding at any time during the year Rs.3,606,100,000 (Previous year Rs.962,800,000)]	2,899,600,000	-
- Lucina Infrastructure Limited [Maximum Balance outstanding at any time during the year Rs. 590,620,100 (Previous year Rs. 590,570,100)]	240,620,100	590,570,100
- Sentia Properties Limited [Maximum Balance outstanding at any time during the year Rs.3,252,320,000 (Previous year Rs. 3,252,270,000)]	3,252,320,000	3,252,270,000
Advances Recoverable in cash or in kind or for value to be received	47,526,940	25,007,930
Security Deposits	6,468,720	763,250
Advance Income Tax / Tax Deducted At Source [Net of Provision for Tax Rs.Nil (Previous Year Rs.14,476)]	32,147,118	32,132,642
As Per Balance Sheet	6,478,682,878	3,900,743,922

Schedules forming part of the Balance Sheet

of Indiabulls Wholesale Services Limited as at March 31, 2011 (Contd.)

	Amount in Rupees	
	As at	As at
	March 31, 2011	March 31, 2010
Schedule 12		
Current Liabilities		
Sundry Creditors (Refer Note B-15 of Schedule 19)		
(a) Due to Micro, Small and Medium Enterprises	-	-
(b) Due to others	5,045,943	4,200,018
Advance from Customers	6,464,876	116,923,246
Book Overdraft with Scheduled Bank in Current Account	393,813	-
Other Liabilities (including expenses payable)	37,309,078	5,678,959
As Per Balance Sheet	49,213,710	126,802,223
Schedule 13		
Provisions		
Provision for Tax [Net of Advance Income Tax/Tax Deducted At Source Rs.21,463,036 (Previous year Rs.Nil)]	31,512,810	-
Provision for Fringe Benefit Tax [Net of Advance Tax of Rs. Nil (Previous year Rs.850,018)]	-	64,622
Provision for Gratuity (Refer Note B-4 of Schedule 19)	351,600	509,053
Provision for Compensated Absences (Refer Note B-4 of Schedule 19)	141,700	159,428
As Per Balance Sheet	32,006,110	733,103

Schedules forming part of Profit and Loss Account

of Indiabulls Wholesale Services Limited for the year ended March 31, 2011

	For the Year ended March 31, 2011		Amount in Rupees For the Year ended March 31, 2010	
Schedule 14				
Revenue from Operations				
Income from Construction and Development of Real Estate Projects		807,469,386		-
Profit on Sale of Traded Goods*				
- Sale of Traded Goods	5,073,598		27,989,349	
- Cost of Sales of Traded Goods	4,925,803	147,795	27,233,497	755,852
*(Refer Note B-9c of Schedule 19)				
As Per Profit and Loss Account		807,617,181		755,852
Schedule 15				
Other Income				
Interest on Inter Corporate Deposits - Gross (Tax Deducted at Source Rs. 21,463,036 (Previous Year Rs.Nil))		214,630,356		-
Profit on Sale of Fixed Assets		-		1,163
Miscellaneous Income		164,381		41,228
As Per Profit and Loss Account		214,794,737		42,391
Schedule 16				
Employees Remuneration and Benefits				
Salaries and wages		-		601,948
Contributions to Provident Fund and Other Funds		-		3,821
Bonus and Exgratia		-		19,091
Provision for Gratuity and Compensated Absences		-		20,014
As Per Profit and Loss Account		-		644,874

Schedules forming part of Profit and Loss Account

of Indiabulls Wholesale Services Limited for the year ended March 31, 2011 (Contd.)

