



**INFORMATION MEMORANDUM**

Dated: August 5, 2011

**INDIABULLS WHOLESALE SERVICES LIMITED**

(Incorporated as Public Limited Company on July 24, 2007, under the Companies Act, 1956, with the Registrar of Companies, NCT of Delhi & Haryana. The registration no. assigned to our Company is U51101DL2007PLC166209. For details of changes in the address of the Registered Office of the Company, please refer to page no. 38 of this Information Memorandum. )

**Registered Office:** 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110 001  
Tel: +91-11-30476100; Fax: +91-11-30476151

**Corporate Office** 448-451, Udyog Vihar, Phase-V, Gurgaon, Haryana-122016  
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Website: [www.indiabulls.com/wholesale](http://www.indiabulls.com/wholesale) Email: [priyajain@indiabulls.com](mailto:priyajain@indiabulls.com)

Registered with Registrar of Companies: NCT of Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019.

<b>FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY</b>
<b>INFORMATION MEMORANDUM FOR LISTING OF 5,02,85,093 FULLY PAID UP EQUITY SHARES OF RS. 2 EACH</b>
<b>NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM</b>

**GENERAL RISKS**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision. For taking an investment decision, investors must rely on their own examination of the issuer, including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document."

Specific attention of investors is invited to the statement of "Risk factors" beginning at page number 4 under the section "General Risks.

**ABSOLUTE RESPONSIBILITY OF INDIABULLS WHOLESALE SERVICES LIMITED**

Indiabulls Wholesale Services Limited, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to Indiabulls Wholesale Services Limited, which is material, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING ARRANGEMENTS**

The Equity Shares of our Company are proposed to be listed on The Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The Company has submitted this Information Memorandum to BSE and NSE and the same is available on the Company's website [www.indiabulls.com/wholesale](http://www.indiabulls.com/wholesale). The Information Memorandum would also be made available on the website of BSE, [www.bseindia.com](http://www.bseindia.com) and NSE, [www.nseindia.com](http://www.nseindia.com).

**REGISTRAR AND TRANSFER AGENT**

Karvy Computershare Private Limited  
SEBI Regn. No- INR000000221  
Address: Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081  
Email : [sreedharamurthy@karvy.com](mailto:sreedharamurthy@karvy.com)  
Tel No: 040 – 23420815 - 828  
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Contact Person: Mr. K. Sreedhara Murthy

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## SECTION I- GENERAL

### DEFINITIONS / ABBREVIATIONS

#### ABBREVIATIONS & TECHNICAL TERMS

In this Information Memorandum, the terms "we", "us", "our", "the Company", "our Company" or "IBWSL", unless the context otherwise implies, refer to Indiabulls Wholesale Services Limited. All references to "Rs." or "Re." or "INR" refer to Rupees, the lawful currency of India, "USD" or "US\$" refer to the United States Dollar, the lawful currency of the United States of America, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" means "100 thousand" and the word "million" or "mn" means "10 lacs" and the word "crore" means "10 million" or "100 lacs" and the word "billion" means "1,000 million" or "100 crores". Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

#### CONVENTIONAL / GENERAL TERMS

Term	Description
'Indiabulls Wholesale' or 'IBWSL' or 'The Company' or 'Our Company' or 'Issuer Company' or 'we' or 'us' or 'our' or 'Resultant Company'	Unless the context otherwise requires, refers to, Indiabulls Wholesale Services Limited, a Public Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110 001
Promoter(s)	Shall mean Mr. Sameer Gehlaut, Mr. Rajiv Rattan and Mr. Saurabh K Mittal

#### COMPANY/INDUSTRY RELATED TERMS

Term	Description
Act /The Companies Act	The Companies Act, 1956 and amendments thereto.
AGM	Annual General Meeting
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
Auditors	M/s Sharma Goel & Co., Chartered Accountants, having its office at Y -59, Hauz Khas, New Delhi - 110016.
Board /Board of Directors	Board of Directors of the Company
Capital or Share Capital	Share Capital of the Company
BSE	Bombay Stock Exchange Limited
NSE	National Stock Exchange of India Limited
Demerged Company	Indiabulls Real Estate Limited
Depositories Act	The Depositories Act, 1996 and amendments thereto
DP	Depository Participant
EGM	Extraordinary General Meeting
Equity Share(s) or Share(s)	Means the Equity Share of the Company having a face value of Rs. 2/- unless otherwise stated
Equity Shareholder	Means a holder of Equity Shares of Indiabulls Wholesale Services Limited.
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GOI	Government of India

Scheme or Scheme of Arrangement or Scheme of Arrangement of Demerger or Demerger Scheme or Scheme of Demerger	Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 amongst Indiabulls Real Estate Limited and its shareholders and creditors and Indiabulls Wholesale Services Limited and its shareholders and creditors, as sanctioned by the High Court of Judicature at Delhi
SEBI	Securities and Exchange Board of India
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended to date
Regulations/ ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009

## ABBREVIATIONS

TERM	DESCRIPTION
AGM	Annual General Meeting.
A.Y	Assessment Year
A/c	Account
AS	Accounting Standards as issued by ICAI
BSE	Bombay Stock Exchange Limited
Bn/bn	Billion
BPLR	Benchmark Prime Lending Rate
CAGR	Compounded Annual Growth Rate
CCPS	Convertible Cumulative Preference Shares
CDSL	Central Depository Services (India) Limited
CLB	Company Law Board
CST	Central Sales Tax
MCA	Ministry of Corporate Affairs
DP	Depository Participant
EGM	Extraordinary General Meeting
ECB	External Commercial Borrowing.
EPS	Earnings per share (EPS=Profit after tax/No. of equity shares)
ESI	Employee State Insurance
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the Rules and Regulations thereunder
FERA	Foreign Exchange Regulations Act, 1973
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
FY	Financial Year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FI	Financial Institutions
GOI	Government of India
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFSC	Indian Financial System Code
IPR	Intellectual Property Rights
Lac/Lakh	One hundred thousand
MOU	Memorandum of Understanding
Mn/mn	Million
NA	Not Applicable

NAV/BV	Net Asset Value/Book Value
NRE Account	Non Resident External Account
NRI	Non Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Not applicable.	Not Applicable
p.a.	Per Annum
PAN	Permanent Account Number
PE Ratio	Price Earning Ratio
PF	Provident Fund
PLR	Prime Lending Rate
RBI	Reserve Bank Of India
ROC	Registrar of Companies, NCT of Delhi and Haryana
ROCE	Return on Capital Employed ROCE = (Profit before interest and tax/capital employed)*100
ROE	Return on Equity ROE=(Profit after tax/Equity Capital)*100
RONW	Return on Networth RONW=(Profit after tax/Networth)*100
SCRR	Securities Contracts (Regulation), Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended)
The Act	The Companies Act, 1956 (as amended from time to time)
UIN	Unique Identification Number
VAT	Value Added Tax

## **SECTION II- RISK FACTORS**

### **FORWARD LOOKING STATEMENTS**

We have included statements in this Information Memorandum which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "may", "shall", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward-looking statements".

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company's expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which the Company has its businesses or proposes to have its business, and the Company's ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, its exposure to market risks, competitive landscape, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated fluctuations in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the Company's industries.

Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- # General economic and business conditions;
- # Company's ability to successfully implement its strategy, its growth and expansion plans, and technology initiatives;
- # Increase in labour cost, raw materials price, cost of equipments and insurance premia;
- # Ability to retain management team and skilled personnel;
- # Changes in the value of the Indian Rupee and other currencies;
- # Amount that the Company is able to realize from the clients;
- # Potential mergers, acquisitions or restructurings;
- # Changes in fiscal, economic or political conditions in India;
- # Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- # Changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause the Company's actual results to differ, please refer to the section titled "Risk Factors", "Business Overview" and "Management's Discussion and Analysis" beginning on page nos. 4, 66 and 501 respectively, of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, its Directors and Officers nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## **PRESENTATION OF FINANCIAL AND MARKET DATA**

### **Financial Data**

Unless otherwise stated, the financial data in this Information Memorandum is derived from the audited annual accounts of Indiabulls Wholesale Services Limited.

The financial statements of Indiabulls Wholesale Services Limited are as of and for the financial year ended March 31, 2008, 2009, 2010 and 2011.

The fiscal year of Indiabulls Wholesale Services Limited commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year of Indiabulls Wholesale Services Limited are to the 12 month period ended on March 31 of that year.

For additional definitions used in this Information Memorandum, see the section "Definitions and Abbreviations" beginning from on page no. 1 of this Information Memorandum. In the section entitled "Main Provisions of the Articles of Association of the Company" on page no. 510 of this Information Memorandum, defined terms have the meaning given to such terms in the Articles of Association of the Company. Market and Industry data used throughout this Information Memorandum has been obtained from industry publications and other authenticated published data.

### **Market Data**

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used from these sources may have been reclassified for the purpose of presentation. Although the Company believes the industry data used in this Information Memorandum to be reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.

## RISK FACTORS

### RISK FACTORS ENVISAGED BY MANAGEMENT

An investment in securities involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the securities could decline, and all or part of the investment may be lost.

#### Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.

1. Some events may not be material individually but may be found material collectively.
2. Some events may have material impact qualitatively instead of quantitatively.
3. Some events may not be material at present but may be having material impacts in future.

#### Internal Risk Factors and Risk Relating to Our Business

1. Our Company is required to comply with the provisions of various legislations. If we do not receive, renew or maintain our statutory and regulatory permits and approvals required to operate our business, it may have a material adverse effect on our business and operations. Failure or delay in obtaining these approvals may result in the appropriate authorities initiating actions against us, restraining our operations, imposition of fines/ penalties or initiating legal proceedings. Consequently failure or delay to obtain the above approvals could have a material adverse effect on our business, financial condition and profitability.
2. **We have certain unsecured loans that are repayable on demand. In the event that such loans are recalled at a short notice it may have an adverse impact on our financial position.**

Lender Name	Outstanding Balance as on 31 December, 2010	Rate Of Interest	Period Outstanding	Terms of payment
Indiabulls Real Estate Limited	*6,578,128,542	Nil	Outstanding from 21.07.2008	On demand on or before 30th Nov 11

\*This balance includes the amount of Rs 4,100,745,012 being transferred to the Company by Indiabulls Real Estate Limited under the Scheme of Arrangement.

3. **Some of our Directors are also on the Board of Store One Retail India Limited, a subsidiary of our Company, which is in the Retail business, which could lead to potential conflict of interest.**
4. **Our Promoters lack adequate background and experience in the line of activity of the Company. This may have a material adverse impact on the business and results of operations of our Company.**

**5. Our senior management team and other key team members in our business units are critical to our continued success and the results of our operations may be adversely affected by the departure of our senior management and key personnel.**

Our business operations require a team of professionals to oversee the operations and growth of our business. Our performance and success depends largely on our management team and skilled personnel and our ability to attract and retain such persons. In order to sustain our business, we need to attract and retain such Key Management Personnel. We face a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. There is significant competition for management and other skilled personnel in our industry, and it may be difficult to attract and retain the personnel we need in the future. The loss of services of one or more members of our key management team could adversely affect our business and results from operations.

**6. Our business depends on our ability to maintain consistency in customer service and other operations.**

Competition for personnel, particularly for employees with wholesale expertise, is intense. Additionally, our ability to maintain consistency in the quality of customer service in our stores is critical to our success.

This will depend on our ability to hire the right personnel and also train the new personnel in the implementation of our processes effectively. In addition, the attrition rate of employees is high in the wholesale industry and in the event we lose employees at a high rate or we cannot recruit fresh talent, it may adversely affect our operations.

**7. Details of a loss making company among our Group companies**

Below is the information of a company, among our group companies, which is incurring losses for last few years. The details of the same are as follows:

(Rs. In Lacs)

S.No.	Name of Company	2009-10	2008-09	2007-08
1	Store One Retail India Limited	(5,119.71)	(9,029.02)	(12,893.13)

**8. There is a possibility of adverse impact on us in the event of certain litigations being decided against us**

There are certain litigations and disputes outstanding against us that may have an adverse impact if decided against us. Although no liability has been frozen in regard to the cases but in the event some liability does arise there is a possibility of an adverse financial impact on us.

**9. The Company has experienced negative cash flow in some of the previous years.**

The details of the negative cash flows are as under:

(Rs in lacs)

PARTICULARS	2008	2009	2010
Net increase in Cash and Cash equivalents	12,583.24	(12,583.15)	160.98

**Reasons for negative cash flow in 2008-09 are as under:**

- There is net cash outflow of Rs 11,557 lacs on account of Inter Corporate Deposits given during the financial year 2008-09.
- There is loss of Rs 1,268 Lacs during the financial year 2008-09

**10. Our business depends on our ability to obtain and retain quality wholesale spaces.**

Our success in our business depends on our ability to identify and acquire quality wholesale space at appropriate terms and conditions. We compete with other large wholesalers for acquiring quality real estate resources. If we fail to acquire targeted properties, we would face delays in execution of our strategies, which may result in cost overruns or otherwise adversely affect our business, operations and profitability.

**11. Our growth requires additional capital, which may not be available on terms acceptable to us.**

The wholesale industry is capital intensive and requires significant expenditures for store establishment, stocks of products, sourcing of products and raw materials. We intend to pursue a strategy of continued investment in additional wholesale stores. We anticipate that we will need to obtain additional financing as we expand our operations. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. Moreover, certain of our loan documentations contain provisions that limit our ability to incur future debt. In addition, the availability of borrowed funds for our business may be greatly reduced, and the lenders may require us to invest increased amounts of equity in a project in connection with both new loans and the extension of facilities under existing loans. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our plans or growth strategies or reduce capital expenditures and the size of our operations.

**12. We have not entered into any definitive arrangements for establishment of wholesale Stores.**

We have not entered into any lease or licence arrangements for establishment of any wholesale Stores across India. In the event we are unable to enter into arrangements at favourable terms and conditions, as expected and assumed by us, or in a timely manner or at all, we may not be able to sustain in wholesale business and also our financial results may suffer.

**13. The success of our business is highly dependent on our ability to attract customers to our stores.**

Various factors affect the customer footfalls, including choice of location and nature of floor layout. Factors such as the regional economy, weather conditions, natural disasters, social unrest as well as government regulations specific to the states in which we operate may affect the customers coming to our stores. The disposable income available to the customers also affects their spending power on consumer products that we sell in our stores. A change in economic conditions in the country may affect the disposable income available to customers, which may in turn affect the result from our operations, our financial position and our profitability.

**14. The success of our business is dependent on supply chain management.**

A strong supply chain system is essential to ensure availability of merchandise at the stores. Ensuring shelf availability for our products warrants quick turnaround time and high level of coordination with suppliers. Food and grocery items require efficient supply chain management as this involves items which are perishable or have limited shelf life. We rely on our supply chain and adopt operational processes to optimize our inventory position and reduce cost. We strive to keep optimum inventory at our stores and distribution centers to control our working capital requirements. Inefficient supply chain management could adversely affect the results from operations.

**15. We rely extensively on our information technology systems and any failures in our systems could adversely impact our business.**

We rely extensively on our information technology systems to provide us connectivity across our business functions through our software, hardware and connectivity systems. Any delay in implementation, problems in transition to the new system or any disruptions in its functioning may adversely impact our business operations.

**16. The risk of merchandise obsolescence is very high in certain categories of our business given the changing consumer preferences**

Our customer offering includes a range of lifestyle wholesale merchandise products. Further, our success in food wholesaling depends in part on our ability to anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences. Hence our ability to correctly understand fashion cycles and customer preferences and manage our merchandise planning is critical for our operations.

**17. Losses on account of shrinkage can negatively impact our profitability.**

Shrinkage in the wholesale business refers to the loss in inventory through a combination of shoplifting by customers, pilferage by employees, and errors in documents and transactions that go un-noticed. The wholesale industry world over is affected by shrinkage. Any increase in shrinkage levels at any of our future stores can adversely impact results from operations.

**18. Lack of quality, unsatisfactory after sales service, allegations of spurious goods and negative publicity could adversely impact our business.**

We procure goods from third parties. In addition, some of the goods that we procure are unbranded and are from small and medium size manufacturers. In the event that goods procured by us from external vendors and sold to our customers suffer in quality, are spurious in nature or after sales service provided by these vendors to us or directly to the consumers is unsatisfactory, our brand image and sales could be negatively impacted.

Further, any allegation that the goods sold by us are spurious or otherwise infringe the intellectual property rights of others, may lead to legal proceedings against us both by the owners of such intellectual property rights and our customers.

In addition, our business is dependent on the trust our customers have in the quality of our merchandise. Any negative publicity regarding our company, private labels, brands, or products, mishaps at our store sites, or any other unforeseen events could adversely affect our reputation and our results from operations.

## EXTERNAL RISK FACTORS

**19. A slowdown in economic growth in India could cause our business to suffer. Any slowdown in the Indian economy and the consequent impact on disposable income could adversely affect the Company's economy and consequently affect the results of operations.**

**20. We face significant competition in the wholesale industry. Increased competition in the wholesale trading sector may adversely affect the operation of the business.**

The Indian wholesale industry is highly competitive. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability, availability of wholesale space. We also face competition from other forms of wholesale other than through stores including sale of goods on-line over the internet, door-to door sales and sale of household products from homes. Certain large domestic industrial and business groups have evinced interest in this sector and seem to be in the process of establishing wholesale chain in India. Such prospective competitors are larger and better placed to take advantage of efficiencies created by size, and have better financial resources or greater access to capital at lower costs, and may be better known nationally.

Additionally, we may face competition from international players if they proposed to start their wholesale business in India in view of foreign direct investment allowed in wholesale business in India. Moreover, as the industry is highly fragmented and we also face competition from local stores, who may, for a variety of reasons such as easier to access and personal relationships with the customers, be able to cater to local demands better than us. Our inability to compete successfully in our industry would materially affect our business prospects and financial condition.

**21. Our procurement strategies depend, among other factors, on favourable taxation and regulatory regime.**

Part of our growth strategy is to procure quality goods at low costs from low-cost production centres located outside India, such as China. In the event any anti-dumping or import duty were to be levied on such imports or vendors or imports from such countries or vendors is prohibited or restricted, we may not be able to execute our strategy successfully, which may adversely impact our operations and financial results.

**22. Uninsured losses or losses in excess of our insurance coverage could result in a loss of our investment**

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, accident, etc. occurs in our stores or distribution centres or in the regions/areas where our stores or distribution centres are located. Although we will try to maintain comprehensive insurance coverage in relation to fire and other perils, burglary, etc. for our proposed stores, distribution centres, manufacturing facilities and trucks, there are possible losses such as glass breakage, claims for violation of intellectual property rights and those arising under the Public Liability Insurance Act, 1991, which we have not insured or the insurance cover in relation to which may not be adequate. We may face loss of investments in the absence of insurance and even in cases in which any such loss may be insured, we may not be able to recover the entire claim from insurance companies. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, would not be covered by such insurance policies and we would bear the impact of such losses. We furthermore cannot assure you that any claim under the insurance policies maintained by us will be honoured fully or on time. If our claims under the insurance policies are not honoured fully or on time, we could suffer losses, which would adversely impact our financial condition.

**23. The wholesale trading industry being sensitive to changes in the economy, the Company's operations and profitability may be affected by such changes.**

**24. Acts of terrorism, riots or war in India or across the world may affect Indian and worldwide economic markets.**

Acts of terrorism, riots or war in India or across the world may affect Indian and worldwide economic markets. These acts would result in reduction in businesses, travels, tourism thus adversely resulting in loss of business and profitability to the Company.

**25. The Company's operations could be affected by natural calamities at or in the vicinity of its properties.**

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. The erratic progress of the monsoon in 2009 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

**26. Drastic changes in political situation in India may affect Company's business**

The Company's performance is linked to the stability of Government policies and the political situation in India. The Government of India, for more than a decade and a half, has relentlessly pursued pro-reform policies, thus encouraging privatization and public-private partnerships. Protests and anti-reform agitations could slow the pace of liberalisation and deregulation. This could have a resultant impact on policies related to wholesale trading industry.

**27. Disruptions or lack of basic infrastructure could adversely affect our operations.**

Being a Service industry, the our business needs continuous supply of power and any disruption in this utility may affect the operations of the business and the services to the customers and hence could have an adverse effect on the business, results of operations and financial condition of the Company.

## **SECTION III- INTRODUCTION**

### **SUMMARY OF INDUSTRY OVERVIEW**

#### **"Cash & Carry" Concept**

The term "cash & carry" derives from English and means "pay in cash and take your goods away." "Cash & Carry" is not a supermarket which is a form of retail, meaning that it sells to end-users. "Cash & Carry" is a form of wholesale, selling to intermediaries and large commercial users. "Cash & Carry" customers buy the goods to cover their daily business needs. "Cash & Carry" stores are open exclusively to professional customers who are legal entities and private entrepreneurs instead of retail customers. Cash & Carry is to wholesale what a hypermarket is to retail, the difference being in the customer. Cash & Carry (C&C) is an organised wholesale setup where the customer is not the end user, but a business (e.g. a kirana store, a restaurant, a hotel or an institution) that needs to purchase commodities in bulk, with the further objective of selling or servicing its customers, the end-users. India's geography is dotted with millions of kirana stores and vegetable vendors, be it in village interiors, or in the cities and bustling metros, and for years these have serviced the daily needs of the average Indian customer, rich or poor.

To feed these stores and vendors, wholesale trade has flourished across all regions. But the trade has been fragmented and monopolistic, with the wholesale trader often holding in essential goods in order to create artificial shortages in the market and then selling goods later at inflated prices. Government regulations have helped evolve better practices but inefficiencies and lack of competition have left this sector largely unorganised.

With the advent of the large retail formats in India a new trend started, where the retail chains started purchasing directly from the manufacturer, negotiating better buying terms on volume purchase, especially in the FMCG sector, thus eliminating the intermediary, the wholesaler, from the distribution cycle.

There are three primary groups of customers in the "Cash & Carry" business:

1. HoReCa – hotels, restaurants and catering businesses who source food products and supplementary goods from us.
2. Traders – small retail outlets, neighbourhood stores, kiosks and private entrepreneurs who buy goods for resale.
3. Other business users – offices, service companies, government agencies and other organizations that purchase anything from detergents to office equipment for professional use.

Unlike the traditional wholesale, "Cash & Carry" concept is based on self-service. "Cash & Carry" customers come to the store, pick their merchandise and carry it away themselves.

**For further details, please see the section on "Industry Overview" beginning from page no. 61 of this Information Memorandum.**

## **SUMMARY OF BUSINESS OVERVIEW**

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 & local shops. The Company is also in the process of identifying the suitable locations & business opportunities in cash & carry format. The proposed stores would be one stop shop pertaining to consumer durables & other general merchandise items, industrial / consumer products and commodities etc. The Company has also obtained the authorization of its shareholders to foray into the business of Information Technology and Software to provide customized solutions to various sectors, directly and/or through its subsidiary companies.

## SCHEME OF ARRANGEMENT

The Hon'ble High Court of Delhi at New Delhi, vide its Order dated March 3, 2011, has approved the Scheme of Arrangement/ De-merger of Indiabulls Wholesale Services Ltd whereby the Wholesale Trading Business undertakings of Indiabulls Real Estate Limited have been transferred to and vested in resultant company i.e Indiabulls Wholesale Services Ltd with effect from April 01, 2010 (i.e. the Appointed Date under the Scheme) under Sections 391 to 394 of the Companies Act, 1956.

The Scheme is operative from the Appointed Date i.e., April 01, 2010. However it is effective from the date of filing of Form 42 of the Companies (Court) Rules, 1959 of the High Court in relation to the Scheme along with Form 21 with the Registrar of Companies, NCT of Delhi and Haryana, i.e., March 31, 2011.

**The full text of the scheme of Arrangement is as under:**

### **PART I – INTRODUCTION AND DEFINITIONS**

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1. The Demerged Company (as defined hereunder) is a public limited company incorporated under the Companies Act, 1956, engaged primarily in the businesses of *inter alia* construction and development of properties, project management, investment advisory and construction services, with operations spanning all aspects of real estate development, from the identification and acquisition of land, to the planning, execution, construction and marketing of its projects (including architecture, design management and interior design), through to the maintenance and management of its completed developments as well as providing consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction - development of real estate and infrastructure projects. The Demerged Company itself and through its subsidiary is also engaged in the business of wholesale cash and carry and wholesale trading of various industrial / consumer products and commodities in select Indian cities ("**Wholesale Trading Business**").

2. Based on the aforesaid, the Demerged Company's businesses carried on by itself and through its subsidiaries can broadly be segregated into *inter alia* the following areas: (i) real estate and related consultancy; and (ii) the Wholesale Trading Business. Additionally, the Demerged Company is also engaged in the business of generation, transmission and distribution of power through its subsidiaries.

The equity shares of the Demerged Company are listed on the Stock Exchanges (as defined hereunder).

3. The Resulting Company (as defined hereunder) is a public company incorporated under the provisions of the Companies Act, 1956 and was incorporated on July 24, 2007 as a wholly owned subsidiary of the Demerged Company. The Resulting Company is engaged in the business of wholesale trading of various industrial / consumer products and commodities in select Indian cities, through itself and its subsidiaries. The equity shares of the Resulting Company are, at present, not listed on any stock exchanges.

4. (i) Each of the businesses carried on by Demerged Company including in relation to its real estate business, power business and its Wholesale Trading Business have significant potential for growth and profitability. The nature of risk and competition involved in the Wholesale Trading Business is distinct from the other businesses of the Demerged Company and the Wholesale Trading Business attracts a different set of investors, strategic partners, lenders and other stakeholders from the other businesses of the Demerged Company.

(ii) In order to ensure specialized management to realise the potential of the Wholesale Trading Business and pursuant to its constant endeavour to enhance shareholder value in the company, the Demerged Company proposes to segregate, by way of a Demerger (as defined hereunder), its Wholesale Trading Business, as comprised in the Demerged Undertaking (as defined hereunder) from its other businesses.

- (iii) As set out above, the Demerged Company has undertaken considerable efforts in acquiring the necessary technical and manpower skills ancillary to the business of the Resulting Company and the proposed Demerger of the Wholesale Trading Business to the Resulting Company will reduce the duplication of similar business activities carried on by these two entities and consequently eliminate the overlap between their businesses.
  - (iv) The consolidation of the Wholesale Trading Business in the Resulting Company pursuant to the Demerger would result in operational synergies in areas such as sourcing, product placement, freight optimization and logistics. Further cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, improved procurement of various products. This would enable the Resulting Company to leverage on its assets base, product range and services, to enhance its shareholders value.
5. Therefore, the restructuring would unlock shareholder value for the shareholders of Demerged Company. In furtherance of the aforesaid, this Scheme (as defined hereunder) provides for the Demerger of the Demerged Undertaking (as defined hereunder) from Demerged Company to the Resulting Company and various other matters consequential or otherwise integrally connected herewith.
6. This Scheme provides for:
- (i) the transfer by way of a Demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, and the consequent issue of equity shares (as defined hereinafter) by the Resulting Company to the shareholders of the Demerged Company (including the Depository); and
  - (ii) various other matters consequential or otherwise integrally connected herewith;
- pursuant to Sections 391 to 394 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
7. The Demerger under this Scheme will be effected under the provisions of Sections 391 to 394 of the Act and shall comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
- (i) All the properties of the Demerged Undertaking being transferred by Demerged Company immediately before the Demerger become the properties of the Resulting Company by virtue of the Demerger;
  - (ii) All the liabilities relating to the Demerged Undertaking being transferred by Demerged Company, immediately before the Demerger become the liabilities of the Resulting Company by virtue of the Demerger;
  - (iii) The properties and the liabilities of the Demerged Undertaking being transferred by Demerged Company are transferred at the values appearing in its books of account immediately before the Demerger;
  - (iv) The Resulting Company issues, in consideration of the Demerger, its shares to the shareholders of Demerged Company on a proportionate basis;
  - (v) The shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the Demerger, or by a nominee for, the Resulting Company or its subsidiary) become shareholders of the Resulting Company by virtue of the Demerger; and
  - (vi) The transfer of the Demerged Undertaking is on a going concern basis.

The Board of Directors (as defined hereunder) of Demerged Company and Resulting Company are of the opinion that the Demerger would benefit the shareholders, employees and other stakeholders of both companies.

8. This Scheme is divided into the following parts:
- (i) **Part I**, which deals with the introduction and definitions;
  - (ii) **Part II**, which deals with the Demerger; and
  - (iii) **Part III**, which deals with the general terms and conditions applicable to the Scheme.

#### **DEFINITIONS AND INTERPRETATION**

9. *Definitions*

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- (i) "**Act**" means the Companies Act, 1956 and includes any statutory re-enactment or modification thereof from time to time;
- (ii) "**Appointed Date**" means the opening hours of business on April 1, 2010;
- (iii) "**Board of Directors**" or "**Board**" in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto;
- (iv) "**Court**" or "**High Court**" means the Hon'ble High Court of Delhi and shall include the National Company Law Tribunal as may be applicable;
- (v) "**Demerged Undertaking**" means the undertakings, business, activities and operations pertaining to the Wholesale Trading Business of the Demerged Company, on a going concern basis, and shall mean and include, without limitation:
  - (a) all assets and properties of and required for the Wholesale Trading Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments, including investments in the Resulting Company and other subsidiary engaged in the Wholesale Trading Business, benefit of any bank guarantees, performance guarantees and letters of credit in relation to the Demerged Undertaking, and all cash or cash equivalents appertaining or relating to the Wholesale Trading Business;

- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Wholesale Trading Business including the distribution contracts and the premises;
  - (c) all earnest moneys and/or security deposits paid by the Demerged Company in connection with or relating to the Wholesale Trading Business;
  - (d) all permanent employees engaged by the Demerged Company at various locations who perform functions related to the Wholesale Trading Business;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Wholesale Trading Business;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Wholesale Trading Business, including such trade names, service names and brands containing the "Indiabulls" mark, whether registered or unregistered, but excluding any other trade marks, service names or brands and excluding any patents, copyrights, designs, and other intellectual property rights; and
  - (g) all the present and future debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Demerged Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations, obligations under any licenses or permits, appertaining or relatable to the Wholesale Trading Business.
- (vi) "**Demerged Company**" means Indiabulls Real Estate Limited having its registered office at F-60, Malhotra Building, 2<sup>nd</sup> Floor, Connaught Place, New Delhi - 110001;
  - (vii) "**Demerger**" means the transfer by way of demerger of the Demerged Undertaking to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders (including the Depository) of the Demerged Company and the cancellation of the existing shareholding of the Demerged Company in the Resulting Company, as set out in this Scheme;
  - (viii) "**Deposit Agreement**" shall mean the deposit agreements entered into between the Demerged Company and the Depository in relation to the IBREL GDRs;
  - (ix) "**Depository**" means Deutsche Bank Trust Company Americas, being the depository for the IBREL GDRs;

- (x) **"Effective Date"** means the last of the dates on which the conditions and matters referred to in Clause 44 hereof occur or have been fulfilled or waived. References in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** shall mean the Effective Date;
- (xi) **"Employees"** means all the permanent employees of the Demerged Company employed in the Demerged Undertaking as on the Effective Date;
- (xii) **"Encumbrance", "Encumber" or "Encumbered"** means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever;
- (xiii) **"ESOS Schemes"** shall have the meaning ascribed to it in Clause 17 (v) hereof;
- (xiv) **"Funds"** shall have the meaning ascribed to it in Clause 17 (ii) hereof;
- (xv) **"IBREL GDRs"** shall mean the GDRs issued by the Demerged Company pursuant to the deposit agreements executed by it with Depository (as amended from time to time) and as are outstanding as of the Record Date;
- (xvi) **"GDRs"** means global Depository receipts issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable laws and where relevant shall include the underlying equity shares related thereto;
- (xvii) **"Governmental Authority"** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India;
- (xviii) **"Record Date"** means the date to be fixed by the Board of Directors of the Demerged Company for the purpose of determining the equity shareholders of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to this Scheme;
- (xix) **"Registrar of Companies"** means the Registrar of Companies, NCT of Delhi and Haryana;
- (xx) **"Remaining Business"** means all the undertakings, businesses, activities and operations (including all investments) of the Demerged Company other than those comprised in the Demerged Undertaking;
- (xxi) **"Resulting Company"** means Indiabulls Wholesale Services Limited having its registered office at E-29, First Floor, Connaught Place, New Delhi 110 001;
- (xxii) **"Scheme"** means this Scheme of Arrangement, including the schedules, as amended or modified in accordance with the provisions hereof;

- (xxiii) "**Securities Act**" shall have the meaning ascribed to it in Clause 34 hereof;
- (xxiv) "**Share Entitlement Ratio**" shall have the meaning ascribed to it in Clause 27 hereof;
- (xxv) "**Stock Exchanges**" means the stock exchanges on which the equity shares of the Demerged Company are listed, namely the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
- (xxvi) "**Transferred Liabilities**" shall have the meaning ascribed to it in Clause 15 hereof; and
- (xxvii) "**Wholesale Trading Business**" shall have the meaning ascribed to it in Clause 1 above.

10. *Interpretation*

- (i) All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- (ii) References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.
- (iii) The headings herein shall not affect the construction of this Scheme.
- (iv) The singular shall include the plural and vice versa; and references to one gender include all genders.
- (v) Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- (vi) References to person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).
- (vii) The Schedules to this Scheme form an integral and inseparable part of this Scheme.

**SHARE CAPITAL**

11. *Demerged Company*

- (i) The share capital structure of the Demerged Company as on February 19, 2010 was as follows:

	<b>Rupees</b>
Authorized Capital	
Comprising of 500,000,000 equity shares of Rs. 2/- (Rupees Two Only) each aggregating Rs.	5,140,000,000/-

1,000,000,000/- (Rupees One Billion Only) and 30,000,000 preference shares of Rs. 138/- (Rupees One Hundred and Thirty Eight Only) each aggregating Rs. 4,140,000,000 (Rupees Four Billion One Hundred and Forty Million Only).	
Issued, Subscribed and Paid-up	
401,475,239 equity shares of Rs. 2/- (Rupees Two Only) each*	802,950,478/-

\* includes 12,543,880 equity shares represented by IBREL GDRs.

- (ii) The equity shares of the Demerged Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The IBREL GDRs representing the underlying equity shares of the Demerged Company are listed on Luxembourg Stock Exchange.
- (iii) The Demerged Company has outstanding stock options under the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006 and the Indiabulls Real Estate Limited Employees Stock Option Scheme – 2008 (II). The exercise of such options may result in an increase in the issued, subscribed and paid-up equity share capital of the Demerged Company.

## 12. Resulting Company

The share capital structure of the Resulting Company as on February 19, 2010 was as follows:

	<b>Rupees</b>
Authorized Capital	
Comprising of 110,000,000 (One Hundred and Ten Million) equity shares of Rs. 10/- (Rupees Ten Only) each aggregating Rs. 1,100,000,000 (Rupees One Billion One Hundred Million Only).	1,100,000,000/-
Issued, Subscribed and Paid-up	
100,000,000 (One Hundred Million) equity shares of Rs. 10/- (Rupees Ten Only) each fully paid up	1,000,000,000/-

The equity shares of the Resulting Company are, at present, not listed on any stock exchanges.

## **PART II – DEMERGER**

### Section 1 – Transfer and Vesting of the Demerged Undertaking

#### 13. Transfer of Assets

- (i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause 13 in relation to the mode of vesting and pursuant to Section 394 (2) of the Act and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

- (ii) In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same may be so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- (iii) In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause (ii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Section 391 to Section 394 of the Act.
- (iv) All assets, rights, title, interest and investments of the Demerged Company in relation to the Demerged Undertaking including investments made in the Resulting Company, right, title or interest acquired by the Demerged Company after the Appointed Date but prior to the Effective Date in relation to the Demerged Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.

14. *Contracts, Deeds, etc.*

- (i) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- (ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

- (iii) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.
- (iv) Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

## 15. *Transfer of Liabilities*

- (i) It is clarified that, upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking ("**Transferred Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same.
- (ii) Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- (iii) Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- (iv) In so far as the existing Encumbrances in respect of the Transferred Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

- (v) For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrances over such assets relating to the Transferred Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrances and shall no longer be available as security in relation to such liabilities.
- (vi) Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- (vii) Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Transferred Liabilities.
- (viii) It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (ix) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- (x) For the purposes of this Clause, the liabilities of the Demerged Company relating to the Demerged Undertaking shall include:
  - (a) the liabilities which arise out of the activities or operations of the Demerged Undertaking;
  - (b) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
  - (c) in cases other than those referred to in (a) or (b) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to the total value of the assets of the Demerged Company immediately prior to the Effective Date.