	For the Year ended March 31, 2011	Amount in Rupees For the Year ended March 31, 2010
Schedule 17		
Administration and Other Expenses		
Rent Expenses	525,000	432,780
Printing and Stationery	64,659	51,997
Postage and Telegrams	10,930	-
Repairs and Maintenance Expenses	341,110	164,671
Advertisement Expenses	696,786	1,811,240
Rates and Taxes	14,077	70,643
Stamp Duty and Franking Charges	91,380	1,460
Insurance Expenses	63,128	18,465
Legal and Professional Charges	295,398	330,099
Communication Expenses	74,181	125,224
Travelling and Conveyance Expenses	78,772	289,676
Auditor's Remuneration - Audit Fees	50,000	468,775
Commission Expenses	665,422	154,666
Business Promotion Expenses	11,091	184,648
Miscellaneous Expenses	20,708	250,520
As Per Profit and Loss Account	3,002,642	4,354,864
Schedule 18		
Interest and Finance Charges		
Bank Charges	6,491	3,753
Interest on Inter Corporate Deposits	76,714,357	-
Interest to others	112,399	298,670
As Per Profit and Loss Account	76,833,247	302,423

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011

SCHEDULE: 19

A. Significant Accounting Policies

i. Basis of Accounting:

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.

ii. 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 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 /materialized.

iii. Revenue Recognition:

- a) Revenue from real estate development projects and plots under development is recognised in the financial year in which the agreement to sell / 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.
- b) Revenue from sale of developed land and plots is recognised in the year in which the underlying sale deed is executed.
- c) Income from sale of goods is recognised on dispatch of goods. Gross sale are stated at contractual realizable values and net of sale tax and trade discounts.
- d) Interest income from deposits and others is recognised on accrual basis.
- e) Dividend income is recognised when the

right to receive the dividend is unconditionally established.

iv. 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 revenue.

v. Investments:

Investments are classified as long term or current investments. Long term investments are stated at cost and provision for diminution in their value, other than temporary, is recorded in the books of account. Current investments are stated at the lower of cost or fair value.

vi. Inventories:

Land other than that transferred to real estate projects under development is valued at lower of cost or net realisable 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 indirectly 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 realisable value, whichever is lower on the basis of first-in first-out method.

vii. Fixed Assets:

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

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

Expenditure directly relating to construction/development activity is capitalised. Indirect expenditure incurred during construction/development period is capitalised as part of the indirect construction/development cost to the extent to which the expenditure is indirectly related to construction / development or is incidental thereto.

viii. Depreciation/Amortization:

Depreciation on fixed assets is provided on the straight-line method at the rates and as per the manner prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on additions/deletions to fixed assets is provided on pro-rata basis from/till the date the asset is put to use/discarded. Assets costing less than Rs. 5,000 per item are fully depreciated in the year of purchase.

Intangible assets consisting of Software are amortized on a straight line basis over a period of four years from the date when the assets are available for use.

ix. Impairment of Assets:

At each Balance Sheet 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 Profit and Loss Account. If, at the Balance Sheet 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.

x. Taxes on Income:

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. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent,

there is reasonable certainty that company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

Deferred Tax resulting from timing differences between taxable income and accounting income is accounted for at the current rate of tax / substantively enacted tax rates as on the Balance Sheet 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 Balance Sheet date.

xi. Leases:

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

xii. Foreign Currency Transactions:

a) Initial Recognition

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

b) 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.

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded, are recognized as income or expense 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 balance sheet.

xiii. Employee benefits:

Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account /real estate projects under development for the year in which the related service is rendered. The Company's contribution to Provident Fund and Employee State Insurance Schemes is charged to the profit and loss account/real estate projects under development.

Post employment and other long term employee benefits for its eligible employees are recognised as an expense in the profit and loss account/real estate projects under development, for the year in which the employee has rendered services. 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 (AS) - 15 (Revised 2005) "Employee Benefits", notified under the Companies (Accounting Standards) Rules, 2006, as amended. Actuarial gains and losses are recognized in profit and loss account/real estate projects under development.

xiv. Deferred Employee Stock Compensation Costs:

Deferred Employee Stock Compensation Costs are recognised 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 estimated intrinsic or fair value (as elected by the Company in respect of its different Employees Share Based Payment Plans) of the stock options on the grant date. The compensation expense is amortized over the vesting period of the options.

xv. 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:

- (a) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (b) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

xvi. Share Issue Expenses:

Share Issue Expenses are adjusted against Securities Premium Account to the extent of balance available and thereafter, the balance portion is charged off to the profit and loss account, as incurred.

xvii. Earnings Per Share:

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

xviii. 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 profit and loss account, as incurred.