16. *Legal, taxation and other proceedings*

- (i) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Company and relating to the Demerged Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company.
- (ii) If proceedings are taken against the Demerged Company in respect of the matters referred to in sub-clause (i) above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- (iii) The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in sub-clause (i) above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

17. *Employees*

- (i) Upon the coming into effect of this Scheme, all permanent employees of the Demerged Company engaged in the Demerged Undertaking as on such date shall become the permanent employees of the Resulting Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in the Demerged Undertaking and without any interruption of service as a result of the transfer of the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- (ii) In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company *inter alia* for its employees (including employees of the Demerged Undertaking) are concerned (collectively referred to as the "**Funds**"), such proportion of the investments made by the Funds and liabilities which are referable to the employees of the Demerged Company who are being transferred to the Resulting Company in terms of sub clause (i) above shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Demerged Undertaking to the Funds or discharge such liabilities of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Funds, investments, contributions and liabilities pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company.

- (iii) In relation to any other fund created or existing for the benefit of the employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Employees.
- (iv) In so far as the existing benefits or funds created by the Demerged Company exclusively for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held *inter alia* for the benefit of the employees of the Remaining Business.
- (v) In respect of the stock options granted under the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006 and Indiabulls Real Estate Limited Employees Stock Option Scheme – 2008 (II) (“**ESOS Schemes**”) in the hands of the employees of the Demerged Undertaking, it is hereby clarified that the options, if any, which have been granted but have not vested in the employees of the Demerged Undertaking as of the Effective Date would lapse. The Resulting Company will put in place suitable stock option schemes on terms and conditions not less favourable to the employees than those of the ESOS Schemes which will be offered to such employees of the Demerged Undertaking whose options under the ESOS Schemes have lapsed pursuant to this sub-clause. The options under the ESOS Schemes which, as of the Effective Date, have been vested in employees of the Demerged Undertaking but have not been exercised, shall lapse within 90 (ninety) days after the Effective Date.
- (vi) For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the ESOS Schemes to the employees of the Remaining Business as of the Effective Date would continue and the exercise price of such options would be suitably re-priced in order to compensate the employees for reduction in the intrinsic value of the Demerged Company pursuant to the de-merger of the Demerged Undertaking.
- (vii) The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the ESOS Schemes as described in this Scheme, including without limitation, for the purposes of effecting necessary modifications to the ESOS Schemes and all related matters. No further approval of the shareholders of the Demerged Company would be required in this connection.
- (viii) the consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the employee stock option scheme, if any, to be created by the Resulting Company pursuant to this Clause 17, including without limitation, for the purposes of creating and/or modifying the employee stock option scheme and all related matters. No further approval of the shareholders of the Resulting Company would be required in this connection.

## **Section 2 – Conduct of Business**

- 18. The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:
  - (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;

- (ii) all profits and income accruing to the Demerged Company from the Demerged Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertaking for the period from the Appointed Date based on the accounts of the Demerged Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company; and
  - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.
- 19. The Demerged Company undertakes that it will preserve and carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking or any part thereof unless:
  - (i) the prior written consent of the board of directors of the Resulting Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
- 20. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Company and Resulting Company shall not, except in respect of outstanding options that may be exercised in terms of the Demerged Company's employees stock option scheme(s) or as provided herein, make any change in its capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Entitlement Ratio (as defined hereunder), except with the prior approval of the board of directors of the Resulting Company or the Demerged Company respectively.
- 21.
  - (i) The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of the proceedings by or against the Resulting Company under this Scheme shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, subject to Clause 19, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.
  - (ii) All transactions between Demerged Company and the Resulting Company from the Appointed Date and upto and including the Effective Date shall be completed on an arms length basis on such terms as may be mutually agreed to between the Demerged Company and the Resulting Company.

### Section 3 – Remaining Business

22. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to Clause 15 of this Scheme in relation to Encumbrances in favour of banks, financial institutions and trustees for debenture-holders.
23. (i) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf. Subject to the foregoing, the Resulting Company shall in no event be responsible or liable in relation to any other legal or other proceeding against the Demerged Company.
- (ii) If proceedings are taken against the Resulting Company in respect of the matters referred to in sub-clause (i) above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
24. With effect from the Appointed Date and up to and including the Effective Date:
- (i) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- (ii) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
- (iii) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
- (iv) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions and trustees for the debenture-holders.

### Section 4 – Reorganisation of capital

25. Notwithstanding anything to the contrary in this Scheme, the provisions of this Section 4 shall operate.
26. In consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Demerged Company and the Resulting Company shall be restructured and reorganised in the manner set out in Clauses 27 to 39 below.

27. (i) Upon the Effective Date and in consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members as a member of the Demerged Company on the Record Date, equity shares in the Resulting Company in the ratio of 1 (One) equity shares in the Resulting Company of Rs. 2/- (Rupees Two Only) each credited as fully paid-up for every 8 (Eight) equity share of Rs. 2/- (Rupees Two Only) each fully paid up held by such member in the Demerged Company (the "**Share Entitlement Ratio**") as on the Record Date.
- (ii) If any shareholder of the Demerged Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with Clause 27 of this Scheme, the Board of Directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the "**Trustee**"), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
- (iii) As an integral part of the Scheme, upon the allotment of shares by the Resulting Company pursuant to the Scheme, the existing shareholding of the Demerged Company in the Resulting Company shall be cancelled. The reduction of share capital shall be undertaken in accordance with provisions of Sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as a suffix to its name.
28. The shares issued to the members of the Demerged Company pursuant to Clause 27 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the board of directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
29. Equity shares to be issued by the Resulting Company pursuant to Clause 27 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company.

30. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The board of directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
31. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 27 above shall inter-se rank *pari passu* in all respects.
32. (i) Equity shares of the Resulting Company issued in terms of Clause 27 above shall be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to this Scheme shall remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange.
- (ii) Until the listing of the equity shares of the Resulting Company with the Stock Exchanges, except for issuance of equity shares pursuant to this Scheme, there will be no change in the shareholding pattern or control or pre-arrangement capital structure of the Resulting Company.
33. Unless otherwise determined by the board of directors or any committee thereof of the Demerged Company and the board of directors or any committee thereof of the Resulting Company, issuance of shares in terms of Clause 27 of this Scheme shall be done within 90 (ninety) days from the Effective Date.
34. The equity shares of the Resulting Company issued pursuant to this Scheme may not be registered under the Securities Act of 1933, as amended, of the United States of America ("**Securities Act**") as the distribution of equity shares of the Resulting Company may not constitute an "offer to sell", "sale" or other disposition for value within the meaning of Section 2(3) of the Securities Act. The Resulting Company may elect, in its sole discretion, to also rely upon any applicable exemption from the registration requirements of the Securities Act or register the equity shares of the Resulting Company under the Securities Act.
35. The Company has, after due consideration and based on the above, determined that it is not reasonably practicable and/or lawful for the Depository to distribute equity shares of the Resulting Company to holders of IBREL GDRs. The Depository has, upon consultation with the Company, accordingly deemed the distribution of equity shares of the Resulting Company to holders of IBREL GDRs reasonably impracticable and/or unlawful and in accordance with Condition 6 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement, shall sell equity shares of the Resulting Company so received by public or private sale or otherwise at its discretion and the holders of IBREL GDRs will be entitled to their proportionate interest to the Net Sale Proceeds (as defined below) of the sale thereof, as further set forth below and in accordance with Condition 4, Condition 9 and Condition 11 to the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement.
36. (i) Upon the coming into effect of this Scheme and the issuance of shares in the Share Entitlement Ratio by the Resulting Company pursuant to the provisions of Clause 27 above, the Resulting Company shall issue an appropriate number of equity shares, in accordance with the Share Entitlement Ratio, to the Depository. The Resulting Company shall enter into appropriate arrangements with the Depository for the sale of shares issued to the Depository in accordance with sub-clause (ii) below.

- (ii) The equity shares of the Resulting Company issued to the Depository pursuant to sub-clause (i) above shall be sold by the Depository in the open market by public or private sale or otherwise at its discretion, in accordance with Condition 6 of the terms and conditions to the IBREL GDRs as set out in the Deposit Agreement, and the net sales proceeds thereof (after deduction of: (i) the cost of foreign currency conversion as set forth in Condition 8 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement; (ii) the fees of the Depository as set forth in Condition 16 (iv) of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement payable with respect to the distribution of proceeds of the sale of equity shares of the Resulting Company; and (iii) deduction of any and all fees, taxes, duties, charges, costs and expenses which may become or have become payable with respect to such equity shares and the sale thereof ("**Net Sale Proceeds**") shall be distributed to holders of IBREL GDRs in accordance with Condition 4, Condition 9 and Condition 11 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement. The Depository shall carry out the sale of the shares in accordance with its normal practices and procedures and shall have no liability for: (i) any delays in the sale of the shares; or (ii) any fluctuations in the price of the shares between the issuance and sale of the shares. The Resulting Company, the Depository and/or the Demerged Company shall enter into such further documents and take such further actions as may be necessary or appropriate in this behalf and to enable the actions contemplated herein, including, but not limited to, amending the Deposit Agreement, disseminating to existing IBREL GDR holders certain notices, certifications and information containing details of the Scheme and/or, the sale of the shares issued to the Depository and obtaining from the existing IBREL GDR holders, and providing to the Resulting Company and the Depository, certain information relating to the existing IBREL GDR holders.
- (iii) It is clarified that the provisions of this Clause shall be applicable to any further GDRs that the Demerged Company may issue after the Appointed Date and prior to the Effective Date.

37. *Authorised share capital of the Resulting Company*

- (i) Pursuant to the Scheme and upon its effectiveness, without any further act or deed, the authorised share capital of the Resulting Company shall stand sub-divided into 550,000,000 Equity Shares of Rs. 2/- each. The existing capital clause contained in the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme without any further act or deed be replaced in the following manner:

*"V. The Authorised Capital of the Company is Rs. 1100,000,000 divided into 550,000,000 Equity Shares of Rs. 2/- each."*
- (ii) It is hereby clarified that for the purposes of this Clause, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for amendment of the memorandum of association of the Resulting Company and no further resolutions under Section 16, Section 31, Section 94 or any applicable provisions of the Act would be required to be separately passed.
- (iii) Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies for alteration of its authorised share capital.

38. It is hereby clarified that for the purposes of Clause 37 above, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment, and no further resolution under Section 16, Section 94 or any other applicable provisions of the Act, would be required to be separately passed.

39. If the Demerged Company issues any warrants prior to the Effective Date, the Resulting Company shall, on the Effective Date, without any further act or deed, issue and allot to each of the holders of warrants of the Demerged Company, a proportional number of warrants of the Resulting Company as calculated on the basis of the Share Entitlement Ratio, on the warrants outstanding in the Demerged Company as on the Record Date. Upon effectiveness of the Scheme, the Demerged Company shall transfer to the Resulting Company, such proportion of 25% of the conversion price, paid by warrant holders of the Demerged Company upon allotment of warrants in the Demerged Company, as calculated based on the ratio of the net worth of the Demerged Undertaking to the net worth of the Demerged Company immediately before the Demerger hereunder. It is further clarified that the conversion price payable on exercise of each of such warrant issued by the Demerged Company, would stand proportionately reduced and the conversion price in the Resulting Company would be calculated as per the ratio of the net worth of the Demerged Undertaking to the net worth of the Demerged Company immediately before the Demerger hereunder.

#### Section 5 – General terms and Conditions

40. *Accounting treatment in the books of the Demerged Company*

On effectiveness of the Scheme and with effect from the Appointed Date:

- (i) the Demerged Company shall transfer the Demerged Undertaking along with all its assets and liabilities transferred pursuant to this Scheme to the Resulting Company at their respective values as appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Demerger Appointed Date.
- (ii) The investment in the Resulting Company shall stand cancelled.
- (iii) The net impact, of the assets and liabilities transferred, by Demerged Company pursuant to sub-clause (i) to (ii) above, respectively, along with all cost, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be adjusted to the securities premium account of the Demerged Company.

41. *Accounting treatment in the books of the Resulting Company*

- (i) Upon the effectiveness of the Scheme and allotment of shares by the Resulting Company pursuant to the Scheme and pursuant to Clause 27 (iii), the paid up share capital of Resulting Company shall be cancelled and reduced under Section 100 of the Companies Act, 1956 to the extent of the shares held by Demerged Company in the Resulting Company simultaneous with the issue of equity shares to the shareholders of the Demerged Company.
- (ii) On effectiveness of the Scheme and with effect from the Appointed Date:
  - (a) the Resulting Company shall record the assets and liabilities of the Demerged Undertaking of the Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of Demerged Company, at the close of business of the day immediately preceding the Appointed Date.
  - (b) the Resulting Company shall credit the aggregate face value of the new equity shares issued by it to the shareholders of Demerged Company pursuant to Clause 27 of this Scheme to the share capital account in its books of accounts.
  - (c) the difference, between the amounts credited to the share capital account and the book value of net assets as per sub-clause (a) above shall, after making an adjustment on account of cancellation of share capital pursuant to sub-clause (i) above, be debited by Resulting Company to its goodwill or credited to its general reserves account, as the case may be.

42. *Reduction in share premium account*

The reduction, if any, of the securities premium account pursuant to sub-Clause 40 (iii) above, if any, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 78, Sections 100 to 103 and any other applicable provisions of the Act. The same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the provisions of Section 101 shall not be applicable. The Order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act for the purposes of confirming the reduction.

43. *Taxes*

All taxes (including income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Company before the Appointed Date, shall be on account of the Resulting Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

44. *Scheme conditional upon*

This Scheme is conditional upon and subject to:

- (i) this Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act and the requisite orders of the High Court being obtained;
- (ii) such other sanctions and approvals including but not limited to, sanctions of any Governmental Authority as may be required by law in respect of this Scheme being obtained; and
- (iii) the certified copies of the orders of the High Court referred to in this Scheme being filed with the Registrar of Companies.

45. In the event of this Scheme failing to take effect by June 30, 2011 or such later date as may be agreed by the respective Boards of Directors, this Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to or be incurred inter se between the parties or their shareholders or creditors or employees or any other person. In such case, the Demerged Company and the Resulting Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

**PART III – OTHER TERMS AND CONDITIONS**

46. *Dividend*

- (i) The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- (ii) The equity shares of the Resulting Company to be issued and allotted to the equity shareholders of the Demerged Company as provided in Clause 27 hereof shall be entitled to dividends from the Appointed Date. The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.

- (iii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective boards of directors of the Demerged Company and the Resulting Company and subject to the approval of the shareholders of the Demerged Company and the Resulting Company respectively.

#### 47. *Applications*

The Demerged Company and Resulting Company shall, with all reasonable dispatch, make and file all necessary applications and petitions before the High Court for the sanction of this Scheme of Arrangement under Sections 391 and 394 of the Act and each of them shall apply for all necessary approvals as may be required under law.

#### 48. *Modifications of Scheme*

- (i) Demerged Company (by its Board of Directors) and Resulting Company (by its Board of Directors), either by themselves or through a committee appointed by them in this behalf, may, in their full and absolute discretion, assent to any alteration or modification to this Scheme which the Court may deem fit to approve or impose.;
- (ii) Demerged Company (by its Board of Directors) and Resulting Company (by its Board of Directors), (either by themselves or through a committee appointed by them in this behalf), may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law).
- (iii) Demerged Company (by its Board of Directors) and Resulting Company (by its Board of Directors), either by themselves or through a committee appointed by them in this behalf, may, in their full and absolute discretion, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time. Demerged Company (by its Board of Directors) and Resulting Company (by its Board of Directors), (either by themselves or through a committee appointed by them in this behalf) may also at any time make such modifications as they may consider necessary in relation to the procedure and modalities of effecting the transactions contemplated herein.
- (iv) Any issue as to whether any asset, liability, employee, legal or other proceedings pertains to the Demerged Undertaking or not shall be decided by the Boards of Directors of the Demerged Company and the Resulting Company, either by themselves or through a committee appointed by them, on the basis of any evidence that they may deem relevant for this purpose.

#### 49. *Severability*

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

#### 50. *Costs*

All costs, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid for by the Demerged Company.

51. *Cost of Acquisition*

- (i) The cost of acquisition of the shares of the Resulting Company in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Demerged Company the same proportion as the book value of the net assets transferred in the Demerger to the Resulting Company bears to the net worth of the Demerged Company immediately before the Demerger hereunder.
- (ii) The period for which the share(s) in Demerged Company were held by the shareholders shall be included in determining the period for which the shares in the Resulting Company have been held by the respective shareholder.

### SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our audited financial statements as of for the fiscal years ended March 31 2008, 2009, 2010 and 2011, as described in the Auditor's Report in the section titled "Financial Statements" beginning on page 83 of this Information Memorandum. These Financial statements have been prepared in accordance with the Indian GAAP and the Companies Act, 1956.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the section titled "Financial Statements" beginning on page 83 of this Information Memorandum.

### SUMMARY STATEMENT OF ASSETS & LIABILITIES

Amount in Rupees

	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital				
Equity	100,570,186	1,000,000,000	1,000,000,000	1,000,000,000
Warrants	94,248,700	-	-	-
Reserves and Surplus	5,091,750,914	-	-	-
	<b>5,286,569,800</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>Loan Funds</b>				
Secured Loans	-	1,849,236	4,127,985	6,198,174
Unsecured Loans	2,464,873,530	4,110,168,851	1,255,347,523	3,000,000,000
Deferred Tax Liabilities (Net)	6,256,793	-	-	-
<b>Total</b>	<b>7,757,700,123</b>	<b>5,112,018,087</b>	<b>2,259,475,508</b>	<b>4,006,198,174</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	64,800,698	63,986,678	63,158,125	10,732,764
Less : Accumulated Depreciation / Amortisation	33,374,923	19,772,184	6,311,015	443,776
Net Block	<b>31,425,775</b>	<b>44,214,494</b>	<b>56,847,110</b>	<b>10,288,988</b>
Capital Work In Progress (including capital advances)	-	50,572	-	656,522,406
	<b>31,425,775</b>	<b>44,265,066</b>	<b>56,847,110</b>	<b>666,811,394</b>
<b>Investments</b>	424,439,890	424,439,890	423,439,890	423,116,019
<b>Current Assets, Loans and Advances</b>				
Sundry Debtors	302,778,805	-	-	-
Inventories	397,934,348	700,700,119	623,576,049	-
Cash and Bank Balances	10,490,929	16,106,469	8,066	1,258,323,559
Other Current Assets	193,167,318	-	97,494,307	34,957,065

Loans and Advances	6,478,682,878	3,900,743,922	962,941,662	1,635,115,424
	<b>7,383,054,278</b>	<b>4,617,550,510</b>	<b>1,684,020,084</b>	<b>2,928,396,048</b>
<b>Less: Current Liabilities and Provisions</b>				
Current Liabilities	49,213,710	126,802,223	39,563,220	19,594,966
Provisions	32,006,110	733,103	585,586	407,403
	<b>81,219,820</b>	<b>127,535,326</b>	<b>40,148,806</b>	<b>20,002,369</b>
<b>Net Current Assets</b>	<b>7,301,834,458</b>	<b>4,490,015,184</b>	<b>1,643,871,278</b>	<b>2,908,393,679</b>
<b>Profit and Loss Account (Debit Balance)</b>	-	<b>153,297,947</b>	<b>135,317,230</b>	<b>7,877,082</b>
<b>Total</b>	<b>7,757,700,123</b>	<b>5,112,018,087</b>	<b>2,259,475,508</b>	<b>4,006,198,174</b>

### SUMMARY STATEMENT OF PROFITS & LOSSES

	Amount in Rupees			
	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the period from July 24, 2007 to March 31, 2008
<b>INCOME</b>				
Revenue from Operations	807,617,181	755,852	-	-
Other Income	214,794,737	42,391	143,649,153	-
	<b>1,022,411,918</b>	<b>798,243</b>	<b>143,649,153</b>	-
<b>EXPENDITURE</b>				
<b>Cost of Real Estate Projects Under Development</b>				
Opening	700,700,119	623,576,049	-	-
Addition to Project Work in Progress	340,870,077	77,124,070	623,576,049	-
Cost of Sales	(643,635,848)	-	-	-
Closing	(397,934,348)	(700,700,119)	(623,576,049)	-
Cost of Sales	643,635,848			
Employees Remuneration and Benefits	-	644,874	78,786,353	-
Administrative and Other Expenses	3,002,642	4,354,864	21,623,563	7,592,442
Interest and Finance Charges	76,833,247	302,423	163,730,484	-
Depreciation / Amortisation	13,493,083	13,462,323	6,318,901	-
	<b>736,964,820</b>	<b>18,764,484</b>	<b>270,459,301</b>	<b>7,592,442</b>
<b>Profit/(Loss) Before Tax</b>	<b>285,447,098</b>	<b>(17,966,241)</b>	<b>(126,810,148)</b>	<b>(7,592,442)</b>
Provision for Tax				
-Current Tax	40,000,229	-	-	-
-Fringe Benefits Tax	-	-	630,000	284,640
-Deferred Tax	6,256,793	-	-	-
-Wealth Tax	25,346	14,476	-	-

Prior Period adjustment (added back)	57,815	-	-	-
<b>Profit/(Loss) After Tax</b>	<b>239,222,545</b>	<b>(17,980,717)</b>	<b>(127,440,148)</b>	<b>(7,877,082)</b>
Balance of Profit/(Loss) Brought Forward	(153,297,947)	(135,317,230)	(7,877,082)	-
<b>Amount Available for Appropriation</b>	<b>85,924,598</b>	<b>(153,297,947)</b>	<b>(135,317,230)</b>	<b>(7,877,082)</b>
Appropriations	-	-	-	-
<b>Balance of Profit/(Loss) Carried Forward</b>	<b>85,924,598</b>	<b>(153,297,947)</b>	<b>(135,317,230)</b>	<b>(7,877,082)</b>
<b>EPS</b>				
Basic	4.76	(0.18)	(1.27)	(0.13)
Diluted	4.76	(0.18)	(1.27)	(0.13)

## GENERAL INFORMATION

### INDIABULLS WHOLESALE SERVICES LTD

#### Incorporation

Our Company was incorporated as Indiabulls Wholesale Services Limited on July 24, 2007, under the Companies Act, 1956, with the Registrar of Companies, NCT of Delhi and Haryana. The registration no. assigned to our Company is U51101DL2007PLC166209.

**CIN:** U51101DL2007PLC166209

**Registered Office:** 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110 001

Tel: +91-11-30476100;

Fax: +91-11-30476151

**Corporate Office:** 448-451, Udyog Vihar, Phase-V, Gurgaon, Haryana-122016

Tel: +91-124- 3081305;

Fax: +91-124- 3081084

#### Registrar of Companies:

Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019

#### Changes in the Registered Office since incorporation

Date	Registered Office
Since Incorporation	E-29, First Floor, Connaught Place, New Delhi - 110 001
April 25, 2011	1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110 001

#### Board of Directors

Name, Fathers' name Designation, Status, Experience, Occupation, Address	Age (In Years)	Qualifications	DIN	Details of directorships in other companies
<b>Mr. Surinder Singh Kadyan</b> S/o: Shri Himmat Singh  <b>Designation:</b> Whole-time Director  <b>Experience:</b> Retired from the Army after 27 years of active service  <b>Occupation:</b> Service  <b>Address:</b> H.No.L-255, Nar Vihar, Part - 2, Sector-34, Noida - 201307	47 years	Masters of Science (Strategic Studies)	03495880	<ul style="list-style-type: none"> <li>• Lorena Constructions Limited</li> <li>• Lorena Developers Limited</li> <li>• Lorena Infrastructure Limited</li> <li>• Lorena Real Estate Limited</li> <li>• Lorena Builders Limited</li> <li>• Parmida Constructions Limited</li> <li>• Parmida Developers Limited</li> <li>• Parmida Infrastructure Limited</li> <li>• Parmida Real Estate Limited</li> <li>• Parmida Properties Limited</li> </ul>
<b>Mr. Mehul Johnson</b> S/o Mr. J C Johnson  <b>Designation:</b> Non-Executive & Non-Independent Director	39 years	Graduate in Economics	00016075	<ul style="list-style-type: none"> <li>• Store One Retail India Limited</li> <li>• Indiabulls Buildcon Limited</li> <li>• Indiabulls Lands Limited</li> <li>• Indiabulls Infrastructure Development Limited</li> <li>• Indiabulls Estate Limited</li> </ul>

<p><b>Experience:</b> 16 years</p> <p><b>Occupation:</b> Service</p> <p><b>Address:</b> Flat No. 2802, 28<sup>th</sup> Floor, Tower-1, Imperial Tower, MP Mill Compound, Tardeo, Mumbai - 400034</p>				<ul style="list-style-type: none"> <li>• Bridget Builders And Developers Ltd</li> <li>• Indiabulls Constructions Limited</li> <li>• Makala Infrastructure Ltd</li> <li>• Indiabulls Industrial Infrastructure Limited</li> <li>• Airmid Aviation Services (P) Ltd.</li> <li>• Juventus Buildwell Limited</li> <li>• Indiabulls Builders Limited</li> <li>• Indiabulls Water Supply and Waste Management Services Ltd</li> <li>• Indiabulls Technology Solutions Limited</li> </ul>
<p><b>Mr. Karan Singh</b> S/o: Shri Dal Singh</p> <p><b>Designation:</b> Independent Director</p> <p><b>Experience:</b> 33 years</p> <p><b>Occupation:</b> Retired Professor</p> <p><b>Address:</b>1408, Urban Estate, Jind – 124413, Haryana</p>	65 years	Post Graduate in English	00017236	<ul style="list-style-type: none"> <li>• Indiabulls Financial Services Limited</li> <li>• Indiabulls Commodities Limited</li> <li>• Indiabulls Real Estate Limited</li> <li>• Store One Retail India Limited</li> <li>• Indiabulls Securities Limited</li> <li>• Poena Power Solutions Limited</li> </ul>
<p><b>Mr. Shamsher Singh Ahlawat</b> S/o: Shri Ran Singh Ahlawat</p> <p><b>Designation:</b> Independent Director</p> <p><b>Experience:</b> 20 years in Banking Industry</p> <p><b>Occupation:</b> Ex-Banker</p> <p><b>Address:</b>96A, Eastern Avenue, Sainik Farm, Khanpur, New Delhi - 110062</p>	62 years	Post Graduate in History	00017480	<ul style="list-style-type: none"> <li>• Indiabulls Financial Services Limited</li> <li>• Indiabulls Real Estate Limited</li> <li>• Store One Retail India Limited</li> <li>• Indiabulls Power Limited.</li> <li>• Indiabulls Constructions Ltd</li> <li>• Elena Power And Infrastructure Limited</li> </ul>

### Whole-time Director

Mr. Surinder Singh Kadyan, Whole-time Director of the Company does not draw any remuneration. 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). Having been associated with the Army for a long time, Mr. Kadyan has excellent administrative and managerial skills.

For more details on the Board of Directors, please refer to the section titled "Our Management" beginning from page no. 71 of this Information Memorandum.

**Company Secretary and Compliance Officer****Ms. Priya Jain**

Indiabulls Wholesale Services Ltd

Address: 448-451, Udyog Vihar, Phase-V, Gurgaon, Haryana-122016

Tel: +91-124- 3081305;

Fax: +91-124- 3081084

E-mail: priyajain@indiabulls.com

Shareholders can contact the Compliance Officer in case of any share transfer related queries.

**Bankers to the Company****HDFC Bank Limited**

Client Service Desk

Lodha-I Think Techno Campus,

Building -Alpha, Opp. Crompton Greaves Ltd.

Near Railway Station, Kanjur Marg (E),

Mumbai-400042

Tel: 022-2577 9035 / 2579 9951

Fax: 3075 1954

Email: philomena.franks@hdfcbank.com

**State Bank of India**

Sushant Lok Branch

Sushant Lok - 1,

B-5, Unitech Trade Centre,

Gurgaon -122009

Tel: 0124-2574385, 2578279

Fax: 0124- 2570588

Email: sbi.04449@sbi.co.in

**Advisors to the Company****D and A Financial Services Private Limited**

SEBI Regn. No. - INM000011484

13, Community Centre

East of Kailash

New Delhi - 110065

Tel: 011 26218274, 26419079

Fax: 011 26219491

Email: dafspl@gmail.com

Contact Person: Mr. Priyaranjan

**Registrar and Share Transfer Agent****Karvy Computershare Private Limited**

SEBI Regn. No- INR000000221

Address: Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081

Tel No: 040 - 23420815 - 828

Fax No: 040 - 23420814 / 23420857

Email : sreedharamurthy@karvy.com

Contact Person: Mr. K. Sreedhara Murthy

**Auditors**

**M/s Sharma Goel & Co., Chartered Accountants**

Address: Y – 59, Hauz Khas

New Delhi- 110016

Tel.: +91-11-26967048

Fax: +91-11-26967365

E-mail: amar.mittal@sgcservices.com

Contact Person: Mr. Amar Mittal, Partner

### CAPITAL STRUCTURE OF THE COMPANY

Upon issue and allotment of Shares pursuant to the scheme, the share capital of the company as at the date of filing of this Information Memorandum is as follows:

*(Rs. in lacs, except share data)*

Particulars as on the date of this Information Memorandum	Aggregate Value at Face Value
<b>(A) Authorized Share Capital</b> Comprising of 550000000 (Fifty Five Crore) Equity Shares of Rs. 2/- (Rupees Two Only) each.	11000.00
<b>(B) Issued, Subscribed and Paid-Up Capital before the Scheme*</b> 100000000 (Ten Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each fully paid up	10000.00
<b>(C) Issue in terms of the Scheme</b> 50285093 (Five crore Two Lac Eighty Five Thousand Ninety Three) equity shares of Rs. 2/- (Rupees Two only) each fully paid up	1005.70
<b>(D) Paid up Capital after the Scheme</b> 50285093 (Five crore Two Lac Eighty Five Thousand Ninety Three) equity shares of Rs. 2/- (Rupees Two only) each fully paid up	1005.70
<b>(E) Securities Premium Account</b> Before the Scheme	NIL
After the Scheme	NIL

\*As per clause 27(iii) of the scheme, the existing equity share capital of the Company was cancelled and a fresh issue of 50285093 Equity Shares was made.

**The details of increase and change in authorized share capital of our Company after the date of incorporation till filing of the Information Memorandum is as follows:**

*(In Rs.)*

Date of change	Nature of increase/change	Type of Share	Number of Shares	Face Value	Cumulative authorized Share Capital
24-Jul-07	Incorporation	Equity	500,000	10	5,000,000
21-Aug-07	Increase	Equity	1,500,000	10	20,000,000
24-Oct-07	Increase	Equity	108,000,000	10	1100,000,000
31-Mar-11	Reorganization of Share Capital pursuant to the Scheme of Arrangement	Equity	550,000,000	2	1100,000,000

**Notes to Capital Structure:**

**1. Equity Share Capital History of our Company**

Date of Allotment of the Equity Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Nature of Issue & reason for allotment	Cumulative No. of Equity Shares	Cumulative paid up share capital (Rs.)	Cumulative share premium (Rs.)
Incorporation	50,000	10	10	Cash	Allotment to subscribers of MOA	50,000	500,000	Nil
25-Oct-07	99,950,000	10	10	Cash	Further allotment to existing shareholders	100,000,000*	1000,000,000*	Nil
27-April-11	50,285,093	2	Nil, Pursuant to the Scheme	Pursuant to the Scheme	Allotment pursuant to the Scheme	50,285,093	100,570,186	Nil

\*As per clause 27(iii) of the scheme, the existing equity share capital of the Company was cancelled and a fresh issue of 50,285,093 Equity Shares was made.

**2. Preference Share Capital History of our Company – N.A.**

**3. Details of Equity shares allotted/acquired to/by the Promoters in the one year preceding the date of filing of the Information Memorandum**  
NIL

**4. Details of Shareholding of the Promoters**

Name of the Promoter	Date of Allotment/Acquisition	Nature of Issue & reason for allotment/Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/acquisition Price (Rs.)	Date when the shares were made fully paid up	Percentage of Pre Issue capital	Percentage of Post Issue capital <sup>§</sup>	Lock in period, if any as per terms of issue*
Mr. Sameer Gehlaut	27/04/11	Allotment pursuant to the Scheme	150000	2	Allotment pursuant to the Scheme	27/04/11	N.A.	0.30	*
Mr. Rajiv Rattan	27/04/11	Allotment pursuant to the Scheme	75000	2	Allotment pursuant to the Scheme	27/04/11	N.A.	0.15	*
Mr. Saurabh K Mittal	27/04/11	Allotment pursuant to the Scheme	75000	2	Allotment pursuant to the Scheme	27/04/11	N.A.	0.15	*
<b>Total</b>			<b>300000</b>					<b>0.60</b>	

\* 10,057,019 Equity Shares being 20% of the issued capital of the Company, post-demerger, will be placed under lock-in for a period of three years from the date of listing of shares out of Promoters/ Promoter group holdings in the Company.

5. Details of the aggregate shareholding of the Promoter Group companies:

Name	Shareholding in Indiabulls Wholesale Services Ltd (In Nos.)	Percentage of total Shareholding
KRITIKKA INFRASTRUCTURE PRIVATE LIMITED	4280327	8.51
YANTRA ENERGETICS PRIVATE LIMITED	3385334	6.73
JYESTHA INFRASTRUCTURE PRIVATE LIMITED	2704862	5.38
GRAGERIOUS PROJECTS PRIVATE LIMITED	2068618	4.11
PUNARVASU BUILDERS AND DEVELOPERS PRIVATE LIMITED	1123528	2.23
<b>Total</b>	<b>13562669</b>	<b>26.97</b>

The other promoter group comprising of 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 and Mr. Narendra Gehlaut, does not hold any shares in the Company.

6. Details of the aggregate number of Equity Shares purchased or sold by the Promoter Group and/or by the Directors of the Company which is a Promoter of The Issuer and/or by the Directors of The Issuer and their immediate relatives within six months immediately preceding the date of filing Information Memorandum.

**Nil**

7. Details of the maximum and minimum price at which purchases and sales referred to above were made, along with the relevant dates.

**N.A**

8. Details of transfers among the Promoter Group during the period from date of approval of Scheme till the date of Information Memorandum:

**NIL**

9. Details of all financing arrangements whereby the Promoter Group, the Directors of the Company which is a Promoter of The Issuer, the Directors of The Issuer and their relatives have financed the purchase by any other person of securities of The Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Information Memorandum with SEBI.

**Nil**

10. Details of Lock-in of shares of Promoter and Promoter group (Pre Demerger)

**Nil**

11. **Shareholding Pattern of our Company Before Implementation of the Scheme (Pre Demerger)**

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(VI)	(VII)	(VIII)	(IX) = (VIII) / (IV) * 100
<b>(A)</b>	<b>Promoter and Promoter Group</b>						
<b>(1)</b>	<b>Indian</b>						
(a)	Individuals/Hindu Undivided family	0	0	0.00	0.00	0	0.00
(b)	Central Government / State Government(s)	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1*	100000000	100.00	100.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0.00	0.00	0	0.00
(e)	Any other (specify)	0	0	0.00	0.00	0	0.00
	<b>Sub-Total (A) (1)</b>	<b>1*</b>	<b>100000000</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>						
(a)	Individuals (Non-resident individuals / Foreign individuals)	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0.00	0.00	0	0.00
(d)	Any other (specify)	0	0	0.00	0.00	0	0.00
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>1*</b>	<b>100000000</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>					<b>N.A.</b>	<b>N.A.</b>
<b>(1)</b>	<b>Institutions</b>					N.A.	N.A.
(a)	Mutual Funds / UTI	0	0	0.00	0.00		
(b)	Financial Institutions/Banks	0	0	0.00	0.00		
(c)	Central Government / State Government(s)	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	0	0	0.00	0.00		
(g)	Foreign Venture Capital investors	0	0	0.00	0.00		
(h)	Any other (specify)						
	<b>Sub-Total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>		
<b>(2)</b>	<b>Non-institutions</b>					<b>N.A.</b>	<b>N.A.</b>
(a)	Bodies Corporate	0	0	0.00	0.00	N.A.	N.A.