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

B. Notes to Accounts:

1. 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") with an authorized capital of Rs. 20,000,000 divided into 2,000,000 equity shares of Rs.10 each. The authorised capital of the company increased to Rs.1,100,000,000 with effect from October 24, 2007.

The company is 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 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:

- a) Certain Assets comprising of Fixed Assets and Loans and Advances in the IBREL aggregating to Rs. 4,106,396,502 have been transferred to IBWSL, at their book values;
- b) The Equity Share Capital of the Company amounting to Rs. 1,000,000,000 was cancelled;
- c) 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;
- d) 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;

- e) 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 ie. April 01, 2010. 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;
- f) 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. Share Warrants:

During the year, the Board of Directors of the IBREL at their meeting held on August 26, 2010 and as already approved by the Shareholders of the 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, Joint Managing Directors and Key Management Personnel of the 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 Scheme of Arrangement, the company has issued 3,587,500 warrants and proportionate liability in respect of Share warrants amounting to Rs. 94,248,700 representing 7.96% of application money has been transferred by the IBREL.

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

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

Amount in Rupees	
Particulars	For the year ended March 31, 2011
Amount transferred by IBREL pursuant to the Scheme of Arrangement	94,248,700
Total	94,248,700

3. 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'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.14.65 (Previous Year Rs. 30.65) per equity share on March 31, 2011 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. 236,164,398 (Previous Year Rs. 31,631,438) to the Profit and Loss Account.

4. Employee Benefits

Disclosures in respect of Employee Benefits in accordance with Accounting Standard (AS) -15 "Employee Benefits" as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees eligible under applicable acts. Both the employees and the Company make predetermined contributions to the Provident Fund. The contributions are normally based on a certain proportion of the employee's salary.

Provisions for unfunded gratuity and compensated absences for all eligible employees are based upon actuarial valuation conducted by an independent actuary. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions during the year ended March 31, 2011, have been accounted for in the Profit and Loss Account/Real Estate Project under Development.

The table below provides disclosures in respect of gratuity and compensated absences in accordance with AS 15:

Amount in Rupees

Particulars	March 31, 2011		March 31, 2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Reconciliation of liability recognized in the Balance Sheet				
Present value of commitment (as per actuarial valuation)	351,600	141,700	509,053	159,428
Fair value of plans	-	-	-	-
Net liability in the Balance Sheet (Actual)	351,600	141,700	509,053	159,428
Movement in the net liability recognized in the Balance Sheet				
Net liability as at beginning of the Year	509,053	159,428	328,831	192,133

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

Particulars	March 31, 2011		March 31, 2010	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Net expenses recognized in the Profit and Loss account/Real Estate Project Under Development	(157,453)	(17,728)	180,222	(32,705)
Contribution during the Year	-	-	-	-
Net liability as at March 31, 2011	351,600	141,700	509,053	159,428
Expenses recognized in the Profit and Loss Account/Real Estate Project Under Development				
Current service cost	131,223	71,935	243,056	83,187
Interest cost	25,776	10,556	23,568	11,209
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	(314,452)	(100,219)	(86,402)	(127,101)
Expenses charged to the Profit and Loss Account/Real Estate Project Under Development	(157,453)	(17,728)	180,222	(32,705)
Return on plan assets				
Expected return on plan assets	NA	NA	NA	NA
Actuarial (gains) / losses	NA	NA	NA	NA
Actual return on plan assets	NA	NA	NA	NA
Reconciliation of defined-benefits commitments				
Commitments as at beginning of the Year	509,053	159,428	328,831	192,133
Current service cost	131,223	71,935	243,056	83,187
Interest cost	25,776	10,556	23,568	11,209
Paid benefits	-	-	-	-
Actuarial (gains) / losses	(314,452)	(100,219)	(86,402)	(127,101)
Commitments as at March 31, 2011	351,600	141,700	509,053	159,428
Reconciliation of plan assets				
Plan assets as at beginning of Year	NA	NA	NA	NA
Expected return on plan assets	NA	NA	NA	NA
Contributions during the Year	NA	NA	NA	NA
Paid benefits	NA	NA	NA	NA
Actuarial (gains) / losses	NA	NA	NA	NA
Plan assets as at end of Year	NA	NA	NA	NA