(b)(i)	Individuals shareholders holding nominal share capital up to Rs. 1 lakh	0	0	0.00	0.00		
(b)(ii)	Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0.00	0.00		
(c)	Any other (specify)						
(i)	Non-Resident Indians	0	0	0.00	0.00		
(ii)	Clearing Members	0	0	0.00	0.00		
	<b>Sub-Total (B) (2)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>N.A.</b>	<b>N.A.</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>N.A.</b>	<b>N.A.</b>
	<b>Total (A)+(B)</b>	<b>1*</b>	<b>100000000</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0.00	0.00	N.A.	N.A.
1	Promoter and promoter group	0	0	0.00	0.00		
2	Public	0	0	0.00	0.00		
	<b>Grand Total (A) + (B) + (C)</b>	<b>1*</b>	<b>100000000</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

\* Indiabulls Real Estate Limited was holding the entire share capital in its own name and through 6 other persons as its nominees.

12. **Details of Shareholders holding more than one percent of the share capital of Indiabulls Wholesale Services Ltd. (Pre Demerger)**

Name of the Shareholder	Number of Shares	Percentage of Equity Share capital
Indiabulls Real Estate Limited*	100000000	100.00%
<b>Total</b>	<b>100000000</b>	<b>100.00%</b>

\*Includes six shares held through Nominees

**13. Details of Lock-in of shares of Promoter and Promoter group (Post Demerger)**

10,057,019 Equity Shares being 20% of the issued capital of the Company, post-demerger, will be placed under lock-in for a period of three years from the date of listing of shares out of Promoters/ Promoter group holdings in the Company.

**14. Shareholding Pattern of our Company After Implementation of the Scheme as on 27-04-2011 (Post Demerger)**

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	No of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)* 100
<b>A</b>	<b>Promoter and Promoter group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individual/Hindu Undivided family	3	300000	300000	0.61	0.60	0	0.00
(b)	Central Government/state government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies corporate	5	13562669	13562669	27.74	26.97	4453152	32.83
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any other (specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub Total (A) (1)</b>	<b>8</b>	<b>13862669</b>	<b>13862669</b>	<b>28.35</b>	<b>27.57</b>	<b>4453152</b>	<b>32.12</b>
<b>2</b>	<b>Foreign</b>							
(a)	Individuals (Non resident individuals / Foreign individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Any other (specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group A=A(1)+A(2)</b>	<b>8</b>	<b>13862669</b>	<b>13862669</b>	<b>28.35</b>	<b>27.57</b>	<b>4453152</b>	<b>32.12</b>
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds / UTI	5	491578	491578	1.01	0.98	0	0.00
(b)	Financial Institutions / Banks	4	65280	65280	0.13	0.13	0	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00

(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
( f)	Foreign institutional investors	224	25447984	25447984	52.04	50.61	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any other (specify)							
	<b>Sub Total (B) (1)</b>	<b>233</b>	<b>26004842</b>	<b>26004842</b>	<b>53.18</b>	<b>51.72</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Non Instituions</b>							
(a)	Bodies Corporate	1440	1527916	1527916	3.12	3.04	0	0.00
(b)(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	87193	2551769	2510719	5.22	5.07	0	0.00
(b)(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	5	3330961	3330961	6.81	6.62	0	0.00
(C)	Any other (specify)							
	Non-Resident Indians	1196	352051	352051	0.72	0.70	0	0.00
	Clearing Members	210	133143	133143	0.27	0.26	0	0.00
	Overseas Corporate Bodies	1	42787	42787	0.09	0.09	0	0.00
	Other Foreign entities	2	1097867	1097867	2.24	2.18	0	0.00
	<b>Sub Total (B) (2)</b>	<b>90047</b>	<b>9036494</b>	<b>8995444</b>	<b>18.47</b>	<b>17.96</b>	<b>0</b>	<b>0.00</b>
	<b>Total Public shareholding (B)= (B1) +(B2)</b>	<b>90280</b>	<b>35041336</b>	<b>35000286</b>	<b>71.15</b>	<b>69.68</b>	<b>0</b>	<b>0.00</b>
	<b>Total (A)+(B)</b>	<b>90288</b>	<b>48904005</b>	<b>48862955</b>	<b>100.00</b>	<b>97.25</b>	<b>4453152</b>	<b>9.11</b>
(C )	<b>Shares held by custodians and against which Depository Receipts have been issued*</b>							
1	promoter and promoter group	0	0	0	0.00	0.00	0	0.00
2	Public*	1	1381088	1381088	0.00	2.75	0	0.00
	<b>Grand Total (A) +(B)+( C)</b>	<b>90289</b>	<b>50285093</b>	<b>50244043</b>		<b>100.00</b>	<b>4453152</b>	<b>8.85</b>

**\*No Depository Receipts have been issued against the Global Depository Receipts held by the GDR holders of Indiabulls Real Estate Limited (the Demerged/Transferor Company). Instead the shares issued against such GDRs (as the underlying shares) have been issued in favour of the Depository which shall in terms of the relevant provisions contained in the Scheme of Arrangement, sell such shares and the sale proceeds shall be distributed proportionately among the said GDR holders.**

15. **Details of Shareholders holding more than one percent of the share capital of Indiabulls Wholesale Services Ltd. (Post Demerger)**

<b>S.NO</b>	<b>Name of the Shareholder</b>	<b>Number of Shares</b>	<b>Percentage of Equity Share capital</b>
1.	KRITIKKA INFRASTRUCTURE PRIVATE LIMITED	4280327	8.51
2.	YANTRA ENERGETICS PRIVATE LIMITED	3385334	6.73
3.	JYESTHA INFRASTRUCTURE PRIVATE LIMITED	2704862	5.38
4.	FIDELITY MANAGEMENT AND RESEARCH COMPANY A/C FIDELITY MAGELLAN FUND FIDELITY MAGELLAN FUND	2475000	4.92
5.	INDIABULLS EMPLOYEES WELFARE TRUST	2433736	4.84
6.	HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GLOBAL INVESTMENT FUNDS MAURITIUS LIMITED	2175604	4.33
7.	GRAGERIOUS PROJECTS PRIVATE LIMITED	2068618	4.11
8.	COPTHALL MAURITIUS INVESTMENT LIMITED	1509226	3.00
9.	HSBC GLOBAL INVESTMENT FUNDS MAURITIUS LTD-GDR	1276109	2.54
10	PUNARVASU BUILDERS AND DEVELOPERS PRIVATE LIMITED	1123528	2.23
11	OBERON LIMITED	1035000	2.06
12	DEUTSCHE SECURITIES MAURITIUS LIMITED	965022	1.92
13	THE MASTER TRUST BANK OF JAPAN, LTD. A/C HSBCINDIAN EQUITY MOTHER FUND	887500	1.76
14	FIDELITY MT. VERNON STREET TRUST FIDELITY GROWTH STRATEGIES FUND	802030	1.59
15	FIDELITY DEVONSHIRE TRUST-FIDELITY EQUITY-INCOME FUND	786356	1.56
16	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIES OF VANGUARD INTERNATIONAL EQUITY INDE X FUND	671607	1.34
17	VARIABLE INSURANCE PRODUCTS FUND II-CONTRAFUND PORTFOLIO	661229	1.31
18	GOVERNMENT OF SINGAPORE	579327	1.15
19	JANUS WORLDWIDE FUND	558459	1.11
20	ABU DHABI INVESTMENT AUTHORITY - GULAB	513762	1.02
21	DIMENSIONAL EMERGING MARKETS VALUE FUND	509779	1.01
22	FIDELITY PURITAN TRUST FIDELITY BALANCED FUND	505638	1.01
	<b>Total</b>	<b>31908053</b>	<b>63.43</b>

16. **Pre and Post Demerger Shareholding of Promoter and Promoter Group of our Company:**

	Pre Demerger		Post Demerger			
	No. of Shares	Equity	Percentage of Equity Share capital	No. of Shares	Equity	Percentage of Equity Share capital
<b>Promoters</b>						
Mr. Sameer Gehalut		0.00	0.00	150000		0.30
Mr. Rajiv Rattan		0.00	0.00	75000		0.15
Mr. Saurabh K Mittal		0.00	0.00	75000		0.15
<b>Total Holding of Promoters</b>		<b>0.00</b>	<b>0.00</b>	<b>300000</b>		<b>0.60</b>
<b>Promoters Group</b>						
KRITIKKA INFRASTRUCTURE PRIVATE LIMITED		0.00	0.00	4280327		8.51
YANTRA ENERGETICS PRIVATE LIMITED		0.00	0.00	3385334		6.73
JYESTHA INFRASTRUCTURE PRIVATE LIMITED		0.00	0.00	2704862		5.38
GRAGERIOUS PROJECTS PRIVATE LIMITED		0.00	0.00	2068618		4.11
PUNARVASU BUILDERS AND DEVELOPERS PRIVATE LIMITED		0.00	0.00	1123528		2.23
<b>Total Holding of Promoters Group</b>		<b>0.00</b>	<b>0.00</b>	<b>13562669</b>		<b>26.97</b>
<b>Total Holding of Promoters and Promoters Group</b>		<b>0.00</b>	<b>0.00</b>	<b>13862669</b>		<b>27.57</b>

17. **A list of top ten shareholders of the Company and the number of Equity Shares held by them is as under**

a.) As on the date of the Information Memorandum (POST DEMERGER)

Name of Shareholders	Number of shares held	% of Total
KRITIKKA INFRASTRUCTURE PRIVATE LIMITED	4280327	8.51
YANTRA ENERGETICS PRIVATE LIMITED	3385334	6.73
JYESTHA INFRASTRUCTURE PRIVATE LIMITED	2704862	5.38
FIDELITY MANAGEMENT AND RESEARCH COMPANY A/C FIDELITY MAGELLAN FUND FIDELITY MAGELLAN FUND	2475000	4.92
INDIABULLS EMPLOYEES	2433736	4.84

WELFARE TRUST		
HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GLOBAL INVESTMENT FUNDS MAURITIUS LIMITED	2175604	4.33
GRAGERIOUS PROJECTS PRIVATE LIMITED	2068618	4.11
COPTHALL MAURITIUS INVESTMENT LIMITED	1509226	3.00
HSBC GLOBAL INVESTMENT FUNDS MAURITIUS LTD-GDR	1276109	2.54
PUNARVASU BUILDERS AND DEVELOPERS PRIVATE LIMITED	1123528	2.23
<b>Total</b>	<b>23432344</b>	<b>46.59</b>

**Notes :**

The shares of the Company are not yet listed and hence are not being traded. Therefore, the information as to the top 10 shareholders as on the date of filing of the Information Memorandum is based on the top ten shareholders of Indiabulls Real Estate Limited on the Demerger Record date to whom an equal number of equity shares have been allotted in the Company, on the April 27, 2011.

b.) Two years prior to the date of this Information Memorandum (PRE DEMERGER)

Name of the Shareholder	Number of Shares	Percentage of Equity Share capital
Indiabulls Real Estate Limited*	100000000	100.00%
<b>Total</b>	<b>100000000</b>	<b>100.00%</b>

\*Includes six shares held through Nominees

c.) Ten days prior to the date of this Information Memorandum (POST DEMERGER)

Name of Shareholders	Number of shares held	% of Total
KRITIKKA INFRASTRUCTURE PRIVATE LIMITED	4280327	8.51
YANTRA ENERGETICS PRIVATE LIMITED	3385334	6.73
JYESTHA INFRASTRUCTURE PRIVATE LIMITED	2704862	5.38
FIDELITY MANAGEMENT AND RESEARCH COMPANY A/C FIDELITY MAGELLAN FUND FIDELITY MAGELLAN FUND	2475000	4.92
INDIABULLS EMPLOYEES WELFARE TRUST	2433736	4.84
HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GLOBAL INVESTMENT FUNDS MAURITIUS LIMITED	2175604	4.33
GRAGERIOUS PROJECTS PRIVATE LIMITED	2068618	4.11
COPTHALL MAURITIUS INVESTMENT LIMITED	1509226	3.00
HSBC GLOBAL INVESTMENT	1276109	2.54

FUNDS MAURITIUS LTD-GDR		
PUNARVASU BUILDERS AND DEVELOPERS PRIVATE LIMITED	1123528	2.23
<b>Total</b>	<b>23432344</b>	<b>46.59</b>

18. There are no options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of the Company.
19. The Company has not instituted any employee stock option scheme as on the date of this Information Memorandum.
20. As on the date of filing the Information Memorandum, there are no outstanding financial instruments or any other right, which would entitle the Promoters or shareholders or any other person any option to receive equity shares after the Issue. The Company does not have any shares to be allotted, which are outstanding under ESOPs.
21. Details of outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company

Clause no. 39 of the Scheme provided that if Indiabulls Real Estate Limited (IBREL), the Demerged Company issues any warrants prior to the Effective Date, the Company shall, on the Effective Date, without any further act or deed, issue and allot to each of the holders of warrants of the Demerged Company, a proportional number of warrants of the Company as calculated on the basis of the Share Entitlement Ratio, on the warrants outstanding in the Demerged Company as on the Record Date.

The Board of IBREL issued 2,87,00,000 warrants to its Promoter Group Entities/ Directors/ Key Management Personnel on August 26, 2010.

Basis the above, following are the outstanding warrants allotted by the Company to the warrant holders of IBREL, convertible into Equity Shares

S.no	Name	No. of warrants
1.	Powerscreen Media Pvt. Ltd.	1125000
2.	Dahlia Infrastructure Pvt. Ltd.	512500
3.	Laurel Energetics Pvt. Ltd.	818750
4.	Daisy Projects Pvt. Ltd.	818750
5.	Mr. Narendra Gehlaut	150000
6.	Mr. Vipul Bansal	150000
7.	Mr. Nitin Vir Jain	12500
	<b>Total</b>	<b>3587500</b>

22. We have not issued any Equity Shares out of revaluation reserve or reserves without accrual of cash resources.
23. At any given time, there shall be only one denomination of the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time. The Equity Shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further shares in the Company.
24. Our Company has 90289 shareholders as on the date of filing the Information Memorandum.
25. Other than as mentioned in this Information Memorandum, the Equity Shares held by the Promoter are not subject to any pledge.
26. None of the Directors or Key Management Personnel holds Equity Shares in the Company except as stated in the section titled "Our Management" on page 71 of this Information Memorandum.
27. As on date there are no partly paid up shares.

## STATEMENT OF TAX BENEFITS

The statement of tax benefits has been audited by Tax Auditors, M/s Sharma Goel & Co., Chartered Accountants, vide their letter dated April 4, 2011.

### STATEMENT OF TAX BENEFITS

*The information provided below sets out the possible tax benefits available to prospective investors in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of securities, under the current tax laws presently in force in India. Several of these benefits are dependent on the prospective investors fulfilling the conditions prescribed under the relevant tax laws. Hence the ability to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.*

*INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL.*

*In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.*

#### Statement of General Tax Benefits:

These are the general tax benefits available to the all companies and shareholders, subject to compliance with relevant provisions.

#### **A. Under the Income Tax Act, 1961**

##### **I. Benefits available to the company**

1. As per Section 10(34) of the ITA, any income by way of dividends referred to in Section 115- O (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax.

Moreover, the company will also be entitled to avail the credit of dividend received by it from its subsidiaries in accordance with the provisions of section 115-O (1A) on which tax on distributed profits has been paid by the subsidiary.

2. As per Section 10(35) of the ITA, the following income will be exempt in the hands of the Company:
  - a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or
  - b) Income received in respect of units from the Administrator of the specified undertaking; or
  - c) Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) "Administrator" means the Administrator as referred to in Section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a Company as referred to in Section 2(h) of the said Act.

3. As per Section 2(29A) read with Section 2(42A), shares held in a company or a Unit of a Mutual Fund specified under clause (23D) of Section 10 are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares in a company or a Unit of a Mutual Fund specified under clause (23D) of Section 10 are held for more than twelve months.
4. As per Section 10(38) of the ITA, long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

For this purpose, "Equity Oriented Fund" means a fund –

- i. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- ii. which has been set up under a scheme of a Mutual Fund specified under Section 10(23D) of the ITA.

As per Section 115JB, while calculating "book profits" the Company will not be able to reduce the long term capital gains to which the provisions of Section 10(38) of the ITA apply and will be required to pay Minimum Alternate Tax @ 18% (plus applicable surcharge and education cess) of the book profits.

5. The company will be entitled to amortize preliminary expenditure, being expenditure incurred on public issue of shares, under Section 35D (2)(c)(iv) of the ITA, subject to the limit specified in Section 35D(3).
6. As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- i. National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or
  - ii. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
7. As per Section 111A of the ITA, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).
  8. As per Section 112 of the ITA, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of Section 48 of the ITA or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company.

9. Under Section 115JAA(1A) of the ITA, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under Section 115JB of the ITA for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the ITA for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 10 years succeeding the year in which the MAT credit is allowable.

## **II. Benefits available to Resident Shareholders**

1. Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500/- per minor child whose income is so included.
2. The company is liable to pay a dividend distribution tax currently at the rate of 15% (plus applicable surcharge and education cess) on total amount of income distributed or declared or paid as dividend.  
As per Section 10(34) read with Section 115-O (6) of the ITA, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax. However it is pertinent to note that Section 14A of the IT Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income are not an allowable expenditure.
3. As per Section 2(29A) read with Section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
4. As per Section 10(38) of the ITA, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.
5. As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007 by:

- i. National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or
  - ii. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
6. As per Section 54F of the ITA, long term capital gains (in cases not covered under Section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:
    - a) if the individual or Hindu Undivided Family-
      - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

- purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
- b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

7. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
8. As per Section 111A of the ITA, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).
9. As per Section 112 of the ITA, taxable long-term capital gains, if any, on sale of listed securities will be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.

### **III. Benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than FIIs)**

1. Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.
2. The company is liable to pay a dividend distribution tax currently at the rate of 15% (plus applicable surcharge and education cess) on total amount of income distributed or declared or paid as dividend.  
As per Section 10(34) read with Section 115-O (6) of the ITA, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax. However it is pertinent to note that Section 14A of the IT Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income are not an allowable expenditure.
3. As per Section 2(29A) read with Section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
4. As per Section 10(38) of the ITA, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

5. As per first proviso to Section 48 of the ITA, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per Section 112 of the ITA, taxable long-term capital gains, if any, on sale of shares of the company will be charged to tax at the rate of 20% (plus applicable surcharge and education cess).
6. As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this Section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- i. National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or
  - ii. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
7. As per Section 54F of the ITA, long term capital gains (in cases not covered under Section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:
    - (a).
      - if the individual or Hindu Undivided Family-owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
      - purchases another residential house within a period of one year after the date of transfer of the shares; or
      - constructs another residential house within a period of three years after the date of transfer of the shares; and
    - (b). the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

8. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
9. As per Section 111A of the ITA, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).
10. As per Section 115E of the ITA, in the case of a shareholder being a Non-Resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under Section 10(38) of the ITA) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.
11. As per Section 115F of the ITA and subject to the conditions specified therein, in the case of a shareholder being a Non-Resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the ITA. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the ITA then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
12. As per Section 115G of the ITA, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the ITA, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the ITA.
13. As per Section 115H of the ITA, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the ITA to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from foreign exchange assets, the specified assets for that year and subsequent assessment years until such assets are converted into money.
14. As per Section 115I of the ITA, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under Section 139 of the ITA, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the ITA.

For the purpose of aforesaid clauses "Non-Resident Indian" means an Individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

*Provisions of the ITA vis-à-vis provisions of the Tax Treaty*

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is resident. As per the provisions of Section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

## **Tax Deduction at Source**

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (except long-term capital gains exempt under section 10(38) of the IT Act), may be eligible to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

As per Section 206AA of the Act, w.e.f 1 April 2010, every person who is entitled to receive any sum or income or amount on which tax is deductible at source, is required to furnish the Permanent Account Number (PAN) to the person responsible for deducting such tax, failing which tax shall be deducted at the rates as per the Act or rates in force or 20% whichever is higher. The provisions of Section 206AA shall apply on capital gains payable to non-residents.

### **IV. Benefits available to Foreign Institutional Investors ('FIIs')**

1. As per Section 10(34) read with Section 115-O (6) of the ITA, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.
2. As per Section 2(29A) read with Section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
3. As per Section 10(38) of the ITA, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt to tax in the hands of the FIIs.
4. As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this Section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- i. National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or
  - ii. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
5. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

6. As per Section 111A of the ITA, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).
7. As per Section 115AD of the ITA, FIIs will be taxed on the capital gains that are not exempt under the provision of Section 10(38) of the ITA, at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in Section 111A)	30

The above tax rates have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under Section 10(38) of the ITA), the tax is levied on the capital gains computed without considering the cost indexation.

8. As per Section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares or dividend on shares as referred to in section 115AD payable to Foreign Institutional Investor.

*Provisions of the ITA vis-à-vis provisions of the Tax Treaty*

The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII is resident. As per the provisions of Section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

**VI. Benefits available to Mutual Funds**

As per Section 10(23D) of the ITA, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

**B. Benefits available under the Wealth Tax Act, 1957**

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company are not liable to wealth tax in the hands of shareholders.

**C. Benefits available under the Gift Tax Act, 1958**

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares of the Company will not attract gift tax.

However as per section 56(2) (vii) of the I.T.Act, in case where individual or Hindu undivided Family receives shares from any person on or after 1st October, 2009:

- a. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such property or;
- b. for a consideration which is less than the aggregate fair market value of the shares by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration;

shall be taxable as the income of the recipient.

## SECTION IV-ABOUT THE COMPANY

### INDUSTRY OVERVIEW

The **Cash and carry** concept was originally created by Mr. Lawrence Batley.

**Cash and carry** wholesale represents a type of operation within the wholesale sector. Its main features are summarized best by the following definitions:

- **Cash and carry** is a form of trade in which goods are sold from a wholesale warehouse operated either on a self-service basis, or on the basis of samples (with the customer selecting from specimen articles using a manual or computerized ordering system but not serving himself) or a combination of the two. Customers (retailers, professional users, caterers, institutional buyers, etc.) settle the invoice on the spot in cash, and carry the goods away themselves.
- Though wholesalers buy primarily from manufacturers and sell mostly to retailers, industrial users and other wholesalers, they also perform many value added functions. The wholesaler, an intermediary, is used based on principles of specialisation and division of labour as well as contractual efficiency.
- There are significant differences between "classical" sales at the wholesale stage and the **cash and carry** wholesaler: These differences are based in particular on the fact that customers of the **cash and carry** wholesaler arrange the transport of the goods themselves and pay for the goods in cash and not on credit.

#### "Cash & Carry" Concept

The term "cash & carry" derives from English and means "pay in cash and take your goods away." "Cash & Carry" is not a supermarket which is a form of retail, meaning that it sells to end-users. "Cash & Carry" is a form of wholesale, selling to intermediaries and large commercial users. "Cash & Carry" customers buy the goods to cover their daily business needs. "Cash & Carry" stores are open exclusively to professional customers who are legal entities and private entrepreneurs instead of retail customers. Cash & Carry is to wholesale what a hypermarket is to retail, the difference being in the customer. Cash & Carry (C&C) is an organised wholesale setup where the customer is not the end user, but a business (e.g. a kirana store, a restaurant, a hotel or an institution) that needs to purchase commodities in bulk, with the further objective of selling or servicing its customers, the end-users. India's geography is dotted with millions of kirana stores and vegetable vendors, be it in village interiors, or in the cities and bustling metros, and for years these have serviced the daily needs of the average Indian customer, rich or poor.

To feed these stores and vendors, wholesale trade has flourished across all regions. But the trade has been fragmented and monopolistic, with the wholesale trader often holding in essential goods in order to create artificial shortages in the market and then selling goods later at inflated prices. Government regulations have helped evolve better practices but inefficiencies and lack of competition have left this sector largely unorganised.

With the advent of the large retail formats in India a new trend started, where the retail chains started purchasing directly from the manufacturer, negotiating better buying terms on volume purchase, especially in the FMCG sector, thus eliminating the intermediary, the wholesaler, from the distribution cycle.

There are three primary groups of customers in the "Cash & Carry" business:

1. HoReCa – hotels, restaurants and catering businesses who source food products and supplementary goods from us.
2. Traders – small retail outlets, neighbourhood stores, kiosks and private entrepreneurs who buy goods for resale.
3. Other business users – offices, service companies, government agencies and other organizations that purchase anything from detergents to office equipment for professional use.

Unlike the traditional wholesale, "Cash & Carry" concept is based on self-service. "Cash & Carry" customers come to the store, pick their merchandise and carry it away themselves. This is convenient for several reasons.

1. "Cash & Carry" stores offer a wide assortment of goods, providing for one-stop-shopping and thus allowing their customers to save time.
2. Given the permanent availability of goods in the "Cash & Carry" stores, the customer can always purchase goods he needs and is able to store and finance them in the short term. Timely availability of stock allows flexibility to the retailer to purchase in quantities he needs instead of stocking up and blocking his funds.
3. Despite the principle of cash payment, cash & carry largely takes over the function of financing and stockholding on behalf of its customers.
4. Because of their long business hours, a customer can do his shopping at a convenient time, seven days a week.
5. Therefore, "Cash & Carry" customers can enjoy one-stop-shopping while not giving up the benefit of attractive wholesale prices. "Cash & Carry" offers one-stop shopping for wholesale goods to the retailer who can then save precious business hours instead of going from trader to trader in search of variety of goods.

At a cash & carry, prices are lower than in supermarkets due to a number of factors like:

Bulk quantities: "Cash & Carry" customers buy in bulk, and so do the "Cash & Carry" operator. Most of the "Cash & Carry" stores being run by large MNCs, their global purchasing power allows them to achieve significant economies of scale. Large volumes purchased from manufacturers give "Cash & Carry" operators a price advantage they can pass on to their customer. Also, the modern IT enabled format allows operational efficiencies that reduce costs, giving them business stability and allowing them to offer better prices.

1. Lean operation cost: "Cash & Carry" stores who have optimized their logistics and goods management systems to minimize operation costs can pass the savings to their customers.

The combination of these two factors allows us them to offer to their customers the lowest possible price.

## **CASH & CARRY: THE POSITION IN INDIA**

Vide its notification dated January 24, 2006 the Government of India has permitted 100% FDI in cash and carry wholesale trading with the stipulation that the goods be sold only to registered business customers holding a valid sales tax/Vat number, while it is prohibited in multi-brand retail. Up to 51 per cent FDI has been allowed in single-brand retail. India received foreign direct investment (FDI) of USD 2.16 billion in the wholesale cash and carry sector between April 2006 and December 2010. During April-December 2010-11, the country attracted FDI worth USD 397 million in wholesale cash and carry business.

Over 830 companies have received FDI, for undertaking wholesale cash and carry activities between April 2006 to December 2010.

The government is considering to liberalise FDI policy in multi-brand retail. Multi-brand global retail giants like Wal-Mart, Metro and Tesco have shown interest to invest in the segment in the country.

The Department of Industrial Policy and Promotion (DIPP) is studying the report submitted by an expert committee, which has evaluated the stakeholders' comments on the issue. The DIPP, an industry ministry arm responsible for FDI related matters, had floated discussion papers on opening FDI in politically sensitive multi-brand retail.

India's nascent cash-and-carry business will grow substantially this year as companies look to gain a foothold in the market on expectations that the government will open up the lucrative multi-brand retail sector to foreign investment.

In December 2010, Carrefour SA, the world's second largest retailer, entered India by opening its first cash-and-carry store in New Delhi. Companies such as Reliance Retail Ltd, Tesco Plc, Metro AG and Bharti Walmart Pvt. Ltd plan to open at least 20 cash-and carry stores in 2011—nearly trebling the number of such outlets in the country.

Germany's Metro, the first global retailer to start a wholly owned subsidiary in India in 2003, currently runs five cash-and-carry outlets in the country. It is planning to open two-four more in Punjab this year.

Bharti Walmart, an equal joint venture between New Delhi-based Bharti Enterprises Ltd and the world's largest retailer Wal-Mart Stores Inc., runs five Best Price Modern Wholesale stores in Punjab, Rajasthan and Madhya Pradesh. It plans to launch around a dozen such stores this year.

UK-based Tesco will open its first store in India this year in partnership with the Tata group's retail arm Trent Ltd.

India has an estimated 12 million mom-and-pop stores, or neighbourhood retail shops that are a target for most of the wholesale stores, along with hotels, restaurants and other businesses.

Global retailers are also taking the wholesale route to be ready if the government opens multi-brand retail to FDI. After insisting for years that FDI in this segment would destroy local mom-and-pop stores, the government issued a discussion paper on it last year, raising expectations that multi-brand retail may soon be opened up.

The cash-and-carry business itself will be worth \$22 billion in India by 2017, according to industry estimates.

India has millions of (small) retailers and not all of them are serviced by distributions of national manufacturing companies. So there is a huge opportunity for the cash-and-carry (model).

The cash & carry segment in India is a relatively small fraction of modern trade. Modern trade in India makes up just about 10%-12 % of the \$ 350 billion retail trade in India and there are no benchmark estimates on the potential of cash & carry formats in India. On top of that, the retail landscape is littered with carcasses of "Cash & Carry" players who lost the race, even before it started for some. Shoprite, a South Africa based retail major, one of the earlier movers in the country ran out of steam in late 2000. Though Indian retailers like Future Group and Reliance Retail have evinced interest in this business, but on-ground they don't have much to show.

Even international players like Carrefour and Tesco are testing waters with the French retail giant just starting to draw its Indian roadmap. In many ways, the universe when it comes to cash & carry has shrunk instead of expanding.

Industry watchers feel that the trap companies find themselves in maybe due to their own doing. Given the B2B nature of the business, observers and players believe that cash & carry formats operating in India have adopted a more 'wait for business to come' attitude rather than a 'go out and acquire business' one. The initial enthusiasm in this space was largely keeping in mind the multi-brand retailing market. The desire was not to build the cash & carry business but hope that retailing in India opens up. So cash & carry format was a backdoor entry strategy for the players. It was a case of bypassing the regulations and marking future stakes than building serious business.

Initially, the definition of cash & carry customers itself was mired in controversy as stock keeping unit (SKU) meant for resale were sold for private consumption. Even though the delineation of customers may still constitute a grey area, retail professionals believe cash & carry players never got down to understanding the target audience they are catering to.

## **ATTRACTIVENESS OF THIS SECTOR FOR DOMESTIC & INTERNATIONAL PLAYERS**

- ✓ Government regulation & policy - 100% FDI in retail is permitted by the Indian Government only in the Cash & Carry (wholesale) sector, making this format very attractive for an international retailer to make its entry into the Indian retail market.
- ✓ Huge market size – The US\$ 332 billion Indian retail pie made up of the *kiranas*, small retailers and the large retail chains represents a huge business opportunity for the Cash & Carry wholesalers.

- ✓ Untapped market in organised wholesale – There are very few established players in the Cash & Carry segment in India. A few other retailers have also diversified into this sector, but are yet to establish themselves geographically.
- ✓ Potential in the fresh foods' wholesale market – The fresh produce wholesale market in India, especially for perishable fresh foods like fruits, vegetables and meat, lacks cold chain facilities; it is estimated that 40% of the total produce, enroute from the farmer to the retailer, gets wasted. Therein lies the opportunity for an organised player with sophisticated supply chain systems to enter as a wholesaler of fresh produce.

## CONCLUSION

Cash & Carry can become a single window of purchase for vendors, in categories such as grocery, food, fresh produce, FMCG etc – especially convenient for local small retailers and vendors who purchase frequently and in small quantity. There are hardly any established organised players as yet in this huge market and with current FDI norms of the Indian government in retail sector encouraging the entry of big international players into the Indian market via this route, it has aroused the interest of the domestic retailers and they too are drawing out their plans to capture a share of this market. The next few years should see plenty of activity in this opportunity sector with domestic and international retailers all experimenting with this format.

## India's Foreign Trade Scenario

India's exports during December, 2010 were valued at US \$ 22500 million (Rs. 101601 crore) which was 36.4 per cent higher in Dollar terms (32.1 per cent higher in Rupee terms) than the level of US \$ 16493 million (Rs.76907crore) during December, 2009. Cumulative value of exports for the period April-December 2010 was US \$ 164707 million (Rs 751633 crore) as against US \$ 127182 million (Rs. 608882 crore) registering a growth of 29.5 per cent in Dollar terms and 23.4 per cent in Rupee terms over the same period last year.

India's imports during December, 2010 were valued at US \$ 25130 million (Rs.113477 crore) representing a negative growth of 11.1 per cent in Dollar terms (13.9 per cent in Rupee terms) over the level of imports valued at US \$ 28251 million ( Rs. 131733 crore) in December, 2009. Cumulative value of imports for the period April-December, 2010 was US \$ 246724 million (Rs. 1126513 crore) as against US \$ 207315 million (Rs. 991605 crore) registering a growth of 19.01 per cent in Dollar terms and 13.61 per cent in Rupee terms over the same period last year.

Oil imports during December, 2010 were valued at US \$ 6926 million which was 16.0 per cent lower than oil imports valued at US \$ 8247 million in the corresponding period last year. Oil imports during April-December, 2010 were valued at US \$ 72554 million which was 17.7 per cent higher than the oil imports of US \$ 61661 million in the corresponding period last year.

Non-oil imports during December, 2010 were estimated at US \$ 18204 million which was 9.0 per cent lower than non-oil imports of US \$ 20005 million in December, 2009. Non-oil imports during April - December, 2010 were valued at US\$ 174170 million which was 19.58 per cent higher than the level of such imports valued at US\$ 145654 million in April - December, 2009.

The trade deficit for April - December, 2010 was estimated at US \$ 82017 million which was higher than the deficit of US \$ 80133 million during April -December, 2009.

## EXPORTS & IMPORTS : (US \$ Million) (PROVISIONAL)

	DECEMBER	APRIL- DECEMBER
<b>EXPORTS(including re-exports)</b>		
<b>2009-10</b>	16493	127182
<b>2010-11</b>	22500	164707
<b>%Growth2010-11/ 2009-2010</b>	36.4	29.5
<b>IMPORTS</b>		
<b>2009-10</b>	28251	207315
<b>2010-11</b>	25130	246724

<b>%Growth2010-11/ 2009-2010</b>	-11.1	19.01
<b>TRADE BALANCE</b>		
<b>2009-2010</b>	-11758	-80133
<b>2010-11</b>	-2630	-82017
<b>EXPORTS &amp; IMPORTS : (Rs. Crore)</b>		
<b>(PROVISIONAL)</b>	<b>DECEMBER</b>	<b>APRIL-DECEMBER</b>
<b>EXPORTS(including re-exports)</b>		
<b>2009-10</b>	76907	608882
<b>2010-11</b>	101601	751633
<b>%Growth2010-11/ 2009-2010</b>	32.1	23.4
<b>IMPORTS</b>		
<b>2009-10</b>	131733	991605
<b>2010-11</b>	113477	1126513
<b>%Growth2010-11/ 2009-2010</b>	-13.9	13.61
<b>TRADE BALANCE</b>		
<b>2009-2010</b>	-54826	-382723
<b>2010-11</b>	-11876	-374880

(Sources:[http://en.wikipedia.org/wiki/Cash\\_and\\_carry\\_\(sales\)](http://en.wikipedia.org/wiki/Cash_and_carry_(sales)));[http://www.makro.co.uk/servlet/PB/menu/1023927\\_l2/index.html](http://www.makro.co.uk/servlet/PB/menu/1023927_l2/index.html); <http://in.finance.yahoo.com/news/India-receives-2-16-bn-FDI-pti-2600083502.html>; (Source: [http://www.ibef.org/artdisplay.aspx?cat\\_id=375&art\\_id=27561](http://www.ibef.org/artdisplay.aspx?cat_id=375&art_id=27561); [http://articles.economictimes.indiatimes.com/2010-10-13/news/27601770\\_1\\_formats-french-retail-giant-retail-trade](http://articles.economictimes.indiatimes.com/2010-10-13/news/27601770_1_formats-french-retail-giant-retail-trade); [http://commerce.nic.in/pressrelease/pressrelease\\_detail.asp?id=2722](http://commerce.nic.in/pressrelease/pressrelease_detail.asp?id=2722))

## **BUSINESS OVERVIEW**

The Company was incorporated in India on July 24, 2007 as a public limited company, under the provisions of the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi & Haryana, as wholly owned subsidiary of Indiabulls Real Estate Limited. Subsequently, the Company got demerged by way of Scheme of Arrangement between Indiabulls Real Estate Limited (IBREL) and the Company, and their respective shareholders and creditors, for demerger of the 'Wholesale Trading Business Undertaking' of IBREL into the Company, as a going concern.

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 & local shops. The Company is also in the process of identifying the suitable locations & business opportunities in cash & carry format. The proposed stores would be one stop shop pertaining to consumer durables & other general merchandise items, industrial / consumer products and commodities etc. It has also obtained the shareholders authorization to foray into the business of Information Technology and Software to provide customized solutions to various sectors, directly and/or through its subsidiary companies.

**KEY INDUSTRY REGULATIONS****THE PAYMENT OF GRATUITY ACT, 1972**

The Payment of Gratuity Act, 1972 was enacted to introduce a scheme for payment of gratuity for certain employees employed in Industrial and commercial establishment as a measure of social security. By the amendment of 1984 by act 26 of 1984 sub section (3A) was inserted in section 1 to the Payment of Gratuity Act 1972 to ensure that once the act has become applicable to such shop or establishment it shall continue to be so notwithstanding the fact that the number of persons employed therein at any time after it has become so applicable falls below ten. To ensure that an unscrupulous employer may not fabricate the records to avoid application of the Act or reduce the number of employees just to avoid payment of gratuity, various provisions, as to notice of opening, notice of change or closure of the shop or establishment, and appointment of inspectors have been made under the Act. Any violation thereof have been made offences punishable with imprisonment or fine or with both.

**THE EMPLOYEES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952**

The Act provides for the institution of Provident Funds, Pension Fund and Deposit-Linked insurance fund for employees in Factories and other Establishments. The act applies to (a) every establishment which is a factory engaged in any industry specified in Schedule of the Act and in which 20 or more persons are employed and (b) any other establishment which the Central Government by Notification specify giving not less than two months' notice of its intention to do so in the Official Gazette.

**THE CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970**

It applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract labour and to every contractor who employs or who employed on any day of the preceding 12 months 20 or more workmen. It does not apply to establishments where the work performed is of intermittent or casual nature. It aims to prevent any exploitation of the persons engaged as contract labour, who are generally neither borne on pay roll or muster roll nor is paid wages directly. It provides for registration requirements of the principal employer, who has the responsibility for inadequate wage payments by the contractor to the labour.

**THE PAYMENT OF WAGES ACT, 1936**

It regulates payment of wages to certain classes of employed persons. It makes every employer responsible for the payment of wages to person employed by him. No deductions can be made from the wages nor can any fine be levied on wages earned by a person employed except as provided under this Act.

**THE MINIMUM WAGES ACT, 1948**

It came into force with an objective to provide for the fixation of a minimum wage by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act

**THE PAYMENT OF BONUS ACT, 1965**

It was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs. 100, whichever is higher.

**THE WORKMEN'S COMPENSATION ACT, 1923**

It has been enacted with the objective to provide for the payment by certain classes of employers to their workmen or their survivors, compensation for industrial accidents and occupational diseases resulting in death or disablement. In case the employer fails to pay compensation due under the Act within one month from the date it falls due the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

## **SPECIAL REGULATIONS FOR THE WHOLESALE TRADING INDUSTRY**

### **THE CENTRAL EXCISE ACT, 1944**

The Central Excise Act, 1944 provides that a person who is engaged in production or any process of production of any specified goods including liquor shall get himself registered with the proper officer as per the procedure / documentation laid down.

### **THE PREVENTION OF FOOD ADULTERATION ACT, 1954**

The Prevention of Food Adulteration Act is a Central legislation and provides provisions for the prevention of adulteration of food. There may be a separate food adulteration of the state

### **ENVIRONMENTAL LAWS, RULES & REGULATIONS**

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Environment Protection Act, 1986, the Water (Prevention and Control of Pollution) Act 1974 and the Air (Prevention and Control of Pollution) Act, 1981. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards, or PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment (EIA). The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects.

## HISTORY AND CERTAIN CORPORATE MATTERS

### HISTORY AND MAJOR EVENTS

Our Company was incorporated as Indiabulls Wholesale Services Limited on July 24, 2007 under the Companies Act, 1956, with the Registrar of Companies, NCT of Delhi and Haryana. The registration no. assigned to our Company is U51101DL2007PLC166209. The Company received certificate of Commencement of Business on August 8, 2007. The Registered Office of the Company got shifted from E-29, First Floor, Connaught Place, New Delhi - 110 001 to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi -110 001 w.e.f. April 25, 2011.

#### 1. Major Events

Date/Period	Activities
July 24, 2007	Incorporated as Public Limited Company under the Companies Act, 1956, as a wholly owned subsidiary of Indiabulls Real Estate Limited.
August 08, 2007	Our Company obtained the Certificate of commencement of business.
February 1, 2010	Alteration in the Main Objects Clause of Memorandum of Association of the Company to expand its business activity of wholesale trading.
March 3, 2011	The Hon'ble High Court of Delhi at New Delhi, approved the Scheme of Arrangement/ De-merger between Indiabulls Real Estate Limited (Demerged Company) and M/s Indiabulls Wholesale Services Limited (resulting company) and their respective Shareholders and Creditors.
March 31, 2011	The above Scheme came into effect on filing of Form 21 with the Registrar of Companies, NCT of Delhi and Haryana pursuant to Clause 44 (iii) of the Scheme, whereby the scheme became operative w.e.f. the appointed date i.e. April 01, 2010.
April 25, 2011	Registered office of the Company was shifted.
June 27, 2011	Alteration in the Other Objects Clause of Memorandum of Association of the Company to enable the Company foray into the business of Information Technology and Software to provide customized solutions to various sectors, directly and/or through its subsidiary companies.

#### 2. Corporate profile of the Company

##### Description of activities and Services provided by the Company:

The Company is engaged in the business of wholesale trading of various industrial / consumer products and commodities in select Indian cities, through itself and its subsidiaries.

#### 3. Injunction or restraining orders: Nil

#### 4. Our Company has 90289 shareholders as on the date of filing the INFORMATION MEMORANDUM.

#### 5. Main Objects of the Company

- To carry on business of manufacturing and trading and retail business in India through retail formats and including but not limited to hyper markets, super markets, mega stores / discount stores, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue, through Internet and other forms and multi level channels for all products and services, dealing in all kinds of goods, materials and items including but not limited to food & provisions, household goods, consumer durables, jewellery, home improvement products, footwear, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile & accessories, and acquiring and running food, service and entertainment centers including but not limited to multiplexes, cinemas, gaming centers, amusement parks, restaurants, food courts, tea and coffee refreshment rooms, café, icecream parlours, and video parlours and acquiring of land or building on lease or freehold or any commercial or industrial or residential building for running and management of retail business and to acquire flats, offices and retail spaces for carrying on retail business and to sell them, lease or sublet them and to undertake and execute civil, mechanical, electrical and structural works contracts and sub contracts in all their respective branches to carry on retailing business.

2. To carry on, procure, own, manage, operate, as buyer, seller, dealer, distributor of goods on wholesale basis including but not limited to operating wholesale distribution centers, stores and warehouses of all kinds of goods, products, articles, rights, merchandise, possessions of any nature and of any use being industrial, commercial, household, technical of any form whatsoever and to render all such services in the ordinary course of business and to distribute or to market such goods, products etc as a wholesaler.
3. To act as stockists, agents and brokers for sellers, buyers, exporters, importers, merchants, manufacturers, traders and others and to render all such services to market and distribute the goods, products etc. of any form whatsoever, as a wholesaler.

#### Changes in Memorandum of Association of the Company

S. No.	Date of Change	Type of Meeting	Type of Resolution	Brief particulars of Change
1.	21-Aug-07	Extra-ordinary General Meeting	Ordinary Resolution	Alteration in the Capital Clause so as to increase the authorized share capital from the previous Rs. 50,00,000 divided into 500,000 equity shares of Rs. 10 each to Rs. 2,00,00,000 divided into 20,00,000 equity shares of Rs. 10 each.
2.	24-Oct-07	Extra-ordinary General Meeting	Ordinary Resolution	Alteration in the Capital Clause so as to increase the authorized share capital from the previous Rs. 2,00,00,000 divided into 20,00,000 equity shares of Rs. 10 each to Rs. 110,00,00,000 divided into 11,00,00,000 equity shares of Rs. 10 each.
3.	01-Feb-10	Extra-ordinary General Meeting	Special Resolution	Alteration in the Main Objects Clause of Memorandum of Association of the Company.
4.	31-Mar-11	Pursuant to the Court approved Scheme of Arrangement		Alteration in the Capital Clause so as to reclassify the authorized share capital from the previous Rs. 110,00,00,000 divided into 11,00,00,000 equity shares of Rs. 10 each to Rs. 110,00,00,000 divided into 55,00,00,000 equity shares of Rs. 2 each.
5.	27-Jun-11	Extra-ordinary General Meeting	Special Resolution	Alteration in the Other Objects Clause of Memorandum of Association of the Company.

#### SHAREHOLDERS AGREEMENT

There are no shareholder agreements as on date of Filing of the Information Memorandum with SEBI.

#### Other Agreements

Except the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

#### Strategic Partners

There are no strategic partners of the Company.

#### Financial Partners

There are no financial partners of the Company.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

Indiabulls Wholesale Services Ltd is a professionally managed organization. The Company functions under the control of a Board of Directors. The day to day matters are looked after by qualified key personnel, under the supervision of the Whole-time Director.

Name, Fathers' name, Designation, Status, Experience, Occupation, Address	Age (In Years)	Qualifications	DIN	Details of directorships in other companies
<p><b>Mr. Surinder Singh Kadyan</b> S/o: Shri Himmat Singh</p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Experience:</b> Retired from the Army after 27 years of active service</p> <p><b>Occupation:</b> Service</p> <p><b>Address:</b> H.No.L-255, Nar Vihar, Part - 2, Sector-34, Noida - 201307</p>	47 years	Masters of Science (Strategic Studies)	03495880	<ul style="list-style-type: none"> <li>• Lorena Constructions Limited</li> <li>• Lorena Developers Limited</li> <li>• Lorena Infrastructure Limited</li> <li>• Lorena Real Estate Limited</li> <li>• Lorena Builders Limited</li> <li>• Parmida Constructions Limited</li> <li>• Parmida Developers Limited</li> <li>• Parmida Infrastructure Limited</li> <li>• Parmida Real Estate Limited</li> <li>• Parmida Properties Limited</li> </ul>
<p><b>Mr. Mehul Johnson</b> S/o Mr. J C Johnson</p> <p><b>Designation:</b> Non-Executive &amp; Non-Independent Director</p> <p><b>Experience:</b> 16 years</p> <p><b>Occupation:</b> Service</p> <p><b>Address:</b> Flat No. 2802, 28<sup>th</sup> Floor, Tower-1, Imperial Tower, MP Mill Compound, Tardeo, Mumbai - 400034</p>	39 years	Graduate in Economics	00016075	<ul style="list-style-type: none"> <li>• Store One Retail India Limited</li> <li>• Indiabulls Buildcon Limited</li> <li>• Indiabulls Lands Limited</li> <li>• Indiabulls Infrastructure Development Limited</li> <li>• Indiabulls Estate Limited</li> <li>• Bridget Builders And Developers Ltd</li> <li>• Indiabulls Constructions Limited</li> <li>• Makala Infrastructure Ltd</li> <li>• Indiabulls Industrial Infrastructure Limited</li> <li>• Airmid Aviation Services (P) Ltd.</li> <li>• Juventus Buildwell Limited</li> <li>• Indiabulls Builders Limited</li> <li>• Indiabulls Water Supply and Waste Management Services Ltd</li> <li>• Indiabulls Technology Solutions Limited</li> </ul>
<p><b>Mr. Karan Singh</b> S/o: Shri Dal Singh</p> <p><b>Designation:</b> Independent Director</p> <p><b>Experience:</b> 33 years</p> <p><b>Occupation:</b> Retired Professor</p>	65 years	Post Graduate in English	00017236	<ul style="list-style-type: none"> <li>• Indiabulls Financial Services Limited</li> <li>• Indiabulls Commodities Limited</li> <li>• Indiabulls Real Estate Limited</li> <li>• Store One Retail India Limited</li> <li>• Indiabulls Securities Limited</li> <li>• Poena Power Solutions Limited</li> </ul>

<b>Address:</b> 1408, Urban Estate, Jind – 124413, Haryana				
<b>Mr. Shamsher Singh Ahlawat</b> S/o: Shri Ran Singh Ahlawat  <b>Designation:</b> Independent Director  <b>Experience:</b> 20 years in Banking Industry  <b>Occupation:</b> Ex-Banker  <b>Address:</b> 96A, Eastern Avenue, Sainik Farm, Khanpur, New Delhi - 110062	62 years	Post Graduate in History	00017480	<ul style="list-style-type: none"> <li>Indiabulls Financial Services Limited</li> <li>Indiabulls Real Estate Limited</li> <li>Store One Retail India Limited</li> <li>Indiabulls Power Limited.</li> <li>Indiabulls Constructions Ltd</li> <li>Elena Power And Infrastructure Limited</li> </ul>

**Nature of any family relationship between any of the Directors:**

Nil

**Details of arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the Directors was selected as a director or member of senior management.**

Nil

**THERE ARE NO SERVICE CONTRACTS ENTERED INTO BY THE DIRECTORS WITH THE COMPANY PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT.**

**Details of Borrowing Powers**

In terms of the Articles of Association, the Board may, from time to time, at its discretion, subject to the provisions of Section 292 and 293 of the Act, raise or borrow and/or secure payment of any sum or sums of money for the purposes of the Company. It may secure payment or repayment of the same in such terms and conditions in all respect as it thinks fit and in particular by the issue of bonds, notes, convertible, redeemable or otherwise perpetual or redeemable debentures or debenture-stock or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Vide a resolution passed at the Extraordinary General Meeting of the Company held on March 1, 2011 consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956 for authorising and empowering them to mortgage and/or create charge on all or any one or more of the movable, immovable properties or such other assets of the Company wheresoever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit to or in favour of National/International financial institutions, Banks etc. (Lenders) to any term loans/cash credit facilities/ debentures/bonds or the like obtained/to be obtained from any of the aforesaid lenders together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated damage(s), commitment charge(s), premia on prepayment or on redemption cost, charge(s), expenses and all other monies payable by the Company to such lenders under the respective loan/other agreement(s) entered/to be entered into between the Company and the Lender(s) in respect of the said borrowing, such securities to rank in such manner as agreed to between the concerned parties and as may be thought expedient by the Board.

Vide a resolution passed at the Extraordinary General Meeting of the Company held on March 1, 2011, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sums of money which together with money already borrowed by the company shall not exceed in the aggregate at any time Rs. 25,000 crores irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of paid up share capital of the company and its free reserves.

#### Compensation of Whole-time Director

Mr. Surinder Singh Kadyan, Whole-time Director of the Company does not draw any remuneration from Indiabulls Wholesale Services Limited.

#### Shareholding of the Directors

S. No.	Name	No. of Shares as on April 27, 2011
1.	Mr. Mehul Johnson	24,375
2.	Mr. Surinder Singh Kadyan	12

#### Qualification Shares required to be held by Directors

Directors are not required to hold any qualification shares.

#### Interest of directors

All the Directors may be deemed to be interested to the extent of fees payable to them, if any, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them, if any, under the Articles of Association, and to the extent of remuneration paid to them, if any for services rendered as an officer or employee of the Company.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoter, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors have no interest in any property acquired by the Company within two years of the date of this Information Memorandum.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Information Memorandum in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them other than contracts in the normal course of business and being permitted as per the current rules and regulations governing the same.

#### Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years. To maintain brevity and to avoid any confusion, this table does not enumerate the instances where the Status or Designation of the Director has been changed or when the appointment of an Additional Director has been regularized.

S. No	Name, Address & DIN	Date of Appointment	Date of Cessation	Reason
1.	Mr. Himanshu Kanubhai Shah <b>Address</b> : 2, Vivek Liberty Garden, Malad (W), Mumbai-400064 <b>DIN</b> : 00074041	July 24, 2007	December 18, 2008	Resignation
2.	Mr. Dimitrius John Dmello <b>Address</b> : 15, Emerald, St. Piusx Colony, Nahar Road,	July 24, 2007	December 18, 2008	Resignation

	Mulund (W), Mumbai – 400080 <b>DIN</b> : 00837714			
3.	Mr. Nihar Devendra Gandhi <b>Address</b> : B-106, Shubhkamna, Mahavir Nagar, Dahanukarwadi, Kandivali (West) Mumbai – 400 067 <b>DIN</b> : 01337506	July 24, 2007	April 25, 2011	Resignation
4.	Mr. Harish Gupta <b>Address</b> : 12/202, Jawahar Nagar, Goregaon (W), Mumbai – 400062 <b>DIN</b> : 02455300	December 18, 2008	October 9, 2009	Resignation
5.	Mr. Audhesh Kumar Pandey <b>Address</b> : 114, Shiva Khand, Vivek Vihar, Phase – II, Delhi – 110095 <b>DIN</b> : 02446453	December 18, 2008	April 15, 2010	Resignation
6.	Ms. Ananya Gandotra <b>Address</b> : MF-32, Eldeco Mansion, Sohna Road, Gurgaon – 122002 <b>DIN</b> : 02780458	October 9, 2009	April 25, 2011	Resignation
7.	Mr. Mukul Bansal <b>Address</b> : 802, 8 <sup>th</sup> Floor, Oceanic Building, Carter Road, Bandra (W), Mumbai – 400050 <b>DIN</b> : 00399080	April 15, 2010	April 25, 2011	Resignation
8.	Mr. Mehul Johnson <b>Address</b> : Flat No. 2802, 28 <sup>th</sup> Floor, Tower-1, Imperial Tower, MP Mill Compound, Tardeo, Mumbai – 400034 <b>DIN</b> : 00017236	April 25, 2011		Appointed as Additional Director
9.	Mr. Surinder Singh Kadyan <b>Address</b> : H.No.L-255, Nar Vihar, Part – 2, Sector-34, Noida – 201307 <b>DIN</b> : 03495880	April 25, 2011		Appointed as Additional cum Whole-time Director
10.	Mr. Karan Singh <b>Address</b> : 1408, Urban Estate, Jind – 122412, Haryana <b>DIN</b> : 00017236	April 25, 2011		Appointed as Additional Director
11.	Mr. Shamsheer Singh <b>Address</b> : 96A, Eastern Avenue, Sainik Farm, Khanpur, New Delhi – 110062 <b>DIN</b> : 00017480	April 25, 2011		Appointed as Additional Director

#### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the requirements of the applicable regulations, including the listing agreement to be entered in to with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Company has a Board constituted in compliance with the Companies Act and listing agreement to be entered in to with the Stock Exchanges and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of the Company provides the Board detailed reports on its performance periodically.

#### Composition of Board of Directors

Currently, the Board of Directors has four Directors. In compliance with Clause 49 of the equity listing agreement, the Company has one Executive Director and three non-executive Directors, including two independent Directors, on its Board of Directors.

S.NO	NAME OF DIRECTOR	DESIGNATION	STATUS
1	Mr. Surinder Singh Kadyan	Director	Whole-time Director
2	Mr. Mehul Johnson	Director	Non-Executive Director
3	Mr. Karan Singh	Director	Independent Director
4	Mr. Shamsher Singh	Director	Independent Director

#### Committees of the Board

##### Audit Committee

The Audit committee was constituted on April 25, 2011. The members of the Audit Committee are:

Sr. No	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Shamsher Singh	Chairman	Independent Director
2.	Mr. Karan Singh	Member	Independent Director
3.	Mr. Mehul Johnson	Member	Non-Executive Director

Ms. Priya Jain, Company Secretary, shall be the Secretary of the Committee.

##### Terms of reference

The terms of reference of the Audit Committee, inter-alia, include:

- To oversee the financial reporting process and disclosure of financial information.
- To review with management, quarterly, half yearly and annual financial statements and ensure their accuracy and correctness before submission to the Board.
- To review with management and internal auditors, the adequacy of internal control systems, approving the internal audit plans and reviewing the efficacy of their function, discussion and review of periodic audit reports including findings of internal investigations.
- To recommend the appointment of the internal and statutory auditors and fixing their remuneration.
- To hold discussions with the statutory and internal auditors.

The scope and function of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement.

##### Remuneration Committee

The Remuneration Committee was reconstituted by a meeting of the Board of Directors held on April 25, 2011. The members of the Remuneration Committee are:

Sr. No	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Shamsher Singh	Chairman	Independent Director
2.	Mr. Karan Singh	Member	Independent Director
3.	Mr. Mehul Johnson	Member	Non-Executive Director

### 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.

### Share Transfer and Shareholder's Grievance Committee

The Share Transfer and Shareholder's grievance Committee was constituted on April 25, 2011. The members of the Share Transfer and Investor Grievance Committee are;

Sr. No	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Shamsheer Singh	Chairman	Independent Director
2.	Mr. Karan Singh	Member	Independent Director
3.	Mr. Surinder Singh Kadyan	Member	Executive Director

Ms. Priya Jain, Company Secretary, shall be the Secretary of the Committee.

### Terms of Reference

The scope, terms of reference and functioning of the Committee is as prescribed under Clause 49 of the Listing Agreement. The primary functions carried out by the Committee are to approve requests for share transfers and transmissions to approve the requests pertaining to remat of shares/sub-division/consolidation/issue of renewed and duplicate share certificates etc. and for this purpose the required authority has been delegated to Mr. Surinder Singh Kadyan.

### Compliance with Listing Agreement

The Company in terms of this Information Memorandum intends to list its equity shares on BSE and NSE and intends to comply with the requirements under the respective Listing Agreement of the above-mentioned stock exchanges. Further, we are in compliance with clause 49 of the listing agreement to the extent applicable to a company seeking listing for the first time.

### Key Management Personnel

In addition to the Whole Time Director, Mr Surinder Singh Kadyan, provided below is the key managerial employee of the Company.

Name, Designation, Qualification	Date of Joining	Age (Years)	Term of office with date of expiration of term	Details of service contracts including termination/retirement benefits	Experience (years)	Previous Employment
Priya Jain, Company Secretary & Compliance Officer	November 1, 2008	27 years	N.A.	N.A.	5 years	Company Secretary & Compliance Officer, Om Metals Infraprojects Limited

**Nature of any family relationship between any of the Key Management Personnel:**

None of the Key Management Personnel are related to each other.

**Details of any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Key Management Personnel, was selected as a director or member of senior management**

Nil

**No compensation was paid to the Key Management Personnel in the last financial year pursuant to a bonus or profit-sharing plan**

**All the Key Management Personnel as stated above are Permanent employees of the Company.**

**Shareholding of Key Management Personnel**

The Key Management Personnel together hold 12 Equity Shares and NIL Warrants.

Name	No. of shares held
Mr. Surinder Singh Kadyan	12
Ms. Priya Jain	0

**Bonus or profit sharing plan of the Key Management Personnel**

The Company does not have any bonus or profit sharing plan of the Key Management Personnel.

**Interests of Key Management Personnel**

The key management personnel of the Company do not have any interest in the Company other than to the extent of the remuneration, employee stock options held, if any, Equity Shares allotted under employee stock purchase scheme or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of the key management personnel have been paid any consideration of any nature from the Company, other than their remuneration.

**Changes in the Key Management Personnel**

The changes in the key management personnel in the last three years are as follows:

S. No.	Name	Date of		Reason
		Joining	Leaving	
1.	Mr. Surinder Singh Kadyan	April 25, 2011	-	Appointed
2.	Ms. Priya Jain	November 1, 2008	-	Appointed

**Employees**

**Employee Stock Option Scheme and Employee Stock Purchase Scheme**

At present, the Company does not have any Employee Stock Option Scheme and Employee Stock Purchase Scheme.

**Other Benefits to the Officers of the Issuer Company**

Except the payment of salaries and perquisites, no amount or benefit has been paid or given within the two preceding years or intended to be paid or given to any employee and there is no consideration for payment of giving of the benefit.

## PROMOTERS

### Promoters

Prior to the Scheme becoming effective, the Company was a wholly owned subsidiary of Indiabulls Real Estate Limited (IBREL). Pursuant to the Scheme becoming effective, the Company has allotted equity shares to the shareholders of IBREL on the Demerger Record Date. Further, in terms of Clause 27(iii) of the Scheme, the existing shareholding of IBREL in the Company has been cancelled.

Mr. Sameer Gehlaut, Mr. Rajiv Rattan and Mr. Saurabh K. Mittal are presently the Promoters of the Company.

The details of the Promoters are as follows:

### Mr. Sameer Gehlaut



Age	37 years
Personal Address	71, Maker Tower, A - Wing, 7th Floor, Cuffe Parade, Mumbai - 400005, Maharashtra, INDIA.
Educational qualifications and professional Experience	B.Tech., IIT Delhi
Directorship held	<ul style="list-style-type: none"> <li>• Indiabulls Financial Services Limited</li> <li>• Inuus Infrastructure Private Limited</li> <li>• Indiabulls Real Estate Limited</li> <li>• Kritikka Infrastructure Private Limited</li> <li>• Karanbhumi Estates Private Limited</li> <li>• Ceres Real Estate Private Limited</li> <li>• Indiabulls Mining Private Limited</li> <li>• Ceres Power Transmission Private Limited</li> <li>• Ceres Electricity Distribution Private Limited</li> <li>• Indiabulls Finance Company Private Limited</li> <li>• Galax Minerals Private Limited</li> <li>• Indiabulls Power Limited.</li> <li>• Indiabulls Electricity Distribution Private Limited</li> <li>• Meru Minerals Private Limited</li> <li>• Inuus Developers Private Limited</li> <li>• Orthia Properties Private Limited</li> <li>• Inuus Properties Private Limited</li> <li>• Inuus Real Estate Private Limited</li> <li>• Orthia Real Estate Private Limited</li> <li>• Inuus Land Development Private Limited</li> <li>• Ceres Energy Private Limited</li> <li>• Valerian Real Estate Private Limited</li> <li>• Mugwort Real Estate Private Limited</li> </ul>
Permanent Account Number	AFMPG9469E
Passport Number	Z1776388
DIN	00060783

**Profile:**

Mr. Sameer Gehlaut, aged 37, graduated with a degree in mechanical engineering from the Indian Institute of Technology, Delhi. He is also the Co-Founder and Chairman of the Indiabulls group of companies engaged in the businesses of real estate, infrastructure, financial services, wholesale trading and power sector. Asia Money had named Mr. Sameer Gehlaut as one of the 100 most influential persons in business across Asia-Pacific in the fiscal year 2007-08.

**Declaration:** It is confirmed that Permanent Account Number and Passport Number of Mr. Sameer Gehlaut is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Information Memorandum with them.

**Mr. Rajiv Rattan**



Age	38 years
Personal Address	B-4/157, Ground Floor, Safdarjung Enclave, Delhi - 110029, INDIA
Educational qualifications and professional Experience	B.Tech., IIT Delhi
Directorship held	<ul style="list-style-type: none"> <li>• Indiabulls Financial Services Limited</li> <li>• Indiabulls Realtech Limited</li> <li>• Indiabulls Real Estate Limited</li> <li>• Ceres Real Estate Private Limited</li> <li>• Indiabulls Mining Private Limited</li> <li>• Spire Constructions Private Limited</li> <li>• Ceres Power Transmission Private Limited</li> <li>• Ceres Electricity Distribution Private Limited</li> <li>• Priapus Developers Private Limited</li> <li>• Nettle Constructions Private Limited</li> <li>• Indiabulls Power Limited.</li> <li>• Indiabulls Life Insurance Company Limited</li> <li>• Indiabulls CSEB Bhaiyathan Power Limited</li> <li>• Indiabulls Electricity Distribution Private Limited</li> <li>• Priapus Constructions Private Limited</li> <li>• Priapus Land Development Private Limited</li> <li>• Arcelormittal Indiabulls Mining Private Limited</li> <li>• Ceres Energy Private Limited</li> <li>• Heliotrope Real Estate Private Limited</li> </ul>
Permanent Account Number	AESPR3957D
Passport Number	G8799401
DIN	00010849

**Profile:**

Mr. Rajiv Rattan, aged 38, graduated with a degree in electrical engineering from the Indian Institute of Technology, Delhi in the year 1994. He is the Co-Founder and Vice Chairman of the Indiabulls group of companies. He was selected by Schlumberger for its international services business in 1994, where he worked for over 5 years before he co-founded Indiabulls group of companies. Mr. Rajiv Rattan has vast work experience in the field of financial services, real estate, power and infrastructure sector businesses. He also has extensive experience in process management and task management.

**Declaration:** It is confirmed that Permanent Account Number and Passport Number of Mr. Rajiv Rattan is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Information Memorandum with them.

**Mr. Saurabh K. Mittal**



Age	38 years
Personal Address	A -19 - A - Block, H. No. A - 1 To A - 32, Westend, Delhi - 110021, INDIA.
Educational qualifications and professional Experience	B.E., IIT Delhi
Directorship held	<ul style="list-style-type: none"> <li>• Indiabulls Financial Services Limited</li> <li>• Indiabulls Real Estate Limited</li> <li>• Ceres Real Estate Private Limited</li> <li>• Indiabulls Mining Private Limited</li> <li>• Hespera Realty Private Limited</li> <li>• Ceres Trading Services Private Limited</li> <li>• Ceres Power Transmission Private Limited</li> <li>• Ceres Electricity Distribution Private Limited</li> <li>• Lucerne Trading Services Private Limited</li> <li>• Indiabulls Electricity Distribution Private Limited</li> <li>• Indiabulls Power Limited.</li> <li>• Hespera Realcon Private Limited</li> <li>• Hespera Land Development Private Limited</li> <li>• Ceres Energy Private Limited</li> <li>• Alona Builders And Developers Private Limited</li> <li>•</li> </ul>
Permanent Account Number	ANAPM2488D
Passport Number	Z1583525
DIN	01175382

**Profile:**

Mr. Saurabh K Mittal, aged 38, graduated with a degree in Electric Engineering from the Indian Institute of Technology, Delhi and also hold masters in business administration from Harvard Business School, where he was elected Baker Scholar. Previously, Mr. Mittal has worked at Citigroup Asset Management and Farallon Capital Management, securities broking and real estate / infrastructure development businesses. He is also a co-founder of Indiabulls group of companies.

**Declaration:** It is confirmed that Permanent Account Number and Passport Number of Mr. Saurabh K. Mittal is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Information Memorandum with them.

## **CURRENCY OF PRESENTATION**

In the Information Memorandum, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India. Through out the sections on 'Financial Information' and 'Summary of Financial Information' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' in the Information Memorandum figures have been expressed in lacs. The term 'lacs' means 'One Hundred Thousand'.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and elsewhere in the Information Memorandum, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP. In the Information Memorandum, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

## **DIVIDEND POLICY**

The Company does not have any formal dividend policy in respect of its equity shares. The declaration and payment of equity dividend in the Company is recommended by our Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Company has not paid any dividend on its equity shares so far.

## **SECTION V- FINANCIAL INFORMATION**

### **FINANCIAL INFORMATION OF OUR COMPANY**

**The following financial statements of the Company are included herein:**

1. Financial Statements of Indiabulls Wholesale Services Limited from the year ended March 31, 2008 to March 31, 2011
2. Financial Information of following subsidiary companies from the year ended March 31, 2008 to period ended December 31, 2010:
  - a. Store One Retail India Limited
  - b. Sentia Properties Limited
  - c. Lucina Infrastructure Limited
  - d. Albasta Power Limited

## 1. Financial Statements of Indiabulls Wholesale Services Limited from the year ended March 31, 2008 to March 31, 2011

### a) Year ended March 31, 2008



*Ajay Sardana Associates*  
CHARTERED ACCOUNTANTS

#### Auditors' Report to the Members of Indiabulls Wholesale Services Limited

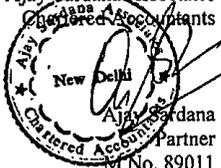
We have audited the attached Balance Sheet of Indiabulls Wholesale Services Limited as at March 31, 2008 and annexed Profit & Loss Account and also the Cash Flow Statement of the Company for the period ended March 31, 2008 and report that:

1. 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 have 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 misstatements. An audit includes examining, on a test check basis, the evidences 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, 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 appear from our examination of those books.
  - (iii) The Company's Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion the Balance Sheet and Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of Companies Act, 1956 to the extent applicable.
  - (v) On the basis of written representation received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes there on the information required by

the Companies Act, 1956 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, 2008, and
- (b) In the case of Profit & Loss Account, of loss of the Company for the period ended on March 31, 2008, and
- (c) In the case of Cash Flow Statement, of Cash Flows of the Company for the period ended on March 31, 2008.

For Ajay Sardana Associates  
Chartered Accountants  
New Delhi  
Ajay Sardana  
Partner  
M No. 89011



New Delhi : April 28, 2008

**ANNEXURE TO THE AUDITORS' REPORT**  
(Referred to in paragraph 3 of our report of even date)  
**Indiabulls Wholesale Services Limited**

- 1) In our opinion and according to the information and explanations given to us, the natures of the Company's business / activities during the period are such that clauses (ii), (viii), (x), (xi) and (xiv) are not applicable to the Company.
- 2) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) Verification of fixed assets is being conducted in a phased programme by the management designed to cover all assets annually, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. According to information and explanations given to us no material discrepancies were noticed on such verification.
  - c) During the period ended the Company has not disposed off any fixed assets.
- 3) The company has neither granted nor taken any loans to or from companies, firms or other parties covered under registered maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and we have not observed any continuing failure to correct major weakness in such internal controls.
- 5) According to the information and explanations provided by the management, we are of the opinion that there were no transactions made in pursuance of contracts or arrangement that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- 6) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the companies (Acceptance of deposit) Rule 1975 with regards to deposits accepted from the public.
- 7) In our opinion, the internal audit functions carried out during the period by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- 8) According to the information and explanations given to us, in respect of statutory and other dues:
  - a) The Company has been regular in depositing undisputed statutory dues, including Income tax, Service Tax and any other material statutory dues with the appropriate authorities during the period. During the period there were no dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess. Further since the Central Government has till date not prescribed

the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- b) During the period, there are no disputed dues payable in respect of Income Tax, Sales Tax, Customs Duty, Wealth Tax, Excise Duty and Cess.
- 9) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 10) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- 11) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 12) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were applied by the company during the period for the purposes for which the loans were obtained.
- 13) 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 have, prima facie, not been used during the period for long-term investment.
- 14) 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.
- 15) According to information and explanations given to us, the company has not issued any debentures, during the period.
- 16) The Company has not raised any money by way of Public Issue during the period.
- 17) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the period.

New Delhi : April 28, 2008

For Ajay Sardana Associates  
Chartered Accountants  
New Delhi  
Ajay Sardana  
Partner  
M No. 89011



Indiabulls Wholesale Services Limited  
Balance Sheet as at March 31, 2008

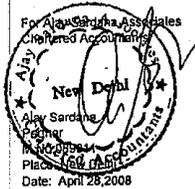
	Schedule	As at March 31, 2008
		Amount Rs.
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital	1	1,000,000,000
<b>Loan Funds</b>		
Secured Loans	2	6,198,174
Unsecured Loans	3	3,000,000,000
		<u>4,006,198,174</u>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross Block	4	10,732,764
Less: Accumulated depreciation		443,776
Net Block		<u>10,288,988</u>
Capital Work in Progress	5	658,522,405
		<u>668,811,393</u>
<b>Investments</b>		
	6	423,116,019
<b>Current Assets, Loans and Advances</b>		
Cash and Bank Balances	7	1,258,323,559
Other Current Assets	8	34,957,065
Loans and Advances	9	1,635,115,424
		<u>2,928,396,048</u>
<b>Less: Current Liabilities and Provisions</b>		
Current Liabilities	10	19,594,966
Provisions	11	407,403
		<u>20,002,369</u>
<b>Net Current Assets</b>		2,908,393,679
<b>Profit &amp; Loss Account</b>		7,877,082
		<u>4,006,198,174</u>

Significant Accounting Policies and  
Notes to Accounts

13

As per our report of even date attached

For Indiabulls Wholesale  
Services Limited



Place: New Delhi  
Date: April 28, 2008

For and on behalf of the Board

Nihar Gandhi      Hirhanstu Shah      Sourav Seksaria  
Director            Director            Company Secretary

Place: New Delhi  
Date: April 28, 2008

Indiabulls Wholesale Services Limited

Profit and Loss Account for the period from July 24, 2007 to March 31, 2008

For the period from  
July 24, 2007 to  
March 31, 2008

Amount Rs.