The actuarial valuation to determine commitments and expenses in respect of gratuity and compensated absences is based on the following assumptions which if changed, would affect the commitment's size, funding requirement and expenses:

	For the year ended March 31, 2011	For the year ended March 31, 2010
Discount rate	8.00%	7.50%
Expected return on plan assets	Nil	Nil
Expected rate of salary increase	5.00%	5.00%
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

5. Disclosure in respect of Accounting Standard (AS) - 18 "Related Party Disclosures" as notified under the Companies (Accounting Standards) Rules, 2006, as amended :

a) Related Parties where control exists:

Erstwhile Holding Company	Indiabulls Real Estate Limited*
Subsidiaries	Store One Retail India Limited (Formerly Indiabulls Retail Services Limited) Lucina Infrastructure Limited Sentia Properties Limited Albasta Power Limited

b) Other Related Parties:

Erstwhile Fellow Subsidiaries	Lucina Land Development Limited* Sentia Infrastructure Limited*
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)

*The transactions with Company's erstwhile holding Company and erstwhile fellow subsidiaries with effect from Appointed Date, have not been treated as related party transactions as they do not qualify as being Related Parties during the year.

c) Summary of Significant Transactions with Related Parties for the year ended March 31, 2011 :

Amount in Rupees

Nature of Transactions	Erstwhile Holding Company	Erstwhile Fellow Subsidiaries	Subsidiaries	Total
Finance				
Inter Corporate Deposits Taken*	-- <i>4,100,745,012</i>	--	--	-- <i>4,100,745,012</i>
Inter Corporate Deposits Given*	--	--	7,449,040,100 <i>4,805,640,100</i>	7,449,040,100 <i>4,805,640,100</i>
Purchase of Equity Shares	--	--	--	--
	--	<i>1,000,000</i>	--	<i>1,000,000</i>
Income				
Interest Income on Inter Corporate Deposits Given	--	--	214,630,356 <i>5,189,984</i>	214,630,356 <i>5,189,984</i>
Expenses				
Interest Expenses on Inter Corporate Deposits Taken	-- <i>10,470,932</i>	--	--	-- <i>10,470,932</i>
Expenses incurred and Reimbursed	-- <i>5,597,680</i>	-- <i>15,000</i>	--	-- <i>5,612,680</i>

*Maximum Balance outstanding at any time during the year
Previous year figures are stated in italics

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

d) Balance Outstanding as on March 31, 2011

Nature of Transactions	Amount in Rupees			
	Erstwhile Holding Company	Erstwhile Fellow Subsidiaries	Subsidiaries	Total
Inter Corporate Deposits Taken	--	--	--	--
	<i>4,100,745,012</i>	--	--	<i>4,100,745,012</i>
Inter Corporate Deposits Given	--	--	6,392,540,100	6,392,540,100
	--	--	<i>3,842,840,100</i>	<i>3,842,840,100</i>
Accrued Interest on Inter Corporate Deposits Taken	--	--	--	--
	<i>9,423,839</i>	--	--	<i>9,423,839</i>
Accrued Interest on Inter Corporate Deposits Given	--	--	193,167,318	193,167,318
	--	--	--	--
Inter Company Receivable- Expenses incurred and Reimbursed	--	--	--	--
	<i>5,597,470</i>	--	--	<i>5,597,470</i>