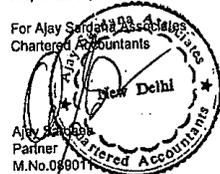
<b>INCOME</b>		
Other Income		-
<b>EXPENDITURE</b>		
Administrative and Other expenses	12	7,592,442
		<u>7,592,442</u>
Profit / (Loss) Before Tax		(7,592,442)
<b>Provision for Taxation</b>		
-Current Tax		-
-Deferred Tax		284,640
-Fringe Benefit Tax		-
Profit / (Loss) After Tax		<u>(7,877,082)</u>
Balance of Profit/ (Loss) Carried forward		<u>(7,877,082)</u>
<b>Earning Per Share-Basic and Diluted [Refer Note B-X of Schedule 13]</b>		
- Basic Earnings per share (Rs.)		(0.13)
- Diluted Earnings per share (Rs.)		(0.13)
- Face value per share (Rs.)		10.00

Significant Accounting Policies and  
Notes to Accounts

13

As per our report of even date attached

For Ajay Sanghvi & Associates  
Chartered Accountants



Ajay Sanghvi  
Partner  
M.No.098011  
Place: New Delhi  
Date: April 28, 2008

For and on behalf of the Board

*Nihar Gandhi*

Nihar Gandhi  
Director

*Himanshu Shah*

Himanshu Shah  
Director

*Sourav Sekaria*

Sourav Sekaria  
Company Secretary

Place: New Delhi  
Date: April 28, 2008

Indiabulls Wholesale Services Limited

Schedules forming part of Balance Sheet as at March 31, 2008

Schedule 4

Fixed Assets Asset Description	Gross Block		Accumulated Depreciation		Net Block As at 31st March 2008
	Additions during the period	As at 31st March 2008	Additions during the period*	As at 31st March 2008	
Computers	1,748,400	1,748,400	116,879	116,879	1,631,521
Office Equipment	728,234	728,234	18,242	18,242	709,992
Vehicles	8,023,786	8,023,786	202,421	202,421	7,821,365
Furniture And Fixture	232,344	232,344	106,235	106,235	126,109
<b>Total</b>	<b>10,732,764</b>	<b>10,732,764</b>	<b>443,776</b>	<b>443,776</b>	<b>10,288,988</b>

\* Depreciation for the period has been charged to Capital work in progress and will be capitalised along with the Buildings



Indiabulls Wholesale Services Limited

Schedules forming part of Profit and Loss Account for the period from July 24, 2007 to March 31, 2008

12 Administrative and Other Expenses  
Filing fees  
Audit Fees (including service tax)  
Preliminary Expenses

For the period  
from July 24, 2007  
to March 31, 2008

7,180,831
292,136
119,475
<u>7,572,442</u>

Indiabulls Wholesale Services Limited

Cash Flow Statement for the period from July 24, 2007 to March 31, 2008

For the period  
from July 24, 2007  
to March 31, 2008

Amount Rs.

<b>A Cash flow from operating activities :</b>	
Net Profit/ (Loss) before tax	(7,592,442)
Adjustment for	
Depreciation	443,776
Operating Profit/(Loss) before working capital changes	
Adjustments for:	
Advance recoverable in cash or in kind	(7,148,666)
Other Liabilities	(67,577,009)
	19,594,866
	(55,130,709)
Direct Tax paid	11,948,489
Net cash generated from/(used in) Investing activities	<u>(67,080,198)</u>
<b>B Cash flow from Investing activities</b>	
Purchase of Fixed Assets	(10,732,764)
Project work in progress	(714,023,245)
Investment in Equity Shares of Subsidiary	(423,116,019)
Investment in Units of Mutual Funds	
Redemption in units of Mutual Funds	1,856,040,423
Dividend Income on mutual fund	<u>(1,856,040,423)</u>
Inter corporate deposits given to subsidiary company	5,640,886
Interest income on inter corporate deposit from subsidiary	(1,590,782,454)
Net cash generated from/(used in) Investing activities	52,219,179
	<u>(2,680,794,416)</u>
<b>C Cash flow from financing activities</b>	
Proceeds from Issue of Equity Share	1,000,000,000
Proceeds from Secured Loan	6,198,174
Inter corporate deposit taken from Holding Company	3,000,000,000
Net cash generated from/(used in) financing activities	<u>4,006,198,174</u>
<b>D Net increase / (decrease) in cash and cash equivalents ( A+B+C )</b>	
	1,258,323,559
<b>E Cash and cash equivalents at the beginning of the period</b>	
<b>F Cash and cash equivalents at the close of the period ( D+E )</b>	
	<u>1,258,323,559</u>

Note:

- The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents as at the close of the period include Fixed Deposit of Rs.1,205,000,000

For Ajay Sardana Associates  
Chartered Accountants

Ajay Sardana  
Partner  
M.No.093011  
Place: New Delhi  
Date: April 28,2008

For and on behalf of the Board

Nihar Gandhi  
Director

Himanshu Shah  
Director

Sourav Sekaria  
Company Secretary

Place: New Delhi  
Date: April 28,2008

**Indiabulls Wholesale Services Limited****SCHEDULE: 13****Significant Accounting Policies and Notes to Accounts.****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 principals in India and the accounting standards as notified under the Companies (Accounting Standards) Rules, 2006.

**ii. Use of Estimates:**

The presentation of financial statement 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 period. Actual results could differ from those estimates and any revision is recognized in the current & future periods.

**iii. Revenue Recognition:**

Interest income from deposits and others is recognized on an accrual basis.  
Dividend income is recognized when the right to receive the dividend is unconditionally established at the balance sheet date.

**iv. Fixed Assets:**

Fixed assets (Tangible & Intangible) are stated at cost, less accumulated depreciation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

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.

**v. 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 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.

**vi. Impairment of Assets:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the 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 if a previously assessed

## Indiabulls Wholesale Services Limited

impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

### vii. Investments:

Investments are classified as long term and current investments. Long term investments are stated at cost and provision for diminution in their value, other than temporary, is made in the accounts. Current investments are stated at lower of cost and fair value. Unquoted current investments in units of mutual funds are valued at the net asset value declared by the mutual fund in respect of each particular scheme.

### viii. Borrowing Cost:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized 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.

### ix. Taxes on Income:

Current tax is determined as the tax payable in respect of taxable income for the period and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more period(s), is quantified at the current rate of tax / substantively enacted tax rates and laws as at the end of financial year.

### x. Fringe Benefits Tax:

Fringe Benefits Tax has been calculated in accordance with the provisions of the Income tax Act, 1961.

### 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 19 on Leases as notified under the Companies (Accounting Standards) Rules, 2006.

### xii. Foreign Currency Transactions:

#### a) Initial Recognition

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

#### b) Conversion

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried at historical cost denominated in a foreign currency 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 during the period, or

**Indiabulls Wholesale Services Limited**

reported in previous financial statements, 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 a monetary item that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

**xiii. Employee benefits:**

Contributions are made to Government Provident Fund and Family Pension Fund, ESIC and other statutory funds which covers all regular employees. Both the employees and the Company make predetermined contributions to the Provident Fund and ESIC. The contributions are normally based on a certain proportion of the employee's salary.

Provision for Gratuity and Leave Encashment for all employees is based up on actuarial valuation done at the end of every financial year/period. Major drivers in the actuarial assumptions, typically, are years of service and employee compensation. After the issuance of Accounting Standard 15 (revised) on "Employee Benefits", as notified under the Companies (Accounting Standards) Rules, 2006, commitments are actuarially determined using "Project Unit Credit" method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss Account.

**xiv. 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 (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) 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 can not 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.

**xv. 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.

**xvi. Preliminary Expenses**

Preliminary 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.

## Indiabulls Wholesale Services Limited

### B. Notes to Accounts:

#### I. Overview:

Indiabulls Wholesale Services Limited ("the company") was incorporated on July 24, 2007 with the object to carry on business of manufacturing and trading and retail business in India through in various retail formats, dealing in all kinds of goods, materials and items including but not limited to food & provisions, household goods, consumer durables, jewellery, home improvement products, footwear, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agro input products, furniture & furnishings, automobile & accessories, and acquiring and running food, service and entertainment centers and to acquire flats, offices and retail spaces for carrying on retail business and to sell them, lease or sublet them and to undertake and execute civil, mechanical, electrical and structural works contracts and sub contracts in all their respective branches to carry on retailing business.

During the period the company acquired stake in Piramyd Retail Limited (PRL), a company listed in the Bombay Stock Exchange and National Stock Exchange. 1,27,83,000 shares were purchased from the erstwhile promoters of PRL to acquire 63.92% stake in PRL for a total consideration of Rs.423,116,019. The shares were transferred in two trenches to a specially operated escrow account. The first trench, comprising 87,83,000 shares comprising 43.92% of paid up capital of Piramyd Retail Limited, was transferred to the escrow account on January 2, 2008 and second trench, comprising 40,00,000 shares comprising 20.00% of paid up capital of PRL, was transferred to the escrow account on January 7, 2008 and these shares were transferred to the IBWSL DMAT account of on the said date.

Subsequently the company made a public offer to acquire 20% of the fully diluted voting capital of PRL at an offer price of Rs.74.73 per share under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 vide public announcement dated December 9, 2007. This public offer was eventually concluded on April 10, 2008 with the acquisition of 310 shares which lay transferred to IBWSL Demat Account of the said date.

ii. The Company's first accounting period is from July 24, 2007 to March 31, 2008. As this is the first accounting period of the company, there are no figures presented in respect of the previous accounting period.

#### iii. Employee Stock Option Plan

The Company has announced Indiabulls Wholesale Services Limited Employee Stock Option Plan 2007 (IWSL ESOP 2007) for its employees and its subsidiary companies, existing now or in future and employees of Holding Company ("IBREL"). The Company has adopted the scheme in respect of its employees. A Compensation Committee constituted by the Board of Directors of IWSL administers the IWSL ESOP 2007. The eligible employees covered under IWSL ESOP 2007 are granted an option to purchase the shares of IWSL subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2008, whereby 10% of the options vest on each vesting date as per the vesting schedule. A Compensation Committee constituted by the Board of Directors of IWSL administers the IWSL ESOP 2007.

On October 31, 2007, the Company granted 50,00,000 equity options at an exercise price of Rs. 10.00 per share. These options vest uniformly over a period of 10 years, with effect from November 1, 2008, whereby 10% of the options vest on each vesting date as per the vesting schedule.

The Company follows the Intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share based Payments ("the guidelines"). As per the said intrinsic method adopted, the value of the share as worked out by an independent valuer works out to Rs. 9.91 per share on the date of grant. Accordingly, as the intrinsic value is lower than the exercise price there is no compensation expense in respect of the options granted. The fair value of the share as worked out by an independent valuer works out to Rs. 9.50 per share on the date of grant. Had the Company followed the fair value

## Indiabulls Wholesale Services Limited

method instead of intrinsic value, there would not have been any impact on the profit as exercise price is higher than Fair value and accordingly there would be no impact on the profit after tax and on the Basic and Diluted Earnings per Share of the Company for the period.

- b) The Fair values of the options under the plans using the binomial pricing model based on the following parameters are Nil:

S. No	Particulars	IWSL ESOP-2007
1	Fair value of share at grant date	Rs. 9.50
2	Exercise price	Rs. 10.00
3	Expected volatility	0%
4	Expected forfeiture percentage on each vesting date	5%
5	Option Life	1 through 10 years
6	Expected Dividends	8%
7	Risk Free Interest rate	8%

The expected volatility has been taken as 0% since the Company is unlisted.

- (c) The other disclosures in respect of the plan for the period ended March 31, 2008 are as under:

Particulars	Shares arising out of options (Nos.)	Exercise price Rs.	Remaining Weighted Average contractual life (months)
Outstanding at the beginning of the period	--	--	--
Granted during the period	5,000,000	10	69
Forfeited during the period	--	--	--
Exercised during the period	--	--	--
Expired during the period	--	--	--
Outstanding at the end of the period	5,000,000	10	64
Exercisable at the end of the period	--	--	--

#### IV. Employee Stock Options of the Holding Company

##### Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006

During the previous year, holding company, Indiabulls Real Estate Limited (IBREL) established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I"). Under the plan, IBREL has issued options that entitle IBREL to issue and the eligible employees of IBREL and its subsidiaries to subscribe, up to 9,000,000 equity shares of Rs. 2 each at exercise price of Rs. 60 per equity share. Employees covered by the plan are granted an option to purchase shares of IBREL subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2007, whereby 10% of the options vest on each vesting date as per the vesting schedule. The Company has adopted the Scheme in respect of its employees.

A summary of the movement in ESOS-I is given below:

	For the period from July 24, 2007 to March 31, 2008		
	Shares arising out of options	Exercise price Rs.	Remaining contractual life (months)
Outstanding at the beginning of the period	9,000,000	60	64
Granted during the period	--	--	--
Forfeited during the period	--	--	--
Exercised during the period	900,000	60	--
Expired during the period	--	--	--
Outstanding at the end of the period	8,100,000	60	58
Exercisable at the end of the period	--	--	--

## Indiabulls Wholesale Services Limited

### Indiabulls Real Estate Limited Employees Stock Option Scheme – 2008:

On April 22, 2008 IBREL established the Indiabulls Employees Stock Option Plan -2008 ("IBREL ESOS 2008" or "Plan-II"). Under the plan IBREL is authorized to issue up to 1,500,000 Equity Shares of Rs. 2 each to eligible employees including employees of its Subsidiary Companies. Employees covered by the plan are granted an option to purchase shares of IBREL subject to the requirements of vesting. On April 22, 2008, IBREL granted 1,500,000 options at an exercise price of Rs.495.70 per share, the than market price of the shares on the grant date. These options vest uniformly over a period of 10 years, with effect from April 23, 2009, whereby 10% of the options vest on each vesting date as per the vesting schedule. The Company has adopted the Scheme in respect of its employees.

#### V. Employee Benefits

Provision for Gratuity and Leave Encashment for all employees is based up on actuarial valuation done at the end of every financial year/period. Major drivers in the actuarial assumptions, typically, are years of service and employee compensation. After the issuance of Accounting Standard 15 (revised) on "Employee Benefits", as notified under the Companies (Accounting Standards) Rules, 2006, commitments are actuarially determined using "Project Unit Credit" method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss Account.

		Rupees [Dr / (Cr)]
	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)
<b>Reconciliation of liability recognized in the Balance Sheet</b>		
Present value of commitment (as per actuarial valuation)	(167,468)	(191,758)
Fair value of plans	-	-
Net liability in the Balance Sheet (Actual)	(167,468)	(191,758)
<b>Movement in the net liability recognized in the Balance Sheet</b>		
Net liability as at beginning of the period	-	-
Net expenses recognized in the Profit and Loss account	167,468	191,758
Contribution during the period	-	-
Net liability as at March 31, 2008	167,468	191,758
<b>Expenses recognized in the Profit and Loss Account</b>		
Current service cost	66,697	121,942
Interest cost	533	3,282
Expected return on plan assets	-	-
Actuarial (gains) / losses	100,238	66,534
Expenses charged to the Profit and Loss Account	167,468	191,758
<b>Return on plan assets</b>		
Expected return on plan assets	-	-
Actuarial (gains) / losses	-	-
Actual return on plan assets	-	-
<b>Reconciliation of defined-benefits commitments</b>		
Commitments as at as at beginning of the period	-	-
Current service cost	66,697	121,942
Interest cost	533	3,282
Paid benefits	-	-

## Indiabulls Wholesale Services Limited

Actuarial (gains) / losses	100,238	66,534
Commitments as at March 31,2008	167,468	191,758

### VI. Contingent Liability not provided for in respect of:

- a. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for of Rs.18,480,199.

### VII. Disclosure in respect of Accounting Standard – 18 Related Party Disclosures as notified under the Companies (Accounting Standards) Rules, 2006 :

#### Nature of relationship with Related Parties

#### a) Related parties where control exists:

Holding Companies: Indiabulls Real Estate Limited

#### b) Related parties where significant influence exists:

Other Group Company : Indiabulls Real Estate Company Private Limited  
Indiabulls Properties Private Limited

#### c) Fellow Subsidiaries Companies:

1 Airmid Aviation Services Private Limited	28 Athena Infrastructure Private Limited
2 Airmid Developers Limited	29 Athena Land Development Private Limited
3 Airmid Infrastructure Limited	30 Aurora Builders And Developers Private Limited
4 Airmid Properties Limited	31 Aurora Land Development Private Limited
5 Airmid Real Estate Limited	32 Bridget Builders And Developers Private Limited
6 Albasta Constructions Limited	33 Catherine Builders And Developers Private Limited
7 Albasta Developers Limited	34 Ceres Constructions Private Limited
8 Albasta Infrastructure Limited	35 Ceres Estate Private Limited
9 Albasta Properties Limited	36 Ceres Infrastructure Private Limited
10 Albasta Real Estate Limited	37 Ceres Land Development Private Limited
11 Albina Infrastructure Limited	38 Ceres Properties Private Limited
12 Albina Properties Limited	39 Chloris Constructions Limited
13 Albina Real Estate Limited	40 Chloris Properties Limited
14 Alexander Transport Solutions Limited	41 Chloris Real Estate Limited
15 Angina Properties Limited	42 Citra Developers Limited
16 Angina Real Estate Limited	43 Citra Infrastructure Limited
17 Angies Constructions Limited	44 Citra Properties Limited
18 Apesh Constructions Limited	45 Citra Real Estate Limited
19 Apesh Properties Limited	46 Corus Real Estate Limited
20 Apesh Real Estate Limited	47 Devona Developers Limited
21 Ashkit Constructions Limited	48 Devona Infrastructure Limited
22 Ashkit Developers Limited	49 Devona Properties Limited
23 Ashkit Infrastructure Limited	50 Diana Buildwell Private Limited
24 Ashkit Properties Limited	51 Diana Infrastructure Private Limited
25 Ashkit Real Estate Limited	52 Diana Land Development Private Limited
26 Athena Builders And Developers Private Limited	53 Elena Constructions Limited
27 Athena Buildwell Private Limited	54 Elena Properties Limited

## Indiabulls Wholesale Services Limited

55	Elena Real Estate Limited	102	Indiabulls Projects Limited
56	Fama Builders And Developers Private Limited	103	Indiabulls Property Builders Limited
57	Fama Buildwell Private Limited	104	Indiabulls Property Developers Limited
58	Fama Construction Private Limited	105	Indiabulls Realcon Limited
59	Fama Estate Private Limited	106	Indiabulls Realtors Limited
60	Fama Infrastructure Private Limited	107	Indiabulls Realty Company Limited
61	Fama Land Development Private Limited	108	Indiabulls Resources Limited
62	Fama Properties Private Limited	109	Indiabulls Town Developers Limited
63	Flora Land Development Private Limited	110	Indiabulls Power Services Limited
64	Fornax Constructions Limited	111	Juventus Builders And Developers Private Limited
65	Fornax Properties Limited	112	Juventus Buildwell Private Limited
66	Fornax Real Estate Limited	113	Juventus Constructions Private Limited
67	Foundvest Limited	114	Juventus Estate Private Limited
68	Hermes Builders And Developers Private Limited	115	Juventus Infrastructure Private Limited
69	Hermes Properties Private Limited	116	Juventus Land Development Private Limited
70	Indiabulls Buildcon Limited	117	Juventus Properties Private Limited
71	Indiabulls Builders And Developers Limited	118	Kailash Buildwell Private Limited
72	Indiabulls Builders Limited	119	Karakoram Buildwell Private Limited
73	Indiabulls Buildwell Limited	120	Karakoram Developers Private Limited
74	Indiabulls Commercial Developers Limited	121	Karakoram Land Development Private Limited
75	Indiabulls Commercial Estate Limited	122	Karakoram Properties Private Limited
76	Indiabulls Commercial Properties Limited	123	Karakoram Real Estate Company Private Limited
77	Indiabulls Constructions Limited	124	Kenneth Builders & Developers Private Limited
78	Indiabulls Developers And Infrastructure Limited	125	Lenus Constructions Limited
79	Indiabulls Developers Limited	126	Lenus Developers Limited
80	Indiabulls Engineering Limited	127	Lenus Infrastructure Limited
81	Indiabulls Estate Developers Limited	128	Lenus Properties Limited
82	Indiabulls Estate Limited	129	Lenus Real Estate Limited
83	Indiabulls Greenfield Realities Private Limited	130	Lucina Builders And Developers Private Limited
84	Indiabulls Home Developers Limited	131	Lucina Buildwell Private Limited
85	Indiabulls Hotel Properties Limited	132	Lucina Constructions Private Limited
86	Indiabulls Housing And Land Development Limited	133	Lucina Estate Private Limited
87	Indiabulls Housing Developers Limited	134	Lucina Infrastructure Private Limited
88	Indiabulls Industrial Infrastructure Limited	135	Lucina Land Development Private Limited
89	Indiabulls Infracon Limited	136	Lucina Properties Private Limited
90	Indiabulls Infradevelopers Limited	137	Mabon Constructions Limited
91	Indiabulls Infraestate Limited	138	Mabon Developers Limited
92	Indiabulls Infrastructure Development Limited	139	Mabon Infrastructure Limited
93	Indiabulls Infrastructure Limited	140	Mabon Properties Limited
94	Indiabulls Infrastructure Projects Limited	141	Mabon Real Estate Limited
95	Indiabulls Infrotech Limited	142	Mariana Constructions Limited
96	Indiabulls Land Development Limited	143	Mariana Developers Limited
97	Indiabulls Land Holdings Limited	144	Mariana Infrastructure Limited
98	Indiabulls Lands Limited	145	Mariana Properties Limited
99	Indiabulls Malls Limited	146	Mariana Real Estate Limited
100	Indiabulls Multiplex Services Limited	147	Maximus Entertainments Limited
101	Indiabulls Natural Resources Limited	148	Nav Vahan Autotech Limited

**Indiabulls Wholesale Services Limited**

149	Nilgiri Buildwell Limited	196	Varali Developers Limited
150	Nilgiri Commercial Estate Limited	197	Varali Infrastructure Limited
151	Nilgiri Infraestate Private Limited	198	Varali Properties Limited
152	Nilgiri Infrastructure Development Limited	199	Varali Real Estate Limited
153	Nilgiri Infrastructure Limited	200	Vindhyachal Buildwell Private Limited
154	Nilgiri Infrastructure Projects Limited	201	Vindhyachal Developers Private Limited
155	Nilgiri Land Development Private Limited	202	Vindhyachal Infrastructure Private Limited
156	Nilgiri Land Holdings Limited	203	Vindhyachal Land Development Private Limited
157	Nilgiri Lands Limited	204	Zeus Builders And Developers Private Limited
158	Nilgiri Resources Limited	205	Zeus Buildwell Private Limited
159	Noble Realtors Private Limited	206	Zeus Estate Private Limited
160	Selene Builders And Developers Private Limited	207	Zeus Land Development Private Limited
161	Selene Buildwell Private Limited	208	Zeus Properties Private Limited
162	Selene Constructions Private Limited	209	Airmid Power Limited
163	Selene Estate Private Limited	210	Albina Power Limited
164	Selene Infrastructure Private Limited	211	Aravali Land Development Private Limited
165	Selene Land Development Private Limited	212	Aravali Properties Private Limited
166	Selene Properties Private Limited	213	Citra Thermal Power And Infrastructure Limited
167	Sentia Constructions Limited	214	Devona Thermal Power And Infrastructure Limited
168	Sentia Developers Limited	215	Diana Energy Limited
169	Sentia Infrastructure Limited	216	Fama Power Company Limited
170	Sentia Properties Limited	217	Indiabulls Electricity Company Limited
171	Sentia Real Estate Limited	218	Indiabulls Energy Limited
172	Sepset Constructions Limited	219	Indiabulls Hydro Electric Power Limited
173	Sepset Developers Limited	220	Indiabulls Hydro Energy Limited
174	Sepset Infrastructure Limited	221	Indiabulls Hydro Power Limited
175	Sepset Properties Limited	222	Indiabulls Hydro Power Projects Limited
176	Sepset Real Estate Limited	223	Indiabulls Power Distribution Limited
177	Serida Constructions Limited	224	Indiabulls Power Generation Limited
178	Serida Infrastructure Limited	225	Diana Power Limited
179	Serida Properties Limited	226	Indiabulls Power Projects Limited
180	Serida Real Estate Limited	227	Indiabulls Power Trading Limited
181	Shivalik Land Development Private Limited	228	Indiabulls Realtech Limited
182	Shivalik Properties Private Limited	229	Indiabulls Thermal Energy Limited
183	Shoxell Limited	230	Indiabulls Power Infrastructure Limited
184	Sophia Constructions Limited	231	Indiabulls Thermal Power Limited
185	Sophia Power Company Limited	232	Kaya Hydropower Projects Limited
186	Sophia Real Estate Limited	233	Lenus Power Limited
187	Sylvanus Builders And Developers Private Limited	234	Mabon Power Limited
188	Sylvanus Properties Private Limited	235	Pachi Hydropower Projects Limited
189	Triton Builders And Developers Private Limited	236	Papu Hydropower Projects Limited
190	Triton Buildwell Private Limited	237	Selene Power Company Limited
191	Triton Estate Private Limited	238	Sentia Thermal Power And Infrastructure Limited
192	Triton Infrastructure Private Limited	239	Sepla Hydropower Projects Limited
193	Triton Land Development Private Limited	240	Sepset Thermal Power And Infrastructure Limited
194	Triton Properties Private Limited	241	Serida Power Limited
195	Varali Constructions Limited	242	Tharang Warang Hydropower Projects Limited

## Indiabulls Wholesale Services Limited

243 Triton Energy Limited

244 Zeus Energy Limited

**d) Other related parties**

**Key Management Personnel:**

i.	Mr. Nihar Devendra Gandhi	-	Director of the company
ii.	Mr. Himanshu Kanubhai Shah	-	Director of the company
iii.	Mr. Dimitrius John Dmello	-	Director of the company
iv.	Mr. Sameer Gehlaut	-	Person exercising significant Influence
v.	Mr. Rajeev Rattan	-	Person exercising significant Influence
vi.	Mr. Saurabh Mittal	-	Person exercising significant Influence
vii.	Mr. Narendra Gehlaut	-	Person exercising significant Influence
viii.	Mr. Vipul Bansal	-	Person exercising significant Influence

**e) Significant Transactions with Related Parties:**

The following transactions were carried out during the period with related parties in the ordinary course of business:

Nature of Transaction	Holding Company	Associate Companies	Fellow Subsidiaries	Amount (Rs.)		
				Key Management Personnel	Others	Total
<b>Finance</b>						
Issue of Equity Shares	1,000,000,000	-	-	-	-	1,000,000,000
Inter Corporate Deposits received*	4,312,549,053	-	-	-	-	4,312,549,053
<b>Expenses</b>						
Interest Expenses	60,220,460	-	-	-	-	60,220,460
Security deposits	-	-	-	-	21,729,312	21,729,312

\* Maximum Balance outstanding at any time during the period

**Outstanding as at March 31, 2008**

Nature of Transaction	Holding Company	Associate Companies	Fellow Subsidiaries	Key Management Personnel	Others	Total
Inter Corporate Deposits received	3,000,000,000			-	-	3,000,000,000
Security deposits	-			-	21,729,312	21,729,312

**f) Statement of Material Transactions:**

(I) Issue in Equity Shares	
Particulars	Amount (Rs.)
<b>For the Period ended March 31, 2008</b>	
<b>a) Holding Companies</b>	
Indiabulls Real Estate Limited	1,000,000,000

## Indiabulls Wholesale Services Limited

<b>a) Holding Companies</b>		<b>For the Period ended March 31, 2008</b>
Indiabulls Real Estate Limited		60,220,460
<b>(IV) Security Deposits</b>		
<b>Particulars</b>		<b>Amount (Rs.)</b>
<b>a) Other Group Company</b>		<b>For the Period ended March 31, 2008</b>
Indiabulls Properties Private Limited		21,729,312

**VIII. Statement of Purchase and Sale of current investments-non trade during the Period from July 24, 2007 to March 31, 2008:**

Name of the Companies	For the period ended March 31, 2008			
	Investment during the period		Investment sold during the period	
	No of Shares	Cost of purchase (Rs.)	No of Shares	Cost of sales(Rs.)
Piramyd Retail Limited	12,783,000	423,116,019	-	-

**X. Statement of Purchase and Redemption of current, non-trade investments during the Period from July 24, 2007 to March 31, 2008:**

Mutual Funds	For the period ended March 31, 2008			
	Purchases		Redemption	
	No. of Units	Cost of Purchase (Rs)	No. of Units	Cost of Sales (Rs)
Reliance Liquidity Fund	67,686,014	677,069,963	67,686,014	677,069,963
Standard Chartered Liquidity Mutual fund (GSO)	13,302	13,304,755	13,302	13,304,755
ABN Amro Money Plus Institutional Plan	116,565,405	1,165,665,705	116,565,405	1,165,665,705

Note: All above Mutual Funds are of Daily Dividend Type

**K. Earning per Share:**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

Particulars	For the Period from July 24, 2007 to March, 31 2008
Profit After Tax	(7,877,082)
Profit available for Equity Shareholders	(7,877,082)
Weighted Average number of shares used in computing Basic Earning Per Share	62,864,427
Weighted Average number of shares used in computing	62,864,427

## Indiabulls Wholesale Services Limited

have been issued at a later date.

Particulars	For the Period from July 24, 2007 to March, 31 2008
Profit After Tax	(7,877,082)
Profit available for Equity Shareholders	(7,877,082)
Weighted Average number of shares used in computing Basic Earning Per Share	62,864,427
Weighted Average number of shares used in computing Basic Earning Per Share	62,864,427
Face Value of Equity Shares (Rs.)	10.00
Basic Earning Per Shares (Rs.)	(0.13)
Dilutive Earning Per Shares (Rs.)	(0.13)

### XI. Operating Lease

The agreement is executed for a period of 33 months with a renewable clause and also provides for termination at will by either party giving a prior notice period between 3 months after expiry of 11 months of the license. The minimum lease rentals outstanding as at March 31, 2008, are as under:

Minimum Lease Rentals	As at March, 31 2008 Amount (Rs.)
Within One Year	2,512,000
One to Five Years	3,160,780
More than Five Years	-

### XII. Profit and Loss account disclosure as per Part II to Schedule VI of Companies Act, 1956

#### i) Expenditure in foreign currency

Particulars	For the Period from July 24, 2007 to March, 31 2008 Amount (Rs)
Architectural Fees	6,839,369

### XIII. Segment Reporting

The Company operates in one reportable business segment, namely, real estate development and one reportable geographical segment, ie. Within India. Hence, no separate information for segment - wise disclosure is required.

### XIV. Accounting Provisions

As per the best estimate of the management, no provision is required to be made as per Accounting Standard - 29 as notified under the Companies (Accounting Standards) Rules, 2006, 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.

### XV. 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, 2008.

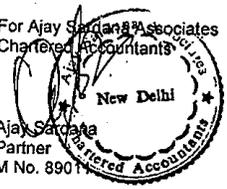
### XVI. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 :

## Indiabulls Wholesale Services Limited

- a) There is no payment due to suppliers as at the end of the accounting period on account of Principal and Interest.
  - b) 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.
  - c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
  - d) No amount of interest was accrued and unpaid at the end of the accounting period.
- XVII. As per the information available with the Company, there were no transactions with micro, small and medium enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006
- XVIII. The company has not entered into any derivative instrument during the period. The company does not have any foreign currency exposure towards receivables, payables or any other derivative instrument that have not been hedged.
- XIX. There are no particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.

As per our report of even date attached

For Ajay Saranga Associates  
Chartered Accountants  
New Delhi  
Ajay Saranga  
Partner  
M No. 890

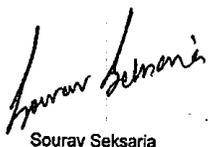


Place: New Delhi  
Dated: April 28, 2008

For and on behalf of the Board

  
Nihar Gandhi  
Director

  
Himanshu Shah  
Director

  
Sourav Seksaria  
Company Secretary

Place: New Delhi  
Date: April 28, 2008

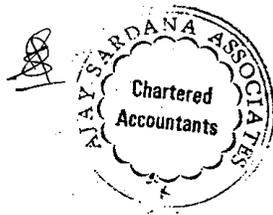
b) Year ended March 31, 2009



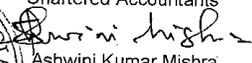
*Ajay Sardana Associates*  
**CHARTERED ACCOUNTANTS**

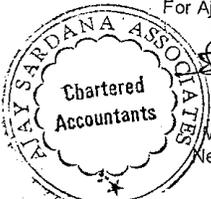
**Auditors' Report to the Members of Indiabulls Wholesale Services Limited**

1. We have audited the attached Balance Sheet of Indiabulls Wholesale Services Limited ("the Company") as at March 31, 2009 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2009. 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 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure, a statement on the matters specified in paragraphs 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) 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;
  - (v) on the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



- (vi) 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, 2009;
  - (b) in the case of Profit and Loss Account, of the loss 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 Ajay Sardana Associates  
Chartered Accountants  
  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323  
New Delhi, May 29, 2009



**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Indiabulls Wholesale Services Limited on the financial statements for the year ended March 31, 2009**

- (i) 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(iii), 4(viii), 4(x), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) (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 substantial part of any fixed assets during the year. Therefore the going concern assumption is not affected.
- (iii) (a) According to the information and explanations given to us, inventory has 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 inventory 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 inventory and no discrepancies were noted on physical verification.
- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets. The activities of the Company do not involve sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) 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.
- (vi) 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.



- (viii) (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 account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service-tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty. 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, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at March 31, 2009 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 the records of the Company examined by us, as at March 31, 2009, there are no dues of income-tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (ix) 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.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company, during the year, for the purposes for which the loans were obtained.
- (xi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have, prima facie, been used for long-term investment by the Company.
- (xii) 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.
- (xiii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Ajay Sardana Associates  
Chartered Accountants



Ashwini Kumar Mishra  
Partner  
Membership No. 062323  
New Delhi, May 29, 2009

Indiabulls Wholesale Services Limited

Balance Sheet as at March 31, 2009

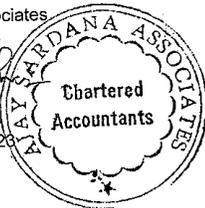
	Schedule	As at March 31, 2009	Amount in Rupees As at March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,000,000,000	1,000,000,000
<b>Loan Funds</b>			
Secured Loans	2	4,127,985	6,198,174
Unsecured Loans	3	1,255,347,523	3,000,000,000
<b>Total</b>		<b>2,259,475,508</b>	<b>4,006,198,174</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	63,158,125	10,732,764
Less : Accumulated Depreciation/ Amortization		6,311,015	443,776
Net Block		<b>56,847,110</b>	<b>10,288,988</b>
Capital Work-In-Progress (including Capital advances)	5	488,231,854	656,522,406
Investments	6	423,439,890	423,116,019
<b>Current Assets, Loans and Advances</b>			
Inventories	7	135,344,195	-
Cash and Bank Balances	8	8,066	1,258,323,559
Other Current Assets	9	97,494,307	34,957,065
Loans and Advances	10	962,940,420	1,635,115,424
		<b>1,195,786,988</b>	<b>2,928,396,048</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	11	39,563,220	19,594,966
Provisions	12	584,344	407,403
		<b>40,147,564</b>	<b>20,002,369</b>
<b>Net Current Assets</b>		<b>1,155,639,424</b>	<b>2,908,393,679</b>
Profit and Loss Account (Debit Balance)		135,317,230	7,877,082
<b>Total</b>	<b>17</b>	<b>2,259,475,508</b>	<b>4,006,198,174</b>
Significant Accounting Policies and Notes to Accounts			

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

Ashwini Kumar Mishra  
Partner  
Membership No. 062320

Place : New Delhi  
Date : May 29, 2009



For and on behalf of the Board

Nihar Gandhi Director  
Audhesh Kumar Pandey  
Whole Time Director

Priya Jain  
Company Secretary

Place : New Delhi  
Date : May 29, 2009

Indiabulls Wholesale Services Limited

Profit and Loss for the Year ended March 31, 2009

	Schedule	For the Year Ended March 31, 2009	Amount in Rupees For the period from July 24, 2007 to March 31, 2008
<b>INCOME</b>			
Other Income	13	143,649,153	-
	<b>Total</b>	<b>143,649,153</b>	<b>-</b>
<b>EXPENDITURE</b>			
Cost of Real Estate Projects Under Development			
Opening Balance		-	-
Add: Additions during the year		135,344,195	-
Less: Closing Balance		135,344,195	-
Employees Remuneration and Benefits	14	78,786,353	-
Administration and Other Expenses	15	21,623,563	7,592,442
Interest and Finance Charges	16	163,730,484	-
Depreciation		6,318,901	-
	<b>Total</b>	<b>270,459,301</b>	<b>7,592,442</b>
<b>Profit / (Loss) Before Tax</b>		<b>(126,810,148)</b>	<b>(7,592,442)</b>
Less: Provision for Tax			
a) Current Tax		-	-
b) Deferred Tax		-	-
c) Fringe Benefit Tax		630,000	284,640
<b>Profit / (Loss) After Tax</b>		<b>(127,440,148)</b>	<b>(7,877,082)</b>
Add: Balance of Profit/(Loss) Brought Forward		(7,877,082)	-
<b>Profit / (Loss) carried forward to Balance Sheet</b>		<b>(135,317,230)</b>	<b>(7,877,082)</b>
Earnings Per Share (Refer Note B-9 of Schedule 17)			
-Basic (Rs.)		(1.27)	(0.13)
-Diluted (Rs.)		(1.27)	(0.13)
Face Value Per Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	17		

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants  
Ashwini Kumar Mishra  
Partner  
Membership No. 062328



Place : New Delhi  
Date : May 29, 2009

For and on behalf of the Board

Nihar Gandhi Director  
Audhesh Kumar Pandey Whole Time Director

Priya Jain  
Company Secretary

Place : New Delhi  
Date : May 29, 2009

**Indiabulls Wholesale Services Limited**  
**Cash Flow Statement for the Year ended March 31, 2009**

	Amount in Rupees	
	For the Year Ended March 31, 2009	For the period from July 24, 2007 to March 31, 2008
<b>A Cash Flow from Operating Activities :</b>		
Profit / (Loss) Before Tax	(126,810,148)	(7,592,442)
Adjustments for :		
Depreciation	6,318,901	443,776
Provision for gratuity and Compensated Absences	161,738	-
Interest Expenses	163,730,484	-
Dividend on Units of Mutual Funds - Non Trade	(3,472,581)	-
Interest on Inter Corporate Deposits	(127,812,840)	-
Interest Income on Fixed Deposits	(9,697,063)	-
Operating Profit / (Loss) before working capital changes	(97,581,509)	(7,148,666)
Adjustments for :		
(Increase)/Decrease in Inventories	(70,000)	-
(Increase)/Decrease in Loans and advances	23,463,312	(67,577,009)
Increase/(Decrease) in Trade Payables and Other Liabilities	19,968,254	19,594,966
Cash generated from operations	(54,219,943)	(55,130,709)
Direct taxes paid	(19,885,559)	(11,949,489)
<b>Net Cash Generated from/(Used in) Operating Activities</b>	<b>(74,105,502)</b>	<b>(67,080,198)</b>
<b>B Cash Flow From Investing Activities :</b>		
Purchase of Fixed Assets	(28,200,165)	(10,732,764)
Proceeds from Sale of Fixed Assets	34,865	-
(Increase)/Decrease in capital work-in-progress	8,304,635	(714,023,245)
Investment of Equity Shares of Subsidiary Company	(323,871)	(423,116,019)
Dividend Received on Units of Mutual Funds - Non Trade	3,472,581	5,640,886
Interest Received on Inter Corporate Deposits	63,910,911	52,219,179
Interest Received on Fixed Deposits	11,061,751	-
Inter Corporate Deposits given	-	(1,590,782,454)
Inter Corporate Deposits received back	667,982,454	-
<b>Net Cash Generated from/(Used in) Investing Activities</b>	<b>726,243,161</b>	<b>(2,680,794,416)</b>
<b>C Cash Flow from Financing Activities :</b>		
Proceeds from Issue of Equity Share Capital	-	1,000,000,000
Proceeds of Secured Loans	-	6,198,174
Repayment of Secured Loans	(2,070,189)	-
Inter Corporate Deposits taken	-	3,000,000,000
Inter Corporate Deposits repaid	(1,823,686,988)	-
Interest Paid on Inter Corporate Deposits	(84,695,975)	-
<b>Net Cash Generated from/(Used in) Financing Activities</b>	<b>(1,910,453,152)</b>	<b>4,006,198,174</b>
<b>D Net Cash used in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,258,315,493)</b>	<b>1,258,323,559</b>
<b>E Cash and Cash Equivalents as at the beginning of the year</b>	<b>1,258,323,559</b>	<b>-</b>
<b>F Cash and Cash Equivalents at the end of the year</b>	<b>8,066</b>	<b>1,258,323,559</b>

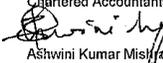
**Note :**

1 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.

2 Cash and cash equivalents as at the end of the year include:

Cash in Hand	208	31,005
Balances with Scheduled Banks		
In Current Accounts	7,858	53,292,554
In Fixed Deposit Accounts	-	1,205,000,000
	<b>8,066</b>	<b>1,258,323,559</b>

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants  
  
Ashwini Kumar Mishra  
Partner  
Membership No. 062322

Place : New Delhi  
Date : May 29, 2009



For and on behalf of the Board

  
Nihar Gandhi  
Director

Place : New Delhi  
Date : May 29, 2009

  
Audhesh Kumar Rande  
Whole Time Director

  
Priya Jain  
Company Secretary

**Indiabulls Wholesale Services Limited**  
Schedules forming part of Balance Sheet as at March 31, 2009

	As at March 31, 2009	Amount in Rupees As at March 31, 2008
<b>1 Share Capital</b>		
<b>Authorised</b>		
110,000,000 (Previous Period 110,000,000) Equity Shares of Rs.10 each	<u>1,100,000,000</u>	<u>1,100,000,000</u>
<b>Equity Share Capital</b>		
<b>Issued, subscribed and paid up</b>		
100,000,000 (Previous Period 100,000,000) Equity Shares of Rs 10 each fully paid up (The entire paid-up Equity Shares Capital is held by the holding company-Indiabulls Real Estate Limited and its nominees)	1,000,000,000	1,000,000,000
<b>As Per Balance Sheet</b>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>2 Secured Loans</b>		
From Banks	4,127,985	6,198,174
(Secured against hypothecation of respective vehicles)		
(Amount repayable within one year Rs. 2,296,060 (Previous Period Rs. 2,070,189))		
<b>As Per Balance Sheet</b>	<u>4,127,985</u>	<u>6,198,174</u>
<b>3 Unsecured Loans</b>		
<b>Short Term Loans</b>		
Inter Corporate Deposits from Holding Company-Indiabulls Real Estate Limited	1,176,313,012	3,000,000,000
Interest Accrued and due on above	79,034,511	
<b>As Per Balance Sheet</b>	<u>1,255,347,523</u>	<u>3,000,000,000</u>
<b>5 Capital Work-In-Progress (including Capital advances)*</b>		
Architectural fees	2,892,112	9,949,142
Cost of Material	9,525,246	487,583
Development charges	1,323,000	217,014
Labour charges	8,021,296	1,451,254
Land under development	466,470,200	585,078,200
Employees Remuneration and benefits	-	25,599,653
Travelling and Conveyance Expenses	-	2,982,862
Legal, Professional and Consultancy Charges	-	641,242
Communication Expenses	-	517,919
Commission and Brokerage Charges	-	311,799
Repairs and Maintenance:		
- Building	-	232,693
- Others	-	147,789
Rent Expenses	-	1,400,000
Stamp Duty Charges	-	74,760
Depreciation	-	443,776
Cost of Software	-	24,267,946
Miscellaneous Expenses	-	227,406
Financing Costs (Refer Note B-12 of Schedule 17)	-	8,132,255
Less: Income From Temporary Deployment of Funds		(5,640,886)
-Dividend on units of Mutual Funds		
<b>As Per Balance Sheet</b>	<u>488,231,854</u>	<u>656,522,406</u>
* Net of Rs. 135,274,195 transferred to cost of Real Estate Projects Under Development and Rs: 24,267,946 transferred to cost of respective fixed assets, completed during the year.		
<b>6 Investments</b>		
<b>Current Investment (At cost or fair value whichever is lower)</b>		
<b>Trade, Quoted -Fully Paid up</b>		
<b>In Subsidiary Company</b>		
-12,783,310 (Previous Period 12,783,000) fully paid equity shares of face value Rs.10 each in Indiabulls Retail Services Limited (Formerly Piramyd Retail Limited) (Refer Note B-2 of Schedule 17)	423,439,890	423,116,019
<b>As Per Balance Sheet</b>	<u>423,439,890</u>	<u>423,116,019</u>
Aggregate book value of Unquoted Investments	-	
Aggregate book value of Quoted Investments	423,439,890	423,116,019
Aggregate market value of Quoted Investments	154,038,886	1,520,537,850

Indiabulls Wholesale Services Limited  
Schedules forming part of Balance Sheet as at March 31, 2009

Schedule : 4  
Fixed Assets

Particulars	Gross Block (At Cost)			Accumulated Depreciation/ Amortization			Net Block	
	As at April 01, 2008	Additions during the year	Adjustments/ Sales during the year	As at April 01, 2008	Provided during the year	Adjustments during the year	As at March 31, 2009	As at March 31, 2008
<b>A. Tangible Assets</b>								
Computers	1,748,400	7,105,291	42,750	116,879	1,316,126	7,885	7,385,822	1,631,521
Office Equipment	728,234	1,366,302	-	18,242	88,521	-	1,987,772	709,992
Vehicles	8,023,786	-	-	202,420	762,260	-	7,059,106	7,821,366
Furniture & Fixtures	232,344	23625	-	106,235	31,846	-	117,888	126,109
<b>Total (A)</b>	<b>10,732,764</b>	<b>8,495,218</b>	<b>42,750</b>	<b>443,776</b>	<b>2,198,753</b>	<b>7,885</b>	<b>16,550,588</b>	<b>10,288,988</b>
<b>B. Intangible Assets</b>								
Software	-	43,972,893	-	-	3,676,372	-	40,296,521	-
<b>Total (B)</b>	<b>-</b>	<b>43,972,893</b>	<b>-</b>	<b>-</b>	<b>3,676,372</b>	<b>-</b>	<b>40,296,521</b>	<b>-</b>
<b>Grand Total (A+B)</b>	<b>10,732,764</b>	<b>52,468,111</b>	<b>42,750</b>	<b>443,776</b>	<b>5,875,125</b>	<b>7,885</b>	<b>56,847,109</b>	<b>10,288,988</b>
Previous Period	-	10,732,764	-	-	443,776	-	10,288,988	-

**Indiabulls Wholesale Services Limited**  
Schedules forming part of Balance Sheet as at March 31, 2009

**Schedule -7**

**Inventories**

(As taken, valued and certified by Management)

**Real Estate Projects Under Development (at cost)**

Amount in Rupees

Particulars	Balance as at April 01, 2008	Additions During the Year*	Balance as at March 31, 2009
Land	-	118,608,000	118,608,000
Architectural fees	-	5,825,806	5,825,806
Land Development Charges	-	1,908,686	1,908,686
Labour Charges	-	6,128,871	6,128,871
Rent Expenses	-	70,000	70,000
Cost of Material	-	2,802,832	2,802,832
<b>As Per Balance Sheet</b>	-	<b>135,344,195</b>	<b>135,344,195</b>
Previous Period	-	-	-

\* Includes Rs. 135,274,195 transferred from Capital Work in Progress during the year

**Indiabulls Wholesale Services Limited**  
Schedules forming part of Balance Sheet as at March 31, 2009

	As at March 31, 2009	Amount in Rupees As at March 31, 2008
<b>8 Cash and Bank Balances</b>		
Cash in Hand	208	31,005
Balances with Scheduled Banks in Current Accounts	7,858	53,292,554
in Fixed Deposit Accounts	-	1,205,000,000
<b>As Per Balance Sheet</b>	<b>8,066</b>	<b>1,268,323,559</b>
<b>9 Other Current Assets</b>		
Accrued Interest On		
- Fixed Deposit Accounts	-	1,364,688
- Inter Corporate Deposits	97,494,307	33,592,377
<b>As Per Balance Sheet</b>	<b>97,494,307</b>	<b>34,957,065</b>
<b>10 Loans and Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Inter Corporate Deposits to Subsidiary Company	922,800,000	1,590,782,454
[Maximum Balance outstanding at any time during the Year Rs. 1,850,782,454 (Previous period Rs. 3,931,400,000)]		
Loans to Employees	2,975,000	7,050,000
Advances Recoverable in cash or in kind or for value to be received	5,300,278	1,658,782
Security Deposits	881,354	23,911,162
Advance Income Tax / Tax Deducted At Source	30,983,788	11,713,026
[Net of provision for tax Rs. NIL (Previous Period Rs. NIL)]		
<b>As Per Balance Sheet</b>	<b>962,940,420</b>	<b>1,635,115,424</b>
<b>11 Current Liabilities</b>		
Sundry Creditors (Refer Note-B-17 of Schedule 17)		
(a) Due to Micro, Small and Medium Enterprises	6,616,154	-
(b) Due to others	999,978	-
Temporary Overdrafts from Bank	31,947,088	19,594,966
Other Liabilities (including expenses payable)	39,563,220	19,594,966
<b>As Per Balance Sheet</b>	<b>39,563,220</b>	<b>19,594,966</b>
<b>12 Provisions</b>		
Provision for Fringe Benefit Taxation	63,380	48,177
[Net of Advance Fringe Benefit Tax Rs. 566,620 (Previous Period Rs. 236,463)]		
Provision for Gratuity	328,831	167,468
Provision for Compensated Absences	192,133	191,758
<b>As Per Balance Sheet</b>	<b>584,344</b>	<b>407,403</b>

Indiabulls Wholesale Services Limited

Schedules forming part of Profit and Loss Account for the year ended March 31, 2009

	For the Year Ended March 31, 2009	Amount in Rupees For the period from July 24, 2007 to March 31, 2008.
<b>13 Other Income</b>		
Dividend on Units of Mutual Funds - Non Trade	3,472,581	-
Interest on Inter Corporate Deposits - Gross	127,812,840	-
[Tax Deducted at Source Rs. 28,962,435 (Previous Period Rs. NIL)]		
Interest on Fixed Deposits - Gross	9,697,063	-
[Tax Deducted at Source Rs. 1,997,595 (Previous Period Rs. NIL)]	2,666,669	-
Miscellaneous Income		
<b>As Per Profit and Loss Account</b>	<b>143,649,153</b>	
<b>14 Employees Remuneration and Benefits</b>	<b>77,378,239</b>	
Salaries and wages	257,002	-
Staff Welfare Expenses	577,772	-
Bonus and Exgratia	52,376	-
Contributions to Provident Fund and Other Funds	520,964	-
Provision for Gratuity and Compensated Absences		
<b>As Per Profit and Loss Account</b>	<b>78,786,353</b>	
<b>15 Administration and Other Expenses</b>	<b>401,549</b>	
Printing and Stationery	124,412	-
Power and Fuel Expenses	524,619	-
Repairs and Maintenance Expenses		119,475
Preliminary Expenses	3,576,241	-
Rent including Lease Rentals	619,363	7,180,831
Rates and Taxes	78,100	-
Stamp Duty and Franking Charges	135,739	-
Insurance Expenses	3,683,672	-
Legal and Professional Charges	1,430,441	-
Communication Expenses	7,842,719	-
Travelling and Conveyance Expenses	260,000	292,136
Auditor's Remuneration - (Audit Fees including Service Tax )	379,631	-
Commission Expenses	2,587,077	-
Miscellaneous Expenses	21,623,563	7,592,442
<b>As Per Profit and Loss Account</b>	<b>21,623,563</b>	<b>7,592,442</b>
<b>16 Interest and Finance Charges</b>	<b>163,083,552</b>	
Interest on Inter Corporate Deposits	646,932	-
Interest to others		
<b>As Per Profit and Loss Account</b>	<b>163,730,484</b>	

**Indiabulls Wholesale Services Limited****SCHEDULE: 17****Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2009.****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 is recognised 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 land and plots is recognised in the year in which the underlying sale deed is executed.
- c) Interest income from deposits and others is recognised on accrual basis.
- d) 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 and 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 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.

**Indiabulls Wholesale Services Limited**

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.

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 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:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the 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 if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**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.

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.

**Indiabulls Wholesale Services Limited****xi. Fringe Benefits Tax:**

Fringe Benefits Tax has been calculated in accordance with the provisions of the Income tax Act, 1961.

**xii. 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 19 on Leases as notified under the Companies (Accounting Standards) Rules, 2006.

**xiii. Foreign Currency Transactions:****a) Initial Recognition**

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

**b) Conversion**

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried at historical cost denominated in a foreign currency 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 during the period, or reported in previous financial statements, 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 a monetary item that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

**xiv. Employee benefits:**

The Company's contribution to Provident Fund and Employee State Insurance Schemes is charged to the profit and loss account. The Company has unfunded defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on the basis of actuarial valuation, conducted semi-annually, by an independent actuary, in accordance with Accounting Standard 15 (Revised 2005) – Employee Benefits, notified under the Companies (Accounting Standards) Rules, 2006, as amended.

Actuarial gains and losses are recognized in profit and loss account as income or expenses.

**Indiabulls Wholesale Services Limited****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.

**xix. 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.

**Indiabulls Wholesale Services Limited**

**B. Notes to Accounts:**

**1. Overview:**

Indiabulls Wholesale Services Limited ("the Company") ("IWSL") 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.110,000,000 with effect from October 24,2007.

2. During the previous year, the Company acquired 12,783,000 equity shares at a cost of Rs. 423,116,019 of Piramyd Retail Limited ("PRL"), a company listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited from PRL's erstwhile promoters. The equity shares were transferred in two trenches to a specially operated escrow account. The first trench, comprising 8,783,000 equity shares comprising 43.92% of paid up equity share capital of PRL, was transferred to the escrow account on January 02, 2008 and second trench, comprising 4,000,000 equity shares comprising 20% of paid up equity share capital of PRL was transferred to the escrow account on January 07, 2008. The Company made a public offer to acquire 20% of the fully diluted share capital of PRL at an offer price of Rs.74.73 per share under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 vide public announcement dated December 09, 2007. This public offer concluded on April 10, 2008 with the acquisition of 310 equity shares.

12,783,310 equity shares, comprising 63.92% of the outstanding share capital of PRL, were transferred to the IWSL Demat Account on April 10, 2008. 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. The Company's investment in 63.92% of the outstanding equity shares of IBRSL 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 IBRSL on the National Stock Exchange of India Limited, of Rs.12.05 per equity share on March 31, 2009 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 IBRSL as diminution of current investments and therefore, not charged Rs. 269,401,004 to the Profit and Loss Account.

**3. Employees Stock Options Schemes**

**I. Stock Option Scheme of the Company:**

Indiabulls Wholesale Services Limited ("IWSL"), a wholly owned subsidiary Company of Indiabulls Real Estate Limited ("IBREL"), announced the Indiabulls Wholesale Services Limited Employee Stock Option Plan 2007 ("IWSL ESOP 2007") for its employees and its subsidiary companies; existing then or in future, and employees of its holding company ("IBREL"). The eligible employees covered under IWSL ESOP 2007 were granted an option to purchase equity shares of the Company subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2008, whereby 10% of the options vest on each vesting date. A Compensation Committee constituted by the Board of Directors of the Company administered the IWSL ESOP 2007.

The salient features of the IWSL ESOP 2007 are as under:

Particulars	IWSL ESOP 2007	Remaining Weighted Average contractual life (months)
Options Outstanding as at April 1, 2008 (Nos.)	--	--
Options granted during the year (Nos.)	5,000,000	121

## Indiabulls Wholesale Services Limited

Particulars	IWSL ESOP 2007	Remaining Weighted Average contractual life (months)
Options forfeited during the year (Nos.)	--	--
Options exercised during the year (Nos.)	--	--
Options expired during the year (Nos.)	--	--
Options outstanding as at March 31, 2009 (Nos.)	5,000,000	109
Options exercisable as at March 31, 2009 (Nos.)	500,000	55
Exercise price (Rs.)	10	

The Company follows the intrinsic method of accounting as prescribed in the Guidance Note. The intrinsic value of the options on the date of grant was Rs. 9.91 per option as calculated by an independent valuer. Since the intrinsic value was lower than the exercise price, no compensation expense in respect of the options granted was recorded by the Company. The fair value of Rs.9.50 per option on the date of grant was calculated by an independent valuer. Had the Company followed the fair value method, there would not have been any impact on the Profit after Tax and on the Basic and Diluted Earnings per Share for the year.

Fair value of the options under the IWSL ESOP 2007 is based on the following parameters:

S. No	Particulars	IWSL ESOP-2007
1	Fair value per option at grant date	Rs. 9.50
2	Exercise price (per option)	Rs. 10.00
3	Expected volatility	0%
4	Expected forfeiture percentage on each vesting date	5%
5	Option Life/ vesting period	1 through 10 years
6	Expected Dividends	8%
7	Risk Free rate of Interest	8%

**Indiabulls Wholesale Services Limited****II. Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the holding company:****Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006:**

During the period ended March 31, 2007, IBREL established Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I"). Under Plan-I, IBREL had issued 9,000,000 equity settled options to eligible employees which gave them a right to subscribe upto 9,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL at an exercise price of Rs. 60 per option, subject to the requirements of vesting. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. A Compensation Committee constituted by the Board of Directors of IBREL administers Plan-I.

IBREL follows the Intrinsic Value method of accounting as prescribed under the Guidance Note on Accounting for Employees Share based Payments issued by the Institute of Chartered Accountants of India. No Deferred Employee Stock Compensation Cost was initially recorded on the grant of options as the Intrinsic Value calculated by an independent valuer was lower than the exercise price. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I.

**Indiabulls Real Estate Limited Employees Stock Options Scheme – 2008:**

During the year ended March 31, 2009 IBREL established Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 ("IBREL ESOS 2008"). Under IBREL ESOS 2008, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 1,500,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL at an exercise price of Rs. 495.70 per option, being the closing market price on the National Stock Exchange of India Limited, as at April 21, 2008.

The stock options so granted, were to vest in the eligible employees in equal slabs of 10% per year, over a period of 10 years beginning from April 23, 2009, the first vesting date. The options granted under each of the slabs, were to be exercised by the grantees within a period of ninety days from the relevant vesting date.

During the year ended March 31, 2009 all eligible employees voluntarily surrendered the options granted to them under IBREL ESOS 2008 and the Compensation Committee constituted by the board of directors of IBREL decided not to re-grant these options and pursuant to its shareholders' approval by way of Postal Ballot on December 12, 2008, IBREL cancelled and withdrew IBREL ESOS 2008.

**Indiabulls Real Estate Limited Employees Stock Options Scheme 2008 (II):**

During the year ended March 31, 2009 IBREL established Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II"). Under Plan II, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 2,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL at an exercise price of Rs. 110.50 per option, being the closing market price on the National Stock Exchange of India Limited, as at January 29, 2009.

The stock options so granted, shall vest in the eligible employees within 10 years beginning from January 31, 2010, the first vesting date. The stock options granted under each of the slabs, are exercisable by the option holders within a period of five years from the relevant vesting date.

IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no deferred employee stock compensation cost has been recorded in the financial statements. The fair value of the options under Plan II using the Black Scholes model, based on the following parameters, is Rs.62.79 per option, as certified by an independent firm of chartered accountants.

## Indiabulls Wholesale Services Limited

Particulars	Plan – II
Fair value of option at grant date (Rs. per option)	Rs. 62.79
Exercise price (Rs. per option)	Rs. 110.50
Expected volatility	86%
Expected forfeiture percentage on each vesting date	Nil
Option Life (Weighted Average)	10.5 Years
Expected Dividend yield	3.92%
Risk Free rate of Interest	6.50%

The expected volatility was determined based on historical volatility data of IBREL's shares listed on the National Stock Exchange of India Limited.

There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-II.

A summary of the movement, during the year, in various IBREL ESOS Plans is as below:

Particulars	IBREL ESOS-I	IBREL ESOS 2008	IBREL ESOS-II
Number of options outstanding as at April 1, 2008.	8,100,000	--	--
Number of options granted during the year	--	1,500,000	2,000,000
Number of options forfeited/canceled during the year	--	1,500,000	--
Number of options exercised during the year	--	--	--
Number of options expired during the year	--	--	--
Number of options outstanding as at March 31, 2009	8,100,000	--	2,000,000
Number of options exercisable as at March 31, 2009	900,000	--	--
Exercise Price (Rs. per option)	60	495.70	110.50
Remaining Contractual Life (Months)	103	--	124

## Indiabulls Wholesale Services Limited

### 4. Employee Benefits

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

Provisions for unfunded gratuity and compensated absences for all eligible employees are based upon actuarial valuation conducted semi-annually 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, 2009, have been accounted for in the Profit and Loss Account/Real Estate Project Under Development/ Capital Work in Progress.

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

Amount in Rupees

Particulars	March 31, 2009		March 31, 2008	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
<b>Reconciliation of liability recognized in the Balance Sheet</b>				
Present value of commitment (as per actuarial valuation)	(328,831)	(192,133)	(167,468)	(191,758)
Fair value of plans	-	-	-	-
Net liability in the Balance Sheet (Actual)	<b>(328,831)</b>	<b>(192,133)</b>	<b>(167,468)</b>	<b>(191,758)</b>
<b>Movement in the net liability recognized in the Balance Sheet</b>				
Net liability as at beginning of the year	474,080	275,870	-	-
Net expenses recognized in the Profit and Loss account/Real Estate Project Under Development/ Capital Work in Progress	(145,249)	(83,737)	(167,468)	(191,758)
Contribution during the year	-	-	-	-
Net liability as at March 31, 2009	328,831	192,133	167,468	191,758
<b>Expenses recognized in the Profit and Loss Account/Real Estate Project Under Development/ Capital Work in Progress</b>				
Current service cost	150,888	88,803	66,697	121,942
Interest cost	17,778	10,345	553	3,282
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	(313,915)	(182,885)	100,238	66,534
<b>Expenses charged to the Profit and Loss Account/Real Estate Project Under Development/ Capital Work in Progress</b>	<b>(145,249)</b>	<b>(83,737)</b>	<b>167,468</b>	<b>191,758</b>
<b>Return on plan assets</b>				
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

## Indiabulls Wholesale Services Limited

Reconciliation of defined-benefits commitments				
Commitments as at as at beginning of the year	474,080	275,870	-	-
Current service cost	150,888	88,803	66,697	121,942
Interest cost	17,778	10,345	553	3,282
Paid benefits	-	-	-	-
Actuarial (gains) / losses	(313,915)	(182,885)	100,238	66,534
Commitments as at March 31, 2009	328,831	192,133	167,468	191,758
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, 2009	For the year ended March 31, 2008
Discount rate	7.50%	7.50%
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified

### 5. Significant Events after the Balance Sheet date:

Subsequent to March 31, 2009, the IWSL ESOP 2007 was canceled and withdrawn pursuant to the approval of the Board of Directors of the Company on May 27, 2009, after the option holders surrendered the unvested options under the IWSL ESOP 2007.

### 6. 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:

Holding Company	Indiabulls Real Estate Limited
Fellow Subsidiaries of Holding Companies *	Indiabulls Constructions Limited Indiabulls Infrastructure Development Limited Indiabulls Projects Limited Lucina Constructions Limited Sophia Power Company Limited
Subsidiary company	Indiabulls Retail Services Limited ( Formerly Piramyd Retail Limited)

\*with whom transactions have been entered during the year.

## Indiabulls Wholesale Services Limited

b) Other Related Parties:  
Key Management Personnel:

Mr. Sameer Gehlaut  
(Director and Chairman of Holding Company)  
Mr. Rajiv Rattan  
(Director and Vice Chairman of Holding Company)  
Mr. Saurabh K Mittal  
(Director of Holding Company)  
Mr. Narendra Gehlaut  
(Joint Managing Director of Holding Company)  
Mr. Vipul D Bansal  
(Joint Managing Director of Holding Company)

Significant Transactions with Related Parties for the year ended March 31, 2009:

Amount in Rupees

Nature of Transactions	Holding Company	Fellow Subsidiaries	Subsidiary Company	Total
<b>Finance</b>				
Issue of Equity Shares	--	--	--	--
	<i>1,000,000,000</i>	--	--	<i>1,000,000,000</i>
Inter Corporate Deposits Taken*	<i>3,000,000,000</i>	<i>235,850,000</i>	--	<i>3,235,850,000</i>
	<i>4,312,549,053</i>	--	--	<i>4,312,549,053</i>
Inter Corporate Deposits Given*	--	--	<i>1,850,782,454</i>	<i>1,850,782,454</i>
	--	--	<i>3,931,400,000</i>	<i>3,931,400,000</i>
<b>Investment made in Equity Shares</b>	--	--		
	--	--	<i>323,871</i>	<i>323,871</i>
	--	--	<i>423,116,019</i>	<i>423,116,019</i>
<b>Income</b>				
Interest Income on Inter Corporate Deposits Given				
Indiabulls Retail Services Limited	--	--	<i>82,624,741</i>	<i>82,624,741</i>
	--	--	<i>43,434,674</i>	<i>43,434,674</i>
<b>Expense</b>				
Interest Expenses on Inter Corporate Deposits Taken	<i>102,190,990</i>	<i>672,104</i>	--	<i>102,863,094</i>
	<i>60,220,460</i>	--	--	<i>60,220,460</i>
Reimbursement of Expenses	--	<i>1,320,960</i>	--	<i>1,320,960</i>
	--	--	--	--
Construction/Development of Real Estate Projects	--	<i>18,257,977</i>	--	<i>18,257,977</i>
	--	--	--	--
<b>Outstanding Balances as on March 31, 2009</b>				
Inter Corporate Deposits Taken	<i>1,176,313,012</i>	--	--	<i>1,176,313,012</i>
	<i>3,000,000,000</i>	--	--	<i>3,000,000,000</i>
Inter Corporate Deposits Given	--	--	<i>922,800,000</i>	<i>922,800,000</i>
	--	--	<i>1,590,782,452</i>	<i>1,590,782,452</i>
Accrued Interest on Inter Corporate Deposits Taken	<i>79,034,510</i>	--	--	<i>79,034,510</i>
	--	--	--	--
Accrued Interest on Inter Corporate Deposits Given	--	--	<i>97,494,306</i>	<i>97,494,306</i>
	--	--	<i>33,592,377</i>	<i>33,592,377</i>

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

## Indiabulls Wholesale Services Limited

(a) **Statement of Material Transactions for the year ended March 31, 2009:**

Amount In Rupees

Particulars	For the Year ended March 31, 2009	For the period from July 24, 2007 to March 31, 2008
<b>Finance</b>		
Inter-corporate Deposit Taken*		
- Indiabulls Real Estate Limited	3,000,000,000	4,312,549,053
- Sophia Power Company Limited	221,550,000	--
-Indiabulls Projects Limited	14,300,000	--
Inter-Corporate Deposit Given*		
-Indiabulls Retail Services Limited	1,850,782,454	3,931,400,000
Issue of Equity Shares		
-Indiabulls Real Estate Limited	--	1,000,000,000
<b>Income</b>		
Interest Income on Inter Corporate Deposits		
-Indiabulls Retail Services Limited	82,624,741	43,434,674
<b>Expenses</b>		
Interest Expenses on Inter Corporate Deposits:		
-Indiabulls Real Estate Limited	102,190,990	60,220,460
-Sophia Power Company Limited	651,751	--
-Indiabulls Projects Limited	20,353	--
Reimbursement of Expenses:		
-Lucina Constructions Limited	1,320,960	--
Construction/Development Expense for Real Estate Projects:		
-Indiabulls Constructions Limited	18,257,977	--
<b>Investment in Equity Shares of Subsidiary</b>		
-Indiabulls Retail Services Limited	323,871	423,116,019

**Outstanding Balances:**

	As at March 31, 2009	As at March 31, 2008
<b>Inter Corporate Deposit Taken</b>		
-Indiabulls Real Estate Limited	1,176,313,012	3,000,000,000
<b>Inter Corporate Deposit Given</b>		
-Indiabulls Retail Services Limited	922,800,000	1,590,782,452
<b>Interest Accrued and due on Inter Corporate Deposits</b>		
-Indiabulls Real Estate Limited	79,034,510	--
<b>Interest Accrued on Inter Corporate Deposits Given</b>		
-Indiabulls Retail Services Limited	97,494,306	33,592,377

\*Maximum Balance outstanding at any time during the year

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

## Indiabulls Wholesale Services Limited

7. Statement of Purchase and Sale of Current, trade investments during the year ended March 31, 2009:

Name of the Company	For the year ended March 31, 2009			
	Investment made during the year / period		Investment sold during the year/ period	
	No. of Shares	Purchase Amount (Rs.)	No. of Shares	Book Value of Investment sold Amount (Rs.)
Indiabulls Retail Services Limited	310	323,871	---	---
	<i>12,783,000</i>	<i>423,116,019</i>	---	---

*Previous Period figures are stated in italics*

8. Detail of Purchase and Redemption of current, Non- trade, Unquoted investments during the year ended March 31, 2009:

In Mutual Funds	Type	Purchases		Redemptions	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
Reliance Liquid Fund	Daily Dividend	91,721,352	917,497,862	91,721,352	917,497,862
		<i>67,686,014</i>	<i>677,069,963</i>	<i>67,686,014</i>	<i>677,069,963</i>
Standard Chartered Liquidity Mutual fund (G50)	Daily Dividend	--	--	--	--
		<i>13,302</i>	<i>13,304,755</i>	<i>13,302</i>	<i>13,304,755</i>
ABN Amro Money Lus Institutional Plan	Daily Dividend	--	--	--	--
		<i>116,565,405</i>	<i>1,165,665,705</i>	<i>116,565,405</i>	<i>1,165,665,705</i>

*Previous Period figures are stated in italics*

9. 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 are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all 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	Amount in Rupees	
	For the Year ended on March 31, 2009	For the period from July 24, 2007 to March 31, 2008
Profit/(Loss) available for equity Shareholders (Rs.)	(127,440,148)	(7,877,082)
Weighted average number of Shares used in computing Basic and Diluted earning per share	100,000,000	100,000,000
Nominal Value per Equity Share- (Rs.)	10.00	10.00
Basic Earnings Per Share - (Rs.)	(1.27)	(0.13)
Diluted Earnings Per Share - (Rs.)	(1.27)	(0.13)

## Indiabulls Wholesale Services Limited

10. The company has taken office premises on operating lease at various locations and lease rent of Rs.3,646,241(Previous period Rs. Nil) 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:

Minimum Lease Rentals	Amount in Rupees	
	As at March, 31 2009	As at March, 31 2008
Within One Year	204,461	2,512,000
One to Five Years	211,239	3,160,780
<b>Total</b>	<b>415,700</b>	<b>5,672,780</b>

11. 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 Period Rs. Nil)

b. Expenditure in foreign currency

Particulars	Amount in Rupees	
	For the Year ended March 31, 2009	For the period from July 24, 2007 to March 31, 2008
Architectural Fees	NIL	6,839,369

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

12. During the year ended March 31, 2009, the Company has capitalized an amount of Rs.Nil (Previous Year Rs. 8,132,255) to Capital Work in Progress as borrowing cost.
13. During the year ended March 31, 2009, the Company has transferred depreciation amounting to Rs. 443,776 from Capital Work in Progress to Profit and Loss Account.
14. Considering the nature of Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 (AS 17) – Segment Reporting. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.
15. 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.
16. 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, 2009.

## Indiabulls Wholesale Services Limited

### 17. 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-11 "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.

18. 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.

19. 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 Period Rs. 18,480,199)

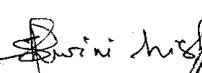
20. In the opinion of the Board of Directors of the Company, all Current Assets, Loans and Advances appearing in the balance sheet as at March 31, 2009 have a value on realization in the ordinary course of the Company's business at least equal to the amount at which they are stated in the balance sheet. 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.