Previous year figures are stated in italics

e) Statement of Material Transactions for the year ended March 31, 2011:

Particulars	Amount in Rupees	
	For the year ended March 31, 2011	For the Year ended March 31, 2010
Finance		
Inter-corporate Deposit Taken*		
- Indiabulls Real Estate Limited	--	4,100,745,012
Inter-Corporate Deposit Given*		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	3,606,100,000	962,800,000
- Lucina Infrastructure Limited	590,620,100	590,570,100
- Sentia Properties Limited	3,252,320,000	3,252,270,000
Income		
Interest Income on Inter Corporate Deposits		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	214,630,356	5,189,984
Expenses		
Interest Expenses on Inter Corporate Deposits:		
- Indiabulls Real Estate Limited	--	10,470,932
Expenses incurred and Reimbursed		
- Indiabulls Real Estate Limited	--	5,597,680
- Sentia Infrastructure Limited	--	15,000
Purchase of Equity Shares		
- Lucina Land Development Limited	--	1,000,000

*Maximum Balance outstanding at any time during the Year

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

f) Balance Outstanding as on March 31, 2011

Amount in Rupees

Particulars	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
Inter Corporate Deposit Taken		
- Indiabulls Real Estate Limited	--	4,100,745,012
Inter Corporate Deposit Given		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	2,899,600,000	--
- Lucina Infrastructure Limited	240,620,100	590,570,100
- Sentia Properties Limited	3,252,320,000	3,252,270,000
Interest Accrued and due on Inter Corporate Deposits		
- Indiabulls Real Estate Limited	--	9,423,839
Interest Accrued on Inter Corporate Deposits Given		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	193,167,318	--
Inter Company Receivable- Expenses incurred and Reimbursed		
- Indiabulls Real Estate Limited	--	5,597,470

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such year 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.

6. Statement of Purchase and Sale of Long term/Current, trade investments during the year ended March 31, 2011:

Name of the Company	For the year ended March 31, 2011			
	Purchase/Investment made during the year		Investment sold during the year	
	No. of Shares	Purchase Amount (Rs.)	No. of Shares	Book Value of Investment sold Amount (Rs.)
Long Term Investments				
Lucina Infrastructure Limited	-- <i>50,000</i>	-- <i>500,000</i>	-- <i>--</i>	-- <i>--</i>
Sentia Properties Limited	-- <i>50,000</i>	-- <i>500,000</i>	-- <i>--</i>	-- <i>--</i>

Previous Year figures are stated in italics

7. Earnings per Share:

Basic Earnings Per share is 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 is 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 diluted potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

Diluted potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The numbers of equity shares are 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, 2011	For the Year ended March 31, 2010
Profit/(Loss) available for equity Shareholders (Rs.)	239,222,545	(17,980,717)
Weighted average number of Shares used in computing basic earning per share	50,285,093*	100,000,000
Add: Potential number of equity share that could arise due to conversion of share warrants	--	--
Weighted average number of Shares used in computing diluted earning per share	50,285,093*	100,000,000
Nominal Value per Equity Share- (Rs.)	2.00	10.00
Basic Earnings Per Equity Share - (Rs.)	4.76	(0.18)
Diluted Earnings Per Equity Share - (Rs.)	4.76	(0.18)

*the weighted average number of equity shares used in computing basic and diluted earning per share is taken as per the Scheme of Arrangement with effect from April 01, 2010 i.e. from Appointed Date.

Consequent to the scheme being given effect by the Company, earnings per share for the year are not directly comparable to those of prior year.