21. Previous period's figures have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

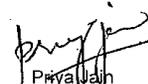
For and on behalf of the Board

  
Ashwini Kumar Mishra  
M No. 062323  
Partner  


Place: New Delhi  
Date: May 29, 2009

  
Audhesh Kumar  
Pandey  
Whole Time Director

Place: New Delhi  
Date: May 29, 2009

  
Priya Jain  
Company  
Secretary

c) Year ended March 31, 2010



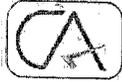
**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

### 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, 2010 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2010. 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) 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;
  - (v) on the basis of written representations received from the directors, as at March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Act;
  - (vi) 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, 2010;



Y-59, HAUZ KHAS, NEW DELHI-110 016 INDIA  
MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365  
E-MAIL.: amar.mittal@sgseservices.com



SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

- (b) in the case of Profit and Loss Account, of the loss 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  
FRN000643N



Amar Mittal  
Partner  
Membership No. 017755  
New Delhi  
April 21, 2010

Y-59, HAUZ KHAS, NEW DELHI-110 016 INDIA  
MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365  
E-MAIL.: amar.mittal@sgcservices.com



**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Indiabulls Wholesale Services Limited on the financial statements for the year ended March 31, 2010**

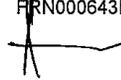
- (i) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year is such that paragraphs 4(iii), 4(viii), 4(x), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) (a) 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 substantial part of any fixed assets during the year. Therefore the going concern assumption is not affected.
- (iii) (a) According to the information and explanations given to us, inventory has 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 inventory 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 inventory and no discrepancies were noted on physical verification.
- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems 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.
- (v) 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.
- (vi) 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.





- (viii) (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, 2010 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, Customs duty and Excise duty which have not been deposited on account of any dispute.
- (ix) 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.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company, during the year, for the purposes for which the loans were obtained.
- (xi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have, prima facie, been used for long-term investment by the Company.
- (xii) 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.
- (xiii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Sharma Goel & Co.  
Chartered Accountants  
FRN000643N



Amar Mittal  
Partner  
Membership No. 017755  
New Delhi  
April 21, 2010

Indiabulls Wholesale Services Limited

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010	Amount in Rupees As at March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	1,000,000,000	1,000,000,000
<b>Loans Funds</b>			
Secured Loans	2	1,849,236	4,127,985
Unsecured Loans	3	4,110,168,851	1,255,347,523
<b>Total</b>		<b>5,112,018,087</b>	<b>2,259,475,508</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	63,986,678	63,158,125
Less : Accumulated Depreciation/Amortization		19,772,184	6,311,015
Net Block		44,214,494	56,847,110
Capital Work-in-Progress (including Capital advances)		50,572	-
		44,265,066	56,847,110
<b>Investments</b>	5	424,439,880	423,439,890
<b>Current Assets, Loans and Advances</b>			
Inventories	6	700,700,119	623,576,049
Cash and Bank Balances	7	16,106,469	8,066
Other Current Assets	8	-	97,494,307
Loans and Advances	9	3,900,743,922	962,941,662
		4,617,550,510	1,684,020,084
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	10	126,802,223	39,563,220
Provisions	11	733,103	585,586
		127,535,326	40,148,806
<b>Net Current Assets</b>		<b>4,490,015,184</b>	<b>1,643,871,278</b>
Profit and Loss Account (Debit Balance)		153,297,947	135,317,230
<b>Total</b>		<b>5,112,018,087</b>	<b>2,259,475,508</b>

Significant Accounting Policies and Notes to Accounts

16

As per our report of even date

For Sharma Goel & Co.  
Chartered Accountants  
F/N 000643N

Amar Mittal  
Partner  
Membership No. 017755

Place : New Delhi  
Date : April 21, 2010

For and on behalf of the Board

Nihar Gandhi Director  
Mukul Bansal  
Whole Time Director

Place : New Delhi  
Date : April 21, 2010

Priya Jain  
Company Secretary

Indiabulls Wholesale Services Limited

Profit and Loss Account for the year ended March 31, 2010

		Amount in Rupees	
	Schedule	For the Year Ended March 31, 2010	For the Year ended March 31, 2009
<b>INCOME</b>			
Other Income	12	798,243	143,649,153
<b>Total</b>		<u>798,243</u>	<u>143,649,153</u>
<b>EXPENDITURE</b>			
Cost of Real Estate Projects Under Development			
Opening Balance	623,576,049	-	-
Add: Additions during the year	77,124,070	623,576,049	-
Less: Closing Balance	<u>700,700,119</u>	<u>623,576,049</u>	-
Employees Remuneration and Benefits	13	644,874	78,786,353
Administrative and Other Expenses	14	4,354,864	21,823,563
Interest and Finance Charges	15	302,423	163,730,484
Depreciation/Amortisation		<u>13,482,323</u>	<u>6,318,901</u>
<b>Total</b>		<u>18,764,484</u>	<u>270,459,301</u>
<b>Profit / (Loss) Before Tax</b>		<b>(17,966,241)</b>	<b>(126,810,148)</b>
Less: Provision for Taxation			
a) Current Tax		-	-
b) Deferred Tax		-	-
c) Fringe Benefit Tax		-	630,000
d) Wealth Tax		<u>14,476</u>	-
<b>Profit / (Loss) After Tax</b>		<b>(17,980,717)</b>	<b>(127,440,148)</b>
Balance of Profit/(Loss) Brought Forward		<u>(135,317,230)</u>	<u>(7,877,082)</u>
<b>Balance of Profit/(Loss) carried forward to Balance Sheet</b>		<u><b>(153,297,947)</b></u>	<u><b>(135,317,230)</b></u>
<b>Earnings Per Share (Refer Note B-8 of Schedule 16)</b>			
-Basic (Rs.)		(0.18)	(1.27)
-Diluted (Rs.)		(0.18)	(1.27)
-Face Value Per Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	16		

As per our report of even date

For Sharma Goel & Co.  
Chartered Accountants  
FNN 000643N

Amar Mittal  
Partner  
Membership No. 017755

Place : New Delhi  
Date : April 21, 2010

For and on behalf of the Board

Nihar Gandhi  
Director

Place : New Delhi  
Date : April 21, 2010

Mukul Bansal  
Whole Time Director

Priya Jais  
Company Secretary

**Indiabulls Wholesale Services Limited**  
Cash Flow Statement for the year ended March 31, 2010

	Amount in Rupees	
	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
<b>A Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before Tax	(17,966,241)	(126,810,148)
<b>Adjustments for :</b>		
Depreciation/Amortisation	13,462,323	6,318,901
Provision for Gratuity and Compensated Absences	20,014	161,738
Interest Expenses	298,670	163,730,484
Profit on Sale of Fixed Assets	(1,163)	-
Dividend on Units of Mutual Funds - Non Trade	-	(3,472,581)
Interest on Inter Corporate Deposits	-	(127,812,840)
Interest Income on Fixed Deposits	-	(9,697,063)
<b>Operating Profit / (Loss) before working capital changes</b>	(4,186,397)	(97,581,509)
<b>Adjustments for :</b>		
(Increase)/Decrease in Inventories	(82,186,551)	8,234,635
(Increase)/Decrease in Loans and Advances	(16,589,548)	23,463,312
Increase/(Decrease) in Trade Payables and Other Liabilities	87,239,003	19,956,254
<b>Cash generated from/(Used in) Operations</b>	(15,723,493)	(45,915,308)
Direct Taxes Paid	(1,187,088)	(19,885,559)
<b>Net Cash Generated from/(Used in) Operating Activities</b>	(16,910,581)	(65,800,867)
<b>B Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets (including Capital Work in Progress)	(893,115)	(28,200,165)
Proceeds from Sale of Fixed Assets	13,999	34,865
Investment in Equity Shares of Subsidiary Companies	(1,000,000)	(323,871)
Dividend Received on Units of Mutual Fund - Non Trade	-	3,472,581
Interest Received on Inter Corporate Deposits given	102,684,291	63,910,911
Interest Received on Fixed Deposits	-	11,061,751
Inter Corporate Deposits (given)/received back (net)	(2,920,040,100)	867,982,454
<b>Net Cash Generated from/(Used in) Investing Activities</b>	(2,819,234,925)	717,938,526
<b>C Cash Flow from Financing Activities :</b>		
Repayment of Secured Loans	(2,278,749)	(2,070,189)
Interest paid on Secured Loans	(298,670)	(646,932)
Inter Corporate Deposits taken/(repaid) (net)	2,924,432,000	(1,823,686,988)
Interest Paid on Inter Corporate Deposits taken	(69,610,672)	(84,049,043)
<b>Net Cash Generated from/(Used in) Financing Activities</b>	2,852,243,909	(1,910,453,152)
<b>D Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	16,098,403	(1,258,315,493)
<b>E Cash and Cash Equivalents at the Beginning of the Year</b>	8,066	1,258,323,559
<b>F Cash and Cash Equivalents at the End of the Year (D+E)</b>	16,106,469	8,066

**Note :**

1 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.

2 Cash and Cash equivalents as at the End of the year include:		
Cash on Hand	36,671	208
Balances with Scheduled Banks	16,069,798	7,858
In Current Accounts	-	-
<b>Total</b>	16,106,469	8,066

As per our report of even date

For Sharma Goel & Co.  
Chartered Accountants  
FRN 000643N  
  
Amar Mittal  
Partner  
Membership No. 017755

Place : New Delhi  
Date : April 21, 2010

For and on behalf of the Board

  
Nihar Gandhi  
Director

Place : New Delhi  
Date : April 21, 2010

  
Mukul Bansal  
Whole Time Director

  
Priya Jain  
Company Secretary

Indiabulls Wholesale Services Limited

Schedules forming part of Balance Sheet as at March 31, 2010

	Amount in Rupees	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
110,000,000 (Previous year 110,000,000) Equity Shares of Rs.10 each	<u>1,100,000,000</u>	<u>1,100,000,000</u>
<b>Issued, Subscribed and Paid up</b>		
<b>Equity Share Capital</b>		
100,000,000 (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 holding company-Indiabulls Real Estate Limited and its nominees]	1,000,000,000	1,000,000,000
<b>As Per Balance Sheet</b>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Schedule 2</b>		
<b>Secured Loans</b>		
<b>From Banks</b>		
Vehicle Loans (Secured against hypothecation of respective vehicles) (Amount repayable within one year Rs. 1,849,236 (Previous year Rs. 2,296,060))	1,849,236	4,127,985
<b>As Per Balance Sheet</b>	<u>1,849,236</u>	<u>4,127,985</u>
<b>Schedule 3</b>		
<b>Unsecured Loans</b>		
<b>Other Loans and Advances</b>		
Inter Corporate Deposits- From Holding Company	4,100,745,012	1,176,313,012
Interest Accrued and due on above	9,423,839	79,034,511
<b>As Per Balance Sheet</b>	<u>4,110,168,851</u>	<u>1,255,347,523</u>
<b>Schedule 5</b>		
<b>Investments</b>		
<b>i). Long Term (At Cost)</b>		
<b>Trade, Unquoted - Fully Paid Up</b>		
<b>In Subsidiary Companies :</b>		
-50,000 (Previous year Nil) fully paid equity shares of face value Rs.10 each in Lucina Infrastructure Limited	500,000	-
-50,000 (Previous year Nil) fully paid equity shares of face value Rs.10 each in Sentia Properties Limited	500,000	-
<b>ii). Current Investment (At Cost or Fair Value whichever is lower)</b>		
<b>Trade, Quoted -Fully Paid up</b>		
<b>In Subsidiary Company</b>		
-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-2 of Schedule 16)	423,439,890	423,439,890
<b>As Per Balance Sheet</b>	<u>424,439,890</u>	<u>423,439,890</u>
Aggregate amount of Quoted Investments	423,439,890	423,439,890
Aggregate Market Value of Quoted Investments	391,808,452	154,038,886
Aggregate Book Value of Unquoted Investments	1,000,000	-



**Indiabulls Wholesale Services Limited**  
Schedules forming part of Balance Sheet as at March 31, 2010

**Schedule 4**

**Fixed Assets**

Amount in Rupees

Particulars	Gross Block (at Cost)			Accumulated Depreciation/ Amortization			Net Block		
	As at April 01, 2009	Additions during the year	Adjustments/ Sales during the year	As at March 31, 2010	As at April 01, 2009	Provided during the year	Adjustments during the year	As at March 31, 2010	As at March 31, 2009
<b>A. Tangible Assets</b>									
Temporary Erections	-	212,754	-	212,754	-	147,471	-	147,471	65,283
Computers	8,810,941	2,350	-	8,813,291	1,425,119	1,419,200	-	2,844,319	5,968,972
Office Equipments	2,094,536	625,339	13,990	2,705,885	106,763	123,848	1,154	235,457	2,470,428
Vehicles	8,023,786	-	-	8,023,786	964,660	762,260	-	1,726,940	6,296,846
Furniture and Fixtures	285,969	2,100	-	298,069	138,081	10,321	-	148,402	109,667
<b>TOTAL (A)</b>	<b>19,185,232</b>	<b>842,543</b>	<b>13,990</b>	<b>20,013,785</b>	<b>2,634,643</b>	<b>2,469,100</b>	<b>1,154</b>	<b>5,102,589</b>	<b>14,911,196</b>
<b>B. Intangible Assets</b>									
Softwares	43,972,893	-	-	43,972,893	3,676,372	10,993,223	-	14,669,595	29,303,298
<b>TOTAL (B)</b>	<b>43,972,893</b>	<b>-</b>	<b>-</b>	<b>43,972,893</b>	<b>3,676,372</b>	<b>10,993,223</b>	<b>-</b>	<b>14,669,595</b>	<b>29,303,298</b>
<b>GRAND TOTAL (A+B)</b>	<b>63,158,125</b>	<b>842,543</b>	<b>13,990</b>	<b>63,965,678</b>	<b>6,311,015</b>	<b>13,462,323</b>	<b>1,154</b>	<b>19,772,184</b>	<b>44,214,494</b>
Previous Year	10,732,764	52,468,111	42,750	63,195,125	443,776	3,875,125	7,885	6,311,015	56,847,109
Capital Work In Progress (Including Capital Advances)				50,572					50,572
Previous Year									



Indiabulls Wholesale Services Limited

Schedule forming part of Balance Sheet as at March 31, 2010

Schedule 6

Inventories

(As taken, value and certified by Management)

Real Estate Projects Under Development (at cost)

Amount in Rupees

Particulars	As at April 01, 2009	Addition during the Year	As at March 31, 2010
Land	585,078,200	-	585,078,200
Expenditure during Construction and Development	38,497,849	71,843,122	110,340,971
Interest on Inter Corporate Deposits*	-	10,470,932	10,470,932
<b>Sub Total</b>	<b>623,576,049</b>	<b>82,314,054</b>	<b>705,890,103</b>
<b>Less: Income from Temporary Deployment of funds</b>			
Interest Income on Inter Corporate Deposits (Tax deducted at source Rs.1,176,051)	-	5,189,984	5,189,984
<b>As per Balance Sheet</b>	<b>623,576,049</b>	<b>77,124,070</b>	<b>700,700,119</b>
Previous year	-	623,576,049	623,576,049

\*(Refer Note B-12 of Schedule 16)



Indiabulls Wholesale Services Limited

Schedules forming part of Balance Sheet as at March 31, 2010

	As at March 31, 2010	Amount in Rupees As at March 31, 2009
<b>Schedule 7</b>		
<b>Cash and Bank Balances</b>		
Cash on Hand	36,671	208
Balances with Scheduled Banks		
- in Current Accounts	16,069,798	7,858
<b>As Per Balance Sheet</b>	<u>16,106,469</u>	<u>8,066</u>
<b>Schedule 8</b>		
<b>Other Current Assets</b>		
(Unsecured, considered good unless otherwise stated )		
Accrued Interest on Inter Corporate Deposits	-	97,494,307
<b>As Per Balance Sheet</b>	<u>-</u>	<u>97,494,307</u>
<b>Schedule 9</b>		
<b>Loans and Advances</b>		
(Unsecured, considered good unless otherwise stated )		
Inter Corporate Deposits to Subsidiary Companies		
Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)		922,800,000
[Maximum Balance outstanding at any time during the Year		
Rs. 962,800,000 (Previous year Rs. 1,850,782,454)]		
Lucina Infrastructure Limited	590,570,100	-
[Maximum Balance outstanding at any time during the Year		
Rs. 590,570,100 (Previous year Rs. Nil)]		
Sentia Properties Limited	3,252,270,000	-
[Maximum Balance outstanding at any time during the Year		
Rs. 3,252,270,000 (Previous year Rs. Nil)]		
Advances Recoverable in cash or in kind or for value to be received	25,007,930	8,300,278
Security Deposits	763,250	881,354
Advance Income Tax / Tax Deducted At Source	32,132,642	30,960,030
[Net of Provision for Tax Rs.14,476 (Previous Year Rs. Nil)]		
<b>As Per Balance Sheet</b>	<u>3,900,743,922</u>	<u>962,941,662</u>
<b>Schedule 10</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Refer Note-B-16 of Schedule 16)		
(a) Due to Micro, Small and Medium Enterprises	-	6,616,154
(b) Due to others	4,200,018	
Advance from Customers	116,923,246	
Other Liabilities (including expenses payable)	5,678,959	32,947,066
<b>As Per Balance Sheet</b>	<u>126,802,223</u>	<u>39,563,220</u>
<b>Schedule 11</b>		
<b>Provisions</b>		
Provision for Fringe Benefit Taxation	64,622	64,622
[Net of Advance Tax of Rs. 850,018 (Previous year Rs.850,018)]		
Provision for Gratuity	509,053	328,831
Provision for Compensated Absences	159,428	192,133
<b>As Per Balance Sheet</b>	<u>733,103</u>	<u>585,586</u>



Indiabulls Wholesale Services Limited

Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

	Amount in Rupees	
	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
<b>Schedule 12</b>		
<b>Other Income</b>		
Dividend on Units of Mutual Fund-Non Trade	-	3,472,581
Interest on Inter Corporate Deposits - Gross (Tax Deducted at Source Rs. Nil (Previous Year Rs.28,962,435))	-	127,812,840
Interest on Fixed Deposits - Gross (Tax Deducted at Source Rs. Nil (Previous Year Rs.1,997,595))	-	9,697,063
Profit on Sale of Fixed Assets	1,163	-
Profit on Sale of Traded Goods*	-	-
- Sale of Traded Goods	27,989,349	-
- Cost of Sales of Traded Goods	<u>27,233,497</u>	-
*(Refer Note B-10c of Schedule 16)		
Miscellaneous Income	41,228	2,666,669
<b>As Per Profit and Loss Account</b>	<u><b>798,243</b></u>	<u><b>143,649,153</b></u>
<b>Schedule 13</b>		
<b>Employees Remuneration and Benefits</b>		
Salaries and Wages	601,948	77,378,239
Contributions to Provident Fund and Other Funds	3,821	52,376
Staff Welfare Expenses	-	257,002
Bonus and Exgratia	19,091	577,772
Provision for Gratuity and Compensated Absences	<u>20,014</u>	<u>520,964</u>
<b>As Per Profit and Loss Account</b>	<u><b>644,874</b></u>	<u><b>78,786,353</b></u>
<b>Schedule 14</b>		
<b>Administrative and Other Expenses</b>		
Rent Expenses	432,780	3,576,241
Printing and Stationery	51,997	401,549
Power and Fuel Expenses	-	124,412
Repairs and Maintenance Expenses	164,671	524,619
Advertisement Expenses	1,811,240	56,760
Rates and Taxes	70,643	619,363
Stamp Duty and Franking Charges	1,460	78,100
Insurance Expenses	18,465	135,739
Legal and Professional Charges	330,099	3,663,672
Communication Expenses	125,224	1,430,441
Travelling and Conveyance Expenses	289,676	7,842,719
Auditor's Remuneration - (Audit Fees including Service Tax)	468,775	260,000
Commission Expenses	154,666	379,631
Business Promotion Expenses	184,648	-
Miscellaneous Expenses	<u>250,520</u>	<u>2,530,317</u>
<b>As Per Profit and Loss Account</b>	<u><b>4,354,864</b></u>	<u><b>21,623,563</b></u>
<b>Schedule 15</b>		
<b>Interest and Finance Charges</b>		
Bank Charges	3,753	-
Interest on Inter Corporate Deposits	-	163,083,552
Interest to others	<u>298,670</u>	<u>646,932</u>
<b>As Per Profit and Loss Account</b>	<u><b>302,423</b></u>	<u><b>163,730,484</b></u>



**Indiabulls Wholesale Services Limited****SCHEDULE: 16****Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2010****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 is recognised 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) Income from sale of goods are recognised on dispatch of goods. Gross sale are stated at contractual realizable values and net of sale tax and trade discounts.
- c) Revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed.
- 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



## Indiabulls Wholesale Services Limited

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.

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 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.

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.



## Indiabulls Wholesale Services Limited

### 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 19 (AS 19) on 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.

#### 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:

The Company's contribution to Provident Fund and Employee State Insurance Schemes is charged to the profit and loss account. The Company has unfunded defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on the basis of actuarial valuation, conducted semi-annually, by an independent actuary, in accordance with Accounting Standard 15 (Revised 2005) – Employee Benefits, notified under the Companies (Accounting Standards) Rules, 2006, as amended.

Actuarial gains and losses are recognized in 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.



## Indiabulls Wholesale Services Limited

### 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.



**Indiabulls Wholesale Services Limited****B. Notes to Accounts:****1. Overview:**

Indiabulls Wholesale Services Limited ("the Company") ("IWSL") 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 a Real Estate Projects on land situated in Ahmedabad (Gujarat) and Hyderabad (Andhra Pradesh) and the later has been reclassified as inventory during the year.

2. During the year ended March 31, 2008, the Company acquired 12,783,000 equity shares at a cost of Rs. 423,116,019 of Piramyd Retail Limited ("PRL"), a company listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited from PRL's erstwhile promoters. The equity shares were transferred in two tranches to a specially operated escrow account. The first trench, comprising 8,783,000 equity shares comprising 43.92% of paid up equity share capital of PRL, was transferred to the escrow account on January 02, 2008 and second trench, comprising 4,000,000 equity shares comprising 20% of paid up equity share capital of PRL was transferred to the escrow account on January 07, 2008. The Company made a public offer to acquire 20% of the fully diluted share capital of PRL at an offer price of Rs.74.73 per share under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 vide public announcement dated December 09, 2007. This public offer concluded on April 10, 2008 with the acquisition of 310 equity shares.

12,783,310 equity shares, comprising 63.92% of the outstanding share capital of PRL, were transferred to the IWSL Demat Account on April 10, 2008. 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, 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.30.65 (Previous Year Rs.12.05) per equity share on March 31, 2010 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. 31,631,439 (Previous Year Rs. 269,401,004) to the Profit and Loss Account.

**3. Employees Stock Options Schemes****i. Stock Option Scheme of the Company:**

Indiabulls Wholesale Services Limited ("IWSL"), a wholly owned subsidiary Company of Indiabulls Real Estate Limited ("IBREL"), announced the Indiabulls Wholesale Services Limited Employee Stock Option Plan 2007 ("IWSL ESOP 2007") for its employees and its subsidiary companies, existing then or in future, and employees of its holding company ("IBREL"). The eligible employees covered under IWSL ESOP 2007 were granted an option to purchase equity shares of the Company subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2008, whereby 10% of the options vest on each vesting date. A Compensation Committee constituted by the Board of Directors of the Company administered the IWSL ESOP 2007.

During the year, the IWSL ESOP 2007 was canceled and withdrawn pursuant to the approval of the Board of Directors of the Company on May 27, 2009, after the option holders surrendered the unvested options under the IWSL ESOP 2007.



## Indiabulls Wholesale Services Limited

### II. Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the holding company

Indiabulls Real Estate Limited ("IBREL"), the holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

#### 4. Employee Benefits

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

Provisions for unfunded gratuity and compensated absences for all eligible employees are based upon actuarial valuation conducted semi-annually 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, 2010, 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, 2010		March 31, 2009	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
<b>Reconciliation of liability recognized in the Balance Sheet</b>				
Present value of commitment (as per actuarial valuation)	(5,09,053)	(159,428)	(328,831)	(192,133)
Fair value of plans	-	-	-	-
Net liability in the Balance Sheet (Actual)	<b>(5,09,053)</b>	<b>(159,428)</b>	<b>(328,831)</b>	<b>(192,133)</b>
<b>Movement in the net liability recognized in the Balance Sheet</b>				
Net liability as at beginning of the year	328,831	1,92,133	474,080	275,870
Net expenses recognized in the Profit and Loss account/Real Estate Project Under Development/ Capital Work in Progress	180,222	(32,705)	(145,249)	(83,737)
Contribution during the year	-	-	-	-
Net liability as at March 31, 2010	5,09,053	1,59,428	328,831	192,133
<b>Expenses recognized in the Profit and Loss Account/Real Estate Project Under Development/ Capital Work in Progress</b>				
Current service cost	2,43,056	83,187	150,888	88,803
Interest cost	23,568	11,209	17,778	10,345



## Indiabulls Wholesale Services Limited

Particulars	March 31, 2010		March 31, 2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	(86,402)	(127,101)	(313,915)	(182,885)
<b>Expenses charged to the Profit and Loss Account/Real Estate Project Under Development/ Capital Work in Progress</b>	<b>180,222</b>	<b>(32,705)</b>	<b>(145,249)</b>	<b>(83,737)</b>
<b>Return on plan assets</b>				
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
<b>Reconciliation of defined-benefits commitments</b>				
Commitments as at as at beginning of the year	328,831	1,92,133	474,080	275,870
Current service cost	243,056	83,187	150,888	88,803
Interest cost	23,568	11,209	17,778	10,345
Paid benefits	-	-	-	-
Actuarial (gains) / losses	(86,402)	(127,101)	(313,915)	(182,885)
Commitments as at March 31, 2010	5,09,053	1,59,428	328,831	192,133
<b>Reconciliation of plan assets</b>				
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, 2010	For the year ended March 31, 2009
Discount rate	7.50%	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:

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



## Indiabulls Wholesale Services Limited

### b) Other Related Parties:

#### Fellow Subsidiaries\*

Indiabulls Constructions Limited  
 Indiabulls Infrastructure Development Limited  
 Indiabulls Projects Limited  
 Lucina Constructions Limited  
 Indiabulls Power Limited. (Formerly Sophia Power Company Limited)  
 Sentia Infrastructure Limited  
 Lucina Land Development Limited

#### Subsidiary of Holding Company\*

Albina Real Estate Limited

\*with whom transactions have been entered during the year/previous year.

#### Key Management Personnel:

Mr. Sameer Gehlaut  
 (Director and Chairman of Holding Company)  
 Mr. Rajiv Rattan  
 (Director and Vice Chairman of Holding Company)  
 Mr. Saurabh K Mittal  
 (Director of Holding Company)  
 Mr. Narendra Gehlaut  
 (Joint Managing Director of Holding Company)  
 Mr. Vipul D Bansal  
 (Joint Managing Director of Holding Company)

### c) Summary of Significant Transactions with Related Parties for the year ended March 31, 2010:

Nature of Transactions	Amount in Rupees				
	Holding Company	Fellow Subsidiaries	Subsidiaries	Subsidiary of Holding Company	Total
<b>Finance</b>					
Inter Corporate Deposits Taken*	4,100,745,012	--	--	--	4,100,745,012
	<i>3,000,000,000</i>	<i>235,850,000</i>	--	--	<i>3,235,850,000</i>
Inter Corporate Deposits Given*	--	--	4,805,640,100	--	4,805,640,100
	--	--	<i>1,850,782,454</i>	--	<i>1,850,782,454</i>
<b>Purchase of Equity Shares</b>	--	1,000,000	--	--	1,000,000
	--	--	--	--	--
<b>Investment made in Equity Shares</b>	--	--	323,871	--	323,871
	--	--	--	--	--
<b>Income</b>					
Interest Income on Inter Corporate Deposits Given	--	--	5,189,984	--	5,189,984
	--	--	<i>82,624,741</i>	--	<i>82,624,741</i>
<b>Expenses</b>					
Interest Expenses on Inter Corporate Deposits Taken	10,470,932	--	--	--	10,470,932
	<i>102,190,990</i>	<i>672,104</i>	--	--	<i>102,863,094</i>
Reimbursement of Expenses	--	1,320,960	--	35,490	1,320,960
	--	--	--	--	--
Expenses incurred and Reimbursed	5,597,680	15,000	--	--	5,612,680
	--	--	--	--	--
Construction/Development of Real Estate Projects	--	18,257,977	--	--	18,257,977

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



## Indiabulls Wholesale Services Limited

### d) Balance Outstanding as on March 31, 2010

Amount in Rupees

Nature of Transactions	Holding Company	Fellow Subsidiaries	Subsidiaries	Subsidiary of Holding Company	Total
Inter Corporate Deposits Taken	4,100,745,012	--	--	--	4,100,745,012
	<i>1,176,313,012</i>	--	--	--	<i>1,176,313,012</i>
Inter Corporate Deposits Given	--	--	3,842,840,100	--	3,842,840,100
	--	--	<i>922,800,000</i>	--	<i>922,800,000</i>
Accrued Interest on Inter Corporate Deposits Taken	9,423,839	--	--	--	9,423,839
	<i>79,034,511</i>	--	--	--	<i>79,034,511</i>
Accrued Interest on Inter Corporate Deposits Given	--	--	--	--	--
	--	--	97,494,307	--	97,494,307
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, 2010:

Amount in Rupees

Particulars	For the Year ended March 31, 2010	For the Year ended March 31, 2009
<b>Finance</b>		
Inter-corporate Deposit Taken*		
-Indiabulls Real Estate Limited	4,100,745,012	3,000,000,000
-Indiabulls Power Limited (Formerly Sophia Power Company Limited)	--	221,550,000
-Indiabulls Projects Limited	--	14,300,000
Inter-Corporate Deposit Given*		
-Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	962,800,000	1,850,782,454
-Lucina Infrastructure Limited	590,570,100	--
-Sentia Properties Limited	3,252,270,000	--
<b>Income</b>		
Interest Income on Inter Corporate Deposits		
-Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	5,189,984	82,624,741
<b>Expenses</b>		
Interest Expenses on Inter Corporate Deposits:		
-Indiabulls Real Estate Limited	10,470,932	102,190,990
-Indiabulls Power Limited (Formerly Sophia Power Company Limited)	--	651,751
-Indiabulls Projects Limited	--	20,353
<b>Reimbursement of Expenses:</b>		
-Lucina Constructions Limited	--	1,320,960
-Albina Real Estate Limited	35,490	--
<b>Expenses incurred and Reimbursed</b>		
-Indiabulls Real Estate Limited	5,597,680	--
-Sentia Infrastructure Limited	15,000	--



### Indiabulls Wholesale Services Limited

Particulars	For the Year ended March 31, 2010	For the Year ended March 31, 2009
<b>Construction/Development Expense for Real Estate Projects:</b>		
-Indiabulls Constructions Limited	--	18,257,977
<b>Purchase of Equity Shares</b>		
-Lucina Land Development Limited	1,000,000	--
<b>Investment in Equity Shares</b>		
-Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	--	323,871

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

#### f) Balance Outstanding as on March 31, 2010

Amount in Rupees

Particulars	As at March 31, 2010	As at March 31, 2009
<b>Inter Corporate Deposit Taken</b>		
-Indiabulls Real Estate Limited	4,100,745,012	1,176,313,012
<b>Inter Corporate Deposit Given</b>		
-Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	--	922,800,000
-Lucina Infrastructure Limited	590,570,100	--
-Sentia Properties Limited	3,252,270,000	--
<b>Interest Accrued and due on Inter Corporate Deposits</b>		
-Indiabulls Real Estate Limited	9,423,839	79,034,511
<b>Interest Accrued on Inter Corporate Deposits Given</b>		
-Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	--	97,494,307
<b>Inter Company Receivable- Expenses incurred and Reimbursed</b>		
-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 period during which such relationships existed. Related party relationships as given above are as identified by the Company and have been relied upon by the auditors.

#### 6. Statement of Purchase and Sale of Long term/Current, trade investments during the year ended March 31, 2010:

Name of the Company	For the year ended March 31, 2010			
	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.)
<b>Long Term Investments</b>				
Lucina Infrastructure Limited	50,000	500,000	--	--
	--	--	--	--
Sentia Properties Limited	50,000	500,000	--	--
	--	--	--	--



## Indiabulls Wholesale Services Limited

Name of the Company	For the year ended March 31, 2010			
	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.)
<b>Current Investment</b>				
Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	--	--	--	--
	310	323,871	--	--

Previous Year figures are stated in italics

7. Detail of Purchase and Redemption of current, Non- trade, Unquoted investments during the year ended March 31, 2010:

In Mutual Funds	Type	Purchases/ Dividend Reinvestment		Redemptions	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
Reliance Mutual Fund	Daily Dividend	--	--	--	--
		91,721,352	917,497,862	91,721,352	917,497,862

Previous Year figures are stated in italics

8. 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 are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all 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, 2010	For the Year ended March 31, 2009
Profit/(Loss) available for equity Shareholders (Rs.)	(17,980,717)	(127,440,148)
Weighted average number of Shares used in computing Basic and Diluted earning per share	100,000,000	100,000,000
Nominal Value per Equity Share- (Rs.)	10.00	10.00
Basic Earnings Per Equity Share - (Rs.)	(0.18)	(1.27)
Diluted Earnings Per Equity Share - (Rs.)	(0.18)	(1.27)

9. The company has taken office premises on operating lease at various locations and lease rent of Rs.4,34,380 (Previous year Rs. 3,646,241) 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:

Minimum Lease Rentals	Amount in Rupees	
	As at March 31, 2010	As at March 31, 2009
Within One Year	766,265	204,461
One to Five Years	892,944	211,239
<b>Total</b>	<b>1,659,209</b>	<b>415,700</b>



## Indiabulls Wholesale Services Limited

10. 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

Particulars	Amount in Rupees	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
Professional Fees	930,597	NIL

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, 2009	-	-	-	-	-	-	-
Purchases	138.40	621,651	311.68	11,744,953	214,001.50	14,866,893	27,233,497
Sales	138.40	640,253	311.68	12,097,302	214,001.50	15,251,794	27,989,349
As on March 31, 2010	-	-	-	-	-	-	-
Profit/(Loss)		18,602		352,349		384,901	755,852

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

11. 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 17 (AS 17) – "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006., other than those already provided in the financial statements
12. During the year ended March 31, 2010, the Company has inventorised borrowing costs of Rs.10,470,932 (Previous Year Rs. Nil) to cost of Real Estate Projects under Development.
13. As per Accounting Standard -22 'Accounting for Taxes on Income', as notified under the Companies (Accounting Standards) Rules, 2006 as amended, the timing difference relating to depreciation and provision for employees benefits results in a deferred tax but as a prudent measure the net deferred tax liability in relation to the above has not been recognised in the accounts.
14. 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.
15. 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, 2010.



## Indiabulls Wholesale Services Limited

### 16. 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-10 "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.

### 17. 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.

### 18. 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.198,908 (Previous Year Rs. Nil)

### 19. 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, 2010 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.

### 20. 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



Amar Mittal  
Partner  
Membership No. 017755

Place: New Delhi  
Date: April 21, 2010

For and on behalf of the Board

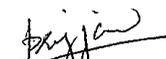


Nihar Gandhi  
Director

Place: New Delhi  
Date: April 21, 2010



Mukul Bansal  
Whole Time Director



Priya Jain  
Company Secretary

d) Year ended March 31, 2011



**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

**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



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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: 000643M  
  
Amar Mittal  
Partner  
Membership No. 017755  
New Delhi  
Date: April 28, 2011

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**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.



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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.
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.