8. The company has taken office premises on operating lease at various locations and lease rent of Rs. 779,129 (Previous year Rs. 434,380) in respect of the same has been charged to Profit and Loss Account/ Real Estate Project under Development. 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:

Amount in Rupees

Minimum Lease Rentals	As at March 31, 2011	As at March 31, 2010
Within One Year	6,852,552	766,265
One to Five Years	3,824,325	892,944
Total	10,676,876	1,659,209

9. Disclosure pursuant to Part II of Schedule VI of Companies Act, 1956, to the extent applicable:

- a) Managerial Remuneration under Section 198 of the Companies Act, 1956 (included under Employees Remuneration & Benefits) is Rs. Nil (Previous Year Rs. Nil).
- b) Expenditure in foreign currency

Amount in Rupees

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Professional Fees	--	930,597

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

- c) Details of Purchases and Sales of Traded Goods made during the year with Opening and Closing Stock is as follows:

Particulars	Cement		Steel		Fabric		Total
	Quantity (Unit-Tons)	Amount (Rs.)	Quantity (Unit-Tons)	Amount (Rs.)	Quantity (Unit-Meter)	Amount (Rs.)	Amount (Rs.)
As on April 01, 2010	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Purchases	759.94	3,431,470	42.49	1,494,333	-	-	4,925,803
	<i>138.40</i>	<i>621,651</i>	<i>311.68</i>	<i>11,744,953</i>	<i>214,001.50</i>	<i>14,866,893</i>	27,233,497
Sales	759.94	3,534,435	42.49	1,539,163	-	-	5,073,598
	<i>138.40</i>	<i>640,253</i>	<i>311.68</i>	<i>12,097,302</i>	<i>214,001.50</i>	<i>15,251,794</i>	27,989,349
As on March 31, 2011	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Profit/(Loss)		102,965		44,830		-	147,795
		<i>18,602</i>		<i>352,349</i>		<i>384,901</i>	755,852

Previous Year figures are stated in italics

Note: There are no other particulars required to be disclosed in accordance with Part II of Schedule VI to the Companies Act, 1956.

10. The Company's primary business segment is reflected based on principal business activities carried on by the Company i.e. purchase, sale, dealing, construction and development of real estate projects and all other related activities. The Company operates in domestic market only. Considering the nature of Company's business and operations and based on the information available with the management no further disclosures are required in respect of reportable segments, under Accounting Standard (AS) – 17 "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, other than those already provided in the financial statements
11. During the year ended March 31, 2011, the Company has inventorised borrowing costs of Rs.Nil (Previous Year Rs. 10,470,932) to cost of Real Estate Projects under Development.
12. In Compliance with Accounting Standard (AS) - 22 "Accounting for Taxes on Income", as notified under the Companies (Accounting Standards) Rules, 2006 as amended, the Company has debited deferred tax charge of Rs. 6,256,793 in the profit and loss account during the year ended March 31, 2011.

The breakup of deferred tax liabilities (net) as at March 31, 2011 into major components is as under:

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities:		
Arising on account of temporary timing differences due to:		
Depreciation	(6,263,287)	--
Total (A)	(6,263,287)	--
Deferred Tax Assets:		
Arising on account of temporary timing differences due to:		
Provision for Compensated Absences and Gratuity	6,494	--
Total (B)	6,494	--
Deferred Tax Liabilities (net) (A-B)	(6,256,793)	

Significant Accounting Policies and Notes to Accounts

for the year ended March 31, 2011 (Contd.)

- 13.** As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) - 29 "Provisions, Contingent Liabilities and Contingent Assets", as notified under the Companies (Accounting Standards) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
- 14.** 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 on March 31, 2011.
- 15.** Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 :
- There is no payment due to suppliers as at the end of the accounting year on account of Principal and Interest.
 - No interest was paid during the Year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and no amount was paid to the supplier beyond the appointed date.
 - No interest is payable at the end of the Year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
 - No amount of interest was accrued and unpaid at the end of the accounting Year.
- The above information and that given in Schedule-12 "Current Liabilities" regarding Micro, Small and Medium Enterprises has 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.
- 16.** The company has not entered into any derivative instrument during the Year. The company does not have any foreign currency exposure towards receivables, payables or any other derivative instrument that have not been hedged.
- 17.** Contingent Liability not provided for in respect of :
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for of Rs.Nil (Previous Year Rs. 198,908).
- 18.** In the opinion of the Board of Directors of the Company, all Current Assets, Loans and Advances appearing in the balance sheet as at March 31, 2011 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 balance sheet. Certain balances shown under loans and advances are subject to confirmation / reconciliation. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of these balances.
- 19.** Previous year figures have been regrouped and / or re-arranged wherever necessary to confirm to current year groupings and 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 C C Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Place : New Delhi
Date : April 28, 2011

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to Company's interest in Subsidiary Companies for the financial year 2010-2011

Sr. No.	Name of the Subsidiary Company	Financial year / period ending of the Subsidiary	Date from which they became Subsidiary Companies	a. Holding Company's interest Number of shares held of Rs. 10 each unless stated otherwise)	b. Extent of Holding	The net aggregate amount of profits/(losses) so far as it concerns the members of the Holding Company			
						a. Not dealt with in the Holding Company Accounts		b. Dealt with in the Holding Company Accounts	
						i) For the Financial Year ended 31st March 2011	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 2011	ii) For the previous financial years of the Subsidiary Companies since they become Holding Company's subsidiaries
1	Lucina Infrastructure Limited	31-Mar-11	1-Jan-10	50,000	100%	(25,759)	(5,175,375)	NIL	NIL
2	Senita Properties Limited	31-Mar-11	1-Jan-10	50,000	100%	(56,470)	(27,761,207)	NIL	NIL
3	Store One Retail India Limited (Formerly Indibulls Retail Services Limited)	31-Mar-11	10-Apr-08	12,783,310	64%	(224,814,454)	(904,338,605)	NIL	NIL
4	Albasta Power Limited*	31-Mar-11	1-Apr-10	-	-	(184,012,244)	-	NIL	NIL

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

For and on behalf of the Board

Mehul CC Johnson
Director

Surinder Singh Kadyan
Whole Time Director

Priya Jain
Company Secretary

Place : New Delhi
Date : April 28, 2011

Balance Sheet Abstract and Company's General Business Profile

I Registration Details: U 5 1 1 0 1 D L 2 0 0 7 P L C 1 6 6 2 0 9

Registration No. State Code

Balance Sheet Date - -

II Capital Raised During The Year (Amount in Rs. Thousand)

Public Issue Right Issue

Bonus Issue Private Placements

Global Depository Receipts Employees Stock Plan Option

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities Total Assets

Sources of Funds

Paid-Up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability Share Warrants

Application of Funds

Net Fixed Assets Investments

+ - Net Current Assets Miscellaneous Expenditure

Accumulated Losses Deferred Tax Assets

IV Performance of Company (Amount in Rs. Thousand)

Turnover (Including other Income) Total Expenditure

+ - Profit/Loss before tax Profit/Loss after tax

(Please tick appropriate box + for Profit, - for Loss)

+ - Basic Earning's Per Share in Rs. . Diluted Earning Per Share in Rs. .

(Please tick appropriate box + for Profit, - for Loss) Dividend Rate (%)

V Name of Three Principal Products/Services of Company

Product Description

W	H	O	L	E	S	A	L	E		T	R	A	D	I	N	G		O	F				
V	A	R	I	O	U	S		I	N	D	U	S	T	R	I	A	L	/					
C	O	M	M	E	R	C	I	A	L		P	R	O	D	U	C	T	S					
A	N	D		C	O	M	M	O	D	I	T	I	E	S									

Item Code (ITC Code)

Notes

Indiabulls

Indiabulls Wholesale Services Limited

Registered Office

1A, Hamilton House,
1st 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