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**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

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  
PIN: 000643N

  
Amar Mittal  
Partner  
Membership No. 017755  
New Delhi  
Date: April 28, 2011

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C-43, SECTOR-8  
NOIDA-201301  
TEL : 0120-4049100

A-47, LOWER GROUND FLOOR  
HAUZ KHAS, NEW DELHI-110016  
TEL : 91-11-41655400

Indiabulls Wholesale Services Limited

Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011	Amount in Rupees As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	100,570,188	1,000,000,000
Share Warrants (Refer Note B-2 of Schedule 10)		84,246,700	-
Reserves and Surplus	2	5,091,750,914	-
<b>Loan Funds</b>			
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	-
<b>TOTAL</b>		<b>7,757,700,123</b>	<b>5,112,018,087</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	64,800,698	63,906,678
Less : Accumulated Depreciation/Amortisation		33,374,823	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
<b>Investments</b>			
	6	424,439,690	424,439,690
<b>Current Assets, Loans and Advances</b>			
Inventories	7	387,934,348	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	6,478,552,678	3,900,743,022
		7,383,654,278	4,617,550,510
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	12	49,213,710	126,802,223
Provisions	13	32,005,110	733,103
		81,218,820	127,535,326
<b>Net Current Assets</b>		<b>7,301,834,458</b>	<b>4,490,015,184</b>
Profit and Loss Account (Debit Balance)		-	153,297,947
<b>TOTAL</b>		<b>7,757,700,123</b>	<b>5,112,018,087</b>

Significant Accounting Policies and Notes to Accounts

10

As per our report of even date

For Sharma Goel & Co.  
Chartered Accountants  
FIRN - 000643N  
  
Amar Mittal  
Partner  
Membership No. 017755

Place : New Delhi  
Date : April 28, 2011

For and on behalf of the Board

  
Mehul C C Johnson  
Director

  
Surinder Singh Kadyan  
Whole Time Director

  
Ritesh Jain  
Company Secretary

Place : New Delhi  
Date : April 28, 2011

**Indiabulls Wholesale Services Limited**  
**Profit and Loss Account for the year ended March 31, 2011**

	Schedule	For the Year ended March 31, 2011	For the Year ended March 31, 2010
<b>INCOME</b>			
Revenue from Operations	14	807,617,181	755,852
Other Income	15	214,794,737	42,391
<b>TOTAL</b>		<b>1,022,411,918</b>	<b>798,243</b>
<b>EXPENDITURE</b>			
Cost of Real Estate Projects Under Development			
Opening Balance	700,700,119	823,576,049	-
Add: Additions during the year	340,870,077	77,124,070	-
Less: Cost of Sales	643,635,848	-	-
Less: Closing Balance	387,934,348	700,700,119	-
Cost of Sales		643,635,848	-
Employees Remuneration and Benefits	16	-	544,874
Administrative and Other Expenses	17	3,002,642	4,354,864
Interest and Finance Charges	18	78,833,247	302,423
Depreciation/Amortisation	5	13,493,083	13,452,323
<b>TOTAL</b>		<b>736,964,820</b>	<b>18,764,484</b>
<b>Profit / (Loss) Before Tax</b>		<b>285,447,098</b>	<b>(17,966,241)</b>
Less: Provision for Taxation			
a) Current Tax		40,000,229	-
b) Deferred Tax		6,256,793	-
c) Wealth Tax		25,346	14,478
<b>Profit / (Loss) after Tax but before earlier year adjustments</b>		<b>239,164,730</b>	<b>(17,980,717)</b>
Adjustment related to earlier years		(57,815)	-
<b>Profit / (Loss) After Tax</b>		<b>239,222,545</b>	<b>(17,980,717)</b>
Balance of Profit(Loss) Brought Forward		(153,297,947)	(135,317,230)
<b>Balance of Profit(Loss) carried forward to Balance Sheet</b>		<b>85,924,598</b>	<b>(153,297,947)</b>
<b>Earnings Per Share (Refer Note B-7 of Schedule 19)</b>			
-Basic (Rs.)		4.76	(0.16)
-Diluted (Rs.)		4.78	(0.16)
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



Amar Mittal  
Partner  
Membership No. 017755

For and on behalf of the Board

Mehul C C Johnson  
Director

Sunilinder Singh Kadyan  
Whole Time Director

Briya Jain  
Company Secretary

Place : New Delhi  
Date : April 28, 2011

Place : New Delhi  
Date : April 28, 2011

**Indiabulls Wholesale Services Limited**  
Cash Flow Statement for the year ended March 31, 2011

	For the Year ended March 31, 2011	For the Year ended March 31, 2010
<b>Amount in Rupees</b>		
<b>A Cash Flow from Operating Activities</b>		
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	298,570
Profit on Sale of Fixed Assets	-	(1,163)
Interest on Inter Corporate Deposits	(214,630,356)	-
<b>Operating Profit / (Loss) before working capital changes</b>	<b>161,024,182</b>	<b>(4,186,387)</b>
Adjustments for :		
(Increase)/Decrease in Inventories	302,595,336	(82,166,551)
(Increase)/Decrease in Sundry Debtors	(302,778,605)	-
(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
<b>Cash Generated from/(Used in) Operations</b>	<b>94,936,285</b>	<b>(15,723,493)</b>
Direct Taxes Paid	(21,464,321)	(1,157,088)
<b>Net Cash Generated from/(Used in) Operating Activities</b>	<b>73,471,964</b>	<b>(16,910,581)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including Capital Work in Progress)	(502,302)	(893,115)
Proceeds from Sale of Fixed Assets	-	13,959
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
<b>Net Cash Generated from/(Used in) Investing Activities</b>	<b>(2,550,202,302)</b>	<b>(2,819,234,925)</b>
<b>C Cash Flow from Financing Activities :</b>		
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	(86,138,156)	(88,610,572)
<b>Net Cash Generated from/(Used in) Financing Activities</b>	<b>2,471,134,798</b>	<b>2,852,243,908</b>
<b>D Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(5,815,540)</b>	<b>16,088,403</b>
<b>E Cash and Cash Equivalents at the Beginning of the Year</b>	<b>16,106,469</b>	<b>8,066</b>
<b>F Cash and Cash Equivalents at the End of the Year (D+E)</b>	<b>10,490,929</b>	<b>16,106,469</b>

**Note:**

- 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.
- 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)

- Cash and Cash equivalents as at the end of the Year include:

Cash on Hand	68,646	36,671
Balances with Scheduled Banks in Current Accounts	10,424,283	16,069,798
<b>Total</b>	<b>10,490,929</b>	<b>16,106,469</b>

As per our report of even date

For Sharma Goyal & Co.  
Chartered Accountants  
RN. 000543N (S.A.)  
  
Anil Mittal  
Partner  
Membership No. 017755

Place : New Delhi  
Date : April 28, 2011

For and on behalf of the Board

Mehul C C Johnson  
Director

Place : New Delhi  
Date : April 28, 2011

  
Surinder Singh Kadyan  
Whole Time Director

  
Priya Jain  
Company Secretary

**Indiabulls Wholesale Services Limited**  
**Schedules forming part of Balance Sheet as at March 31, 2011**

	<b>As at March 31, 2011</b>	<b>Amount In Rupees As at March 31, 2010</b>
<b>Schedule 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
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
<hr/>		
<b>Issued, Subscribed and Paid up</b>		
<b>Equity Share Capital</b>		
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	-
<b>As Per Balance Sheet</b>	<u>100,570,186</u>	<u>1,000,000,000</u>
<b>Schedule 2</b>		
<b>Reserves and Surplus</b>		
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	-
<b>As Per Balance Sheet</b>	<u>5,091,750,914</u>	<u>-</u>
<b>Schedule 3</b>		
<b>Secured Loans</b>		
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
<b>As Per Balance Sheet</b>	<u>-</u>	<u>1,849,236</u>
<b>Schedule 4</b>		
<b>Unsecured Loans</b>		
<b>Other Loans and Advances</b>		
Inter Corporate Deposits	-	-
- From Erstwhile Holding Company (upto March 31, 2010)	-	4,100,745,012
- From Others-Indiabulls Real Estate Limited	2,484,873,530	-
Interest Accrued and due on above	-	9,423,839
<b>As Per Balance Sheet</b>	<u>2,484,873,530</u>	<u>4,110,168,851</u>



**Indiabulls Wholesale Services Limited**  
Schedule forming part of Balance Sheet as at March 31, 2011

Schedule 5  
Fixed Assets

Particulars	Gross Block (at Cost)						Accumulated Depreciation/ Amortization				Net Block	
	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	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, 2011	As at March 31, 2010
<b>A. Tangible Assets</b>												
Temporary Erections	212,754	-	-	-	212,754	147,471	65,263	-	-	212,754	4,673,765	55,283
Constructs	8,013,291	148,395	108,653	-	8,070,340	2,844,319	1,472,379	-	-	4,396,575	342,789	5,968,572
Plant and Machinery	-	-	349,010	-	349,010	-	79,877	-	-	349,010	2,359,816	2,470,428
Office Equipments	2,705,885	-	20,350	-	2,726,235	235,457	6,222	-	-	2,732,457	5,534,586	5,296,845
Vehicles	8,023,796	-	-	-	8,023,796	1,726,940	762,260	-	-	2,486,200	204,946	109,667
Furniture and Fixtures	258,369	112,750	74,881	-	445,680	149,402	92,553	-	-	240,734	13,115,701	54,971,198
<b>TOTAL (A)</b>	<b>20,813,785</b>	<b>261,146</b>	<b>552,874</b>	<b>-</b>	<b>20,827,805</b>	<b>5,922,889</b>	<b>2,498,859</b>	<b>-</b>	<b>-</b>	<b>7,715,104</b>	<b>13,115,701</b>	<b>54,971,198</b>
<b>B. Intangible Assets</b>												
Software	43,972,893	-	-	-	43,972,893	14,669,695	15,993,324	-	-	25,962,619	18,310,074	29,303,290
<b>TOTAL (B)</b>	<b>43,972,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,972,893</b>	<b>14,669,695</b>	<b>15,993,324</b>	<b>-</b>	<b>-</b>	<b>25,962,619</b>	<b>18,310,074</b>	<b>29,303,290</b>
<b>GRAND TOTAL (A+B)</b>	<b>64,786,678</b>	<b>261,146</b>	<b>552,874</b>	<b>-</b>	<b>64,800,698</b>	<b>19,772,184</b>	<b>2,498,859</b>	<b>-</b>	<b>-</b>	<b>33,374,923</b>	<b>31,425,775</b>	<b>84,274,488</b>
Previous Year	83,153,125	-	842,543	13,950	84,009,618	5,311,016	13,492,323	1,154	-	19,772,184	46,214,494	50,572
Capital Work In Progress (Including Capital Advances)	99,572	-	-	50,572	90,572	-	-	-	-	-	-	-
Previous Year	-	-	50,572	-	50,572	-	-	-	-	-	-	-



Indiabulls Wholesale Services Limited

Schedule forming part of Balance Sheet as at March 31, 2011

Schedule 7

Inventories

(As taken, valued and certified by the Management)

Real Estate Projects Under Development (at cost)

Amount in Rupees

Particulars	As at April 01, 2010	Addition 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
<b>Sub Total</b>	<b>705,890,103</b>	<b>340,870,077</b>	<b>647,059,385</b>	<b>399,700,795</b>
Less: Income from Temporary Deployment of funds				
Interest income on Inter Corporate Deposits	5,189,984	-	3,423,537	1,766,447
[Tax deducted at source Rs. Nil (Previous Year Rs.1,176,051)]				
<b>As per Balance Sheet</b>	<b>700,700,119</b>	<b>340,870,077</b>	<b>643,635,848</b>	<b>397,934,348</b>
Previous year	623,576,049	77,124,070	-	700,700,119

\*(Refer Note B-11 of Schedule 19)



Indiabulls Wholesale Services Limited

Schedules forming part of Balance Sheet as at March 31, 2011

	As at March 31, 2011	Amount in Rupees As at March 31, 2010
<b>Schedule 6</b>		
<b>Investments</b>		
<b>i). Long Term (At Cost)</b>		
<b>Trade, Unquoted - Fully Paid Up Equity Shares</b>		
<b>In Subsidiary Companies :</b>		
-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
<b>ii). Current Investment (At Cost)</b>		
<b>Trade, Quoted -Fully Paid up Equity Shares</b>		
<b>In Subsidiary Company</b>		
-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
<b>As Per Balance Sheet</b>	<u>424,439,890</u>	<u>424,439,890</u>
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
<b>Schedule 8</b>		
<b>Sundry Debtors</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>Debts Outstanding for a period exceeding six months</b>		
Other Debts	-	-
<b>As Per Balance Sheet</b>	<u>302,778,805</u>	<u>-</u>
<b>Schedule 9</b>		
<b>Cash and Bank Balances</b>		
Cash on Hand	66,646	36,671
Balances with Scheduled Banks	-	-
- in Current Accounts	10,424,283	16,060,798
<b>As Per Balance Sheet</b>	<u>10,490,929</u>	<u>16,106,469</u>
<b>Schedule 10</b>		
<b>Other Current Assets</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>Accrued Interest on Inter Corporate Deposits</b>		
<b>As Per Balance Sheet</b>	<u>193,167,318</u>	<u>-</u>
<b>Schedule 11</b>		
<b>Loans and Advances</b>		
<b>(Unsecured, considered good unless otherwise stated )</b>		
<b>Inter Corporate Deposits to Subsidiary Companies</b>		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	2,899,600,000	-
[Maximum Balance outstanding at any time during the year Rs. 3,606,100,000 (Previous year Rs.962,800,000)]		
- Lucina Infrastructure Limited	240,620,100	590,570,100
[Maximum Balance outstanding at any time during the year Rs. 590,620,100 (Previous year Rs. 590,570,100)]		
- Sentia Properties Limited	3,252,320,000	3,252,270,000
[Maximum Balance outstanding at any time during the year Rs.3,252,320,000 (Previous year Rs. 3,252,270,000)]		
Advances Recoverable in cash or in kind or for value to be received	47,526,940	26,007,930
Security Deposits	6,468,720	763,250
Advance Income Tax / Tax Deducted At Source	32,147,118	32,132,642
[Net of Provision for Tax Rs.Nil (Previous Year Rs. 14,476)]		
<b>As Per Balance Sheet</b>	<u>6,478,682,878</u>	<u>3,900,743,922</u>



Indiabulls Wholesale Services Limited

Schedules forming part of Balance Sheet as at March 31, 2011

	Amount in Rupees	
	As at March 31, 2011	As at March 31, 2010
<b>Schedule 12</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Refer Note B-15 of Schedule 18)		
(a) Due to Micro, Small and Medium Enterprises	-	-
(b) Due to others	5,045,943	4,200,018
Advance from Customers	6,454,878	116,923,246
Bank Overdraft with Scheduled Bank in Current Account	393,813	-
Other Liabilities (including expenses payable)	37,309,078	5,678,959
<b>As Per Balance Sheet</b>	<b>49,213,710</b>	<b>126,802,223</b>
<b>Schedule 13</b>		
<b>Provisions</b>		
Provision for Tax	31,512,810	-
(Net of Advance Income Tax/Tax Deducted At Source Rs.21,463,036 (Previous year Rs.Nil))		
Provision for Fringe Benefit Tax	-	64,622
(Net of Advance Tax of Rs. Nil (Previous year Rs.850,018))		
Provision for Gratuity	351,600	509,053
(Refer Note B-4 of Schedule 19)		
Provision for Compensated Absences	141,700	159,428
(Refer Note B-4 of Schedule 19)		
<b>As Per Balance Sheet</b>	<b>32,006,110</b>	<b>733,103</b>



Indiabulls Wholesale Services Limited

Schedules forming part of Profit and Loss Account for the year ended March 31, 2011

	Amount in Rupees	
	For the Year ended March 31, 2011	For the Year ended March 31, 2010
<b>Schedule 14</b>		
<b>Revenue from Operations</b>		
Income from Construction and Development of Real Estate Projects	807,469,388	-
Profit on Sale of Traded Goods*		
- Sale of Traded Goods	5,073,598	27,989,349
- Cost of Sales of Traded Goods	<u>4,925,803</u>	<u>27,233,497</u>
*(Refer Note B-9c of Schedule 19)		
<b>As Per Profit and Loss Account</b>	<u><b>807,617,181</b></u>	<u><b>755,852</b></u>
<b>Schedule 15</b>		
<b>Other Income</b>		
Interest on Inter Corporate Deposits - Gross	214,630,358	-
[Tax Deducted at Source Rs. 21,463,036 (Previous Year Rs. Nil)]		
Profit on Sale of Fixed Assets	-	1,153
Miscellaneous Income	<u>154,381</u>	<u>41,226</u>
<b>As Per Profit and Loss Account</b>	<u><b>214,784,737</b></u>	<u><b>42,381</b></u>
<b>Schedule 16</b>		
<b>Employees Remuneration and Benefits</b>		
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	-	<u>20,014</u>
<b>As Per Profit and Loss Account</b>	<u><b>-</b></u>	<u><b>644,874</b></u>
<b>Schedule 17</b>		
<b>Administrative and Other Expenses</b>		
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	91,350	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	<u>20,708</u>	<u>250,520</u>
<b>As Per Profit and Loss Account</b>	<u><b>3,002,642</b></u>	<u><b>4,354,664</b></u>
<b>Schedule 18</b>		
<b>Interest and Finance Charges</b>		
Bank Charges	8,491	3,753
Interest on Inter Corporate Deposits	76,714,357	-
Interest to others	<u>112,399</u>	<u>298,670</u>
<b>As Per Profit and Loss Account</b>	<u><b>76,833,247</b></u>	<u><b>302,423</b></u>



## Indiabulls Wholesale Services Limited

### SCHEDULE: 19

#### Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2011

##### 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.



## Indiabulls Wholesale Services Limited

### 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.

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).



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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.

#### **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.



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### 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.



## Indiabulls Wholesale Services Limited

### 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. 5,005,626,316 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 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



## Indiabulls Wholesale Services Limited

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:

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

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.



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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)
<b>Reconciliation of liability recognized in the Balance Sheet</b>				
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)	<b>351,600</b>	<b>141,700</b>	<b>509,053</b>	<b>159,428</b>
<b>Movement in the net liability recognized in the Balance Sheet</b>				
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
<b>Expenses recognized in the Profit and Loss Account/Real Estate Project Under Development</b>				
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)
<b>Return on plan assets</b>				
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
<b>Reconciliation of defined-benefits commitments</b>				
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
<b>Reconciliation of plan assets</b>				
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



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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	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 :**

Nature of Transactions	Amount in Rupees			
	Erstwhile Holding Company	Erstwhile Fellow Subsidiaries	Subsidiaries	Total
<b>Finance</b>				
Inter Corporate Deposits Taken*	4,100,745,012	--	--	4,100,745,012
Inter Corporate Deposits Given*	--	--	7,449,040,100	7,449,040,100
	--	--	4,805,640,100	4,805,640,100
<b>Purchase of Equity Shares</b>	--	1,000,000	--	1,000,000
<b>Income</b>				



## Indiabulls Wholesale Services Limited

Nature of Transactions	Erstwhile Holding Company	Erstwhile Fellow Subsidiaries	Subsidiaries	Total
Interest Income on Inter Corporate Deposits Given	--	--	214,630,356	214,630,356
	--	--	5,189,984	5,189,984
<b>Expenses</b>				
Interest Expenses on Inter Corporate Deposits Taken	--	--	--	--
	10,470,932	--	--	10,470,932
Expenses incurred and Reimbursed	--	--	--	--
	5,597,680	15,000	--	5,612,680

\*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	--	--	--	--
	4,100,745,012	--	--	4,100,745,012
Inter Corporate Deposits Given	--	--	6,382,540,100	6,382,540,100
	--	--	3,842,840,100	3,842,840,100
Accrued Interest on Inter Corporate Deposits Taken	--	--	--	--
	9,423,839	--	--	9,423,839
Accrued Interest on Inter Corporate Deposits Given	--	--	193,167,318	193,167,318
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
<b>Finance</b>		
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
<b>Income</b>		
Interest Income on Inter Corporate Deposits		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	214,630,356	5,189,984
<b>Expenses</b>		
Interest Expenses on Inter Corporate Deposits:		
- Indiabulls Real Estate Limited	--	10,470,932
Expenses incurred and Reimbursed		



### Indiabulls Wholesale Services Limited

Particulars	For the year ended March 31, 2011	For the Year ended March 31, 2010
- Indiabulls Real Estate Limited	--	5,597,680
- Sentia Infrastructure Limited	--	15,000
<b>Purchase of Equity Shares</b>		
- Lucina Land Development Limited	--	1,000,000

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

#### f) Balance Outstanding as on March 31, 2011

Amount in Rupees

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Inter Corporate Deposit Taken</b>		
- Indiabulls Real Estate Limited	--	4,100,745,012
<b>Inter Corporate Deposit Given</b>		
- 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
<b>Interest Accrued and due on Inter Corporate Deposits</b>		
- Indiabulls Real Estate Limited	--	9,423,839
<b>Interest Accrued on Inter Corporate Deposits Given</b>		
- Store One Retail India Limited (Formerly Indiabulls Retail Services Limited)	193,167,318	--
<b>Inter Company Receivable- Expenses incurred and Reimbursed</b>		
- 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.)
<b>Long Term Investments</b>				
Lucina Infrastructure Limited	--	--	--	--
	50,000	500,000	--	--
Sentia Properties Limited	--	--	--	--
	50,000	500,000	--	--

Previous Year figures are stated in italics



## Indiabulls Wholesale Services Limited

### 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.

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:

Minimum Lease Rentals	Amount in Rupees	
	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
<b>Total</b>	<b>10,676,876</b>	<b>1,659,209</b>

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

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



## Indiabulls Wholesale Services Limited

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
	138.40	621,651	311.68	11,744,953	214,001.50	14,866,893	27,233,497
Sales	759.94	3,534,435	42.49	1,539,163	-	-	5,073,598
	138.40	640,253	311.68	12,097,302	214,001.50	15,251,794	27,989,349
As on March 31, 2011	-	-	-	-	-	-	-
Profit/(Loss)		102,965		44,830		-	147,795
		18,602		352,349		384,901	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.

- 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.
- 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.
- 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
<b>Deferred Tax Liabilities:</b>		
Arising on account of temporary timing differences due to:		
Depreciation	(6,263,287)	--
<b>Total (A)</b>	<b>(6,263,287)</b>	<b>--</b>
<b>Deferred Tax Assets:</b>		
Arising on account of temporary timing differences due to:		
Provision for Compensated Absences and Gratuity	6,494	--
<b>Total (B)</b>	<b>6,494</b>	<b>--</b>
<b>Deferred Tax Liabilities (net) (A-B)</b>	<b>(6,256,793)</b>	<b>--</b>



## Indiabulls Wholesale Services Limited

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



Amar Mittal  
Partner  
Membership No. 017755

Place: New Delhi  
Date: April 28, 2011

For and on behalf of the Board

Mehul C C Johnson  
Director

Sunil Singh Kadyan  
Whole Time Director

Priya Jain  
Company Secretary

Place: New Delhi  
Date: April 28, 2011

**2. (i) Financial Information of subsidiary companies- Store One Retail India Limited a)  
Year ended March 31,  
2008**

**HARIBHAKTI & CO. CHARTERED ACCOUNTANTS**

42, FREE PRESS HOUSE, 4TH FLOOR, 215, NARIMAN POINT, MUMBAI-400 021. ☎ : 6639 1101-4 / 2287 1099 • VBH - 2287 1806 • FAX : 2285 6237  
PLOT NO.56 ROAD NO.17, MIDC, MAROL, ANDHERI (E), MUMBAI-400 093, INDIA. ☎ : 6672 9999 • FAX : 6672 9777  
• E-mail : hbhakti@vsnl.com • Website : www.haribhaktigroup.com

**AUDITORS' REPORT  
TO THE MEMBERS OF PIRAMYD RETAIL LIMITED**

We have audited the attached Balance Sheet of PIRAMYD RETAIL LIMITED ('the Company) as at 31<sup>st</sup> March 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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.

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 misstatements. 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.

- I. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters/specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- II. Further to our comments in the Annexure referred to in paragraph I above, we report that:
  - (a) 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;
  - (b) 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;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

Our Network in India : Ahmedabad, Bangalore, Bhopal, Bhubaneswar, Chandigarh, Chennai, Goa, Hyderabad, Jaipur, Jodhpur, New Delhi, Patna, Pune, Kolkata and Vadodara.

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- (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
- (e) On the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March 2008, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
- (ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place: Mumbai  
Date: 30<sup>th</sup> April 2008



For **HARIBHAKTI & CO.,**  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Chetan Desai".

**CHETAN DESAI**  
Partner

Membership No. : 17000

**ANNEXURE to the Auditors' Report**

The annexure referred to in Paragraph I of the Auditors' Report to the members of **PIRAMYD RETAIL LIMITED** (the Company') for the year ended 31<sup>st</sup> March 2008.

We report that:

**Fixed Assets:**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. We have been informed that all the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to book records.
3. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the Company has not disposed off substantial part of its fixed assets during the year.

**Inventory:**

4. We are informed that the inventory have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
5. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
6. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. According to the books and records of the Company as produced and examined by us and according to the information and explanations provided to us, the discrepancies noticed on verification between the physical stocks and the book records were material in relation to the operations of the Company and the same have been properly adjusted in the books of account.

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- 2 -

**Loans and Advances:**

7. According to the information and explanations provided to us by the management, the Company has not granted any loan, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
8. According to the information and explanations provided to us by the management, the Company has taken unsecured loans of Rs. 15,907.82 lakhs from a party covered in the Register maintained under Section 301 of the Companies Act, 1956.
9. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 are not prejudicial to the interest of the Company.
10. According to the information and explanations provided to us by the management, there are no stipulations as to repayment of principal amounts and the Company has been regular in the payment of interest.

**Internal Controls:**

11. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for the sale of goods and services rendered. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor we have been informed of any instances of major weaknesses in the aforesaid internal control system.

**Contracts or Arrangements referred to in Section 301 of the Companies Act 1956:**

12. To the best of our information and according to the information and explanations provided to us by the management, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that Section.

...3/-

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13. According to the information and explanations provided to us by the management, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

**Internal Audit:**

14. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

**Statutory Dues:**

15. According to the books and records of the Company as produced and examined by us and according to the information and explanations provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, cess and any other statutory dues with the appropriate authorities.
16. According to the information and explanations provided 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, Custom Duty, Excise Duty, cess and any other statutory dues were outstanding as at 31<sup>st</sup> March 2008 for a period of more than six months from the date they became payable.
17. According to the information and explanations provided to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or cess which have not been deposited on account of any dispute.

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**Repayment of Dues:**

18. Based on our audit procedures and according to the information and explanations provided to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, bank or debentureholders.

**Guarantees Given:**

19. According to the information and explanations provided to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.

**Sources and Application of Funds:**

20. On the basis of review of utilization of funds, which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us and as represented to us by the management, funds raised on short-term basis have not been used for long-term investments.

**Security or charge in respect of debentures issued:**

21. The Company has not issued any debentures during the year covered by this report.

**Fraud:**

22. Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Other Clauses:

23. The following clauses of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company and hence the same are not reported upon:

Clause (vi), Clause (viii), Clause (x), Clause (xii), Clause (xiii), Clause (xiv), Clause (xvi), Clause (xviii) and Clause (xx)

Place: Mumbai  
Date: 30<sup>th</sup> April 2008



For HARIBHAKTI & CO.,  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Chetan Desai".

CHETAN DESAI  
Partner  
Membership No.17000

Piramyd Retail Limited Balance Sheet as at 31 March 2008					
	Schedule No.	As at 31 March 2008	As at 31 March 2008	As at 31 March 2007	As at 31 March 2007
<b>Sources of Funds:</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	200,000,000		200,000,000	
Reserves and Surplus	2	1,063,687,923	1,263,687,923	1,065,320,132	1,265,320,132
<b>Loan Funds</b>					
Secured Loans	3		172,142,097		522,705,268
Unsecured Loans	4		1,590,782,454		386,630,000
			<b>3,026,612,474</b>		<b>2,174,655,400</b>
<b>Application of Funds:</b>					
<b>Fixed Assets</b>					
Gross Block	5	1,021,578,622		812,754,980	
Less : Depreciation		133,436,469		65,766,996	
Net Block		888,142,153		746,987,984	
Capital Work in Progress (including capital advances)		151,288,736	1,039,430,889	181,537,091	928,525,075
<b>Deferred Tax Asset</b> (Refer Note 11 of Schedule 18 )			8,578,269		11,406,445
<b>Current Assets, Loans and Advances</b>					
Inventories	6	642,724,958		544,568,630	
Sundry Debtors	7	19,243,357		38,149,187	
Cash and Bank Balances	8	9,342,450		18,735,600	
Other Current Assets				370,000,000	
Loans and Advances	9	268,269,675		305,161,419	
		939,580,440		1,276,614,836	
<b>Less : Current Liabilities and Provisions</b>					
Current Liabilities	10	784,278,166		585,931,311	
Provisions	11	18,827,100		8,774,704	
		803,105,266		594,706,015	
<b>Net Current Assets</b>			136,475,174		681,908,821
<b>Profit and Loss Account (Debit Balance)</b>			1,842,128,142		552,815,059
			<b>3,026,612,474</b>		<b>2,174,655,400</b>
<b>Significant accounting policies and notes forming part of the financial statements</b>	18				

As per our attached report of even date For Haribhakti and Co Chartered Accountants  Chetan Desai Partner  Place : Mumbai Date : 30th April, 2008	For and on behalf of Piramyd Retail Limited  Ikroop Singh Kehal Whole Time Director  Vikas Khandelwal Company Secretary  Udeshi Jha Director
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Piramyd Retail Limited					
Profit and Loss Account for the year ended 31 March 2008					
	Schedule - No.	Year ended 31 March 2008	Year ended 31 March 2008	Year ended 31 March 2007	Year ended 31 March 2007
<b>Revenue</b>					
Sales		1,914,890,093		1,518,698,567	
Sales of Consignment Merchandise		34,970,026		42,014,277	
Cost of Consignment Merchandise		(23,676,846)	1,926,183,273	(20,373,684)	1,540,339,160
Other Income	12		56,213,212		79,952,944
			<b>1,982,396,485</b>		<b>1,620,292,104</b>
<b>Expenditure</b>					
Cost of Goods Sold	13	1,599,509,733		1,208,595,939	
Direct Costs	14	73,052,680		31,911,149	
Staff Costs	15	306,091,903		224,664,165	
Administrative and Other Expenses	16	1,071,405,329		513,888,915	
			<b>3,050,059,645</b>		<b>1,979,060,168</b>
<b>Profit/(Loss) before Interest, Depreciation and Tax</b>			<b>(1,067,663,160)</b>		<b>(358,768,064)</b>
Less : Interest	17		138,707,777		61,878,812
<b>Profit/(Loss) before Depreciation and Tax</b>			<b>(1,206,370,937)</b>		<b>(420,646,876)</b>
Less : Depreciation	5		74,995,253		59,981,155
<b>Profit/(Loss) before Tax</b>			<b>(1,281,366,190)</b>		<b>(480,628,031)</b>
Add : Deferred Tax Adjustment			(2,828,176)		8,242,445
Less : Provision for Tax (FBT)			5,118,717		5,667,755
<b>Profit/(Loss) after Tax</b>			<b>(1,289,313,083)</b>		<b>(478,053,341)</b>
Add : Profit/(Loss) brought forward from Previous Year			(552,815,059)		(74,761,718)
Balance carried forward to Balance Sheet			<b>(1,842,128,142)</b>		<b>(552,815,059)</b>
Earnings/(Loss) per share - Basic and diluted - Rs (Refer Note 9 of Schedule 18 )			(64.47)		(23.90)
<b>Significant accounting policies and notes forming part of the financial statements</b>	18				

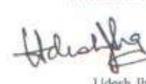
As per our attached report of even date  
For Haribhakti and Co.  
Chartered Accountants

For and on behalf of Piramyd Retail Limited




Chetan Desai  
Partner

  
 Vikas Khandelwal  
Company Secretary

  
 Kroop Singh Kehal  
Whole time Director  
  
  
 Udesh Jha  
Director

Place : Mumbai  
Date : 30th April, 2008



**SCHEDULE : 5**

**Pyramyd Retail Limited**  
Schedules annexed to and forming part of Balance Sheet as at 31st March 2008

DESCRIPTION	COST			DEPRECIATION			NET BLOCK		
	AS AT 1-Apr-07	Additions During the Year	Deductions During the Year	AS AT 31-Mar-08	AS AT 1-Apr-07	For the year Deductions During the Year	AS AT 31-Mar-08	AS AT 31-Mar-08	AS AT 31-Mar-07
Land and Building									
Plant & Machinery	81,419,874	76,587,125	12,218,580	242,788,449	7,268,803	10,650,999	16,158,892	226,630,053	174,151,071
Furniture & Fixings	478,408,126	124,694,286	20,713,890	583,388,513	13,940,234	34,560,616	65,138,791	518,249,722	444,467,902
Computers	58,847,703	27,033,339	4,294,977	81,586,065	11,107,974	12,087,404	21,140,998	60,245,967	47,737,739
Vehicles	851,072	53,084	189,313	715,643	179,780	92,418	166,962	348,678	721,292
Intangible Assets: Computer Software	91,230,205	20,438,247	966,850	113,201,952	13,220,215	17,653,816	30,832,223	82,469,729	79,909,990
<b>Total</b>	<b>812,754,980</b>	<b>249,807,211</b>	<b>40,983,560</b>	<b>1,021,578,622</b>	<b>65,766,996</b>	<b>74,995,353</b>	<b>133,436,469</b>	<b>888,142,153</b>	<b>746,987,984</b>
Previous year	806,571,428	369,680,818	363,972,666	812,754,980	20,560,660	59,981,155	65,766,996	746,987,984	

Pyramid Retail Limited				
Schedules forming part of the Balance Sheet as at 31 March 2008				
	As at 31 March 2008	As at 31 March 2008	As at 31 March 2007	As at 31 March 2007
<b>SCHEDULE : 8</b>				
<b>Cash and Bank Balances</b>				
Cash on hand	8,309,632		9,482,534	
Balances with Scheduled Banks				
- In Current Accounts	1,137,818		9,253,071	
		<b>9,342,450</b>		<b>18,735,600</b>
<b>SCHEDULE : 9</b>				
<b>Loans and Advances</b>				
(Unsecured, considered good, unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
<b>Prepaid Expenses:-</b>				
- Considered Good	11,995,201		73,466,827	
- Considered Doubtful	31,409,886	43,405,087		73,466,827
<b>Taxes Receivable:</b>				
- Considered Good	7,867,566		25,097,434	
- Considered Doubtful	11,803,873	19,671,439		25,097,434
<b>Advances to trade suppliers (net):</b>				
- Considered Good	2,177,742		11,782,173	
- Considered Doubtful	40,600,696	42,778,438		11,782,173
<b>Advances to Staff</b>				
<b>Other Receivables :</b>				
- Considered Good	23,738,981		35,508,402	
- Considered Doubtful	16,295,511	40,034,492		35,508,402
(Including dues from Companies under the same management - NIL Lakhs or Rs. > 60 lacs)				
<b>Advance Payment of Taxes:</b>				
<b>Deposits:</b>				
- Considered Good	197,885,149		145,049,109	
- Considered Doubtful	14,705,034	212,590,183		145,049,109
		<b>383,084,675</b>		<b>305,161,419</b>
Less: Provision for doubtful advances		(114,815,000)		
		<b>268,269,675</b>		<b>305,161,419</b>
<b>SCHEDULE : 10</b>				
<b>Current Liabilities</b>				
Creditors for Goods, Expenses and Capital Expenditure				
- For Goods	477,155,262		327,523,564	
[ includes Rs. 12,815,776 (PY: NIL) due to Micro, Small and Medium Enterprises as identified by management ]				
- For Expenses	189,128,012		120,259,266	
- For Capital Expenditure	33,512,815		88,262,022	
Interest accrued but not due on loans	48,592,377		15,794,950	
Other Liabilities	35,889,700		34,091,509	
		<b>784,278,166</b>		<b>585,931,311</b>
<b>SCHEDULE : 11</b>				
<b>Provisions</b>				
Provision for Shrinkages	12,026,206		1,671,122	
Provision for Fringe Benefit Tax (net of advance tax)	430,425		1,390,128	
Provision for Leave Salary	43,946,772		3,701,236	
Provision for Gratuity	2,423,697		2,012,218	
		<b>15,827,100</b>		<b>8,774,704</b>

Piramyd Retail Limited				
Schedules annexed to and forming part of the Profit and Loss Account for year ended on 31 March 2008				
	Year ended 31 March 2008	Year ended 31 March 2008	Year ended 31 March 2007	Year ended 31 March 2007
<b>SCHEDULE - 12</b>				
<b>Other Income</b>				
Business Centre Fees and Display Income	18,543,803		49,177,961	
Interest/Dividend Income	151,689		7,467,109	
[TDS Rs. Nil] (PV. Rs) [47,000]				
Gain on Sale of Fixed Assets			51,980,062	
Gain on Sale of Investments	7,109,120			
Liabilities Written Back	5,396,548			
Sundry Balances Written Back	3,186,629		11,108	
Other Miscellaneous Income	1,891,972		1,166,704	
		54,213,212		79,952,944
<b>SCHEDULE - 13</b>				
<b>Cost of Goods Sold</b>				
Purchases	1,697,666,061		1,328,823,595	
(Increase)/Decrease in inventories (Refer Note no. 16 of Schedule 18.)	(98,156,128)		(120,227,656)	
		1,599,509,933		1,208,595,939
<b>SCHEDULE - 14</b>				
<b>Direct Costs</b>				
Octroi Charges	17,677,343		15,345,803	
Provision for Shortages	16,055,915		1,671,122	
Other Direct costs	41,460,423		14,894,234	
		75,193,681		31,911,149
<b>SCHEDULE - 15</b>				
<b>Staff Costs</b>				
Salaries/Wages, Incentives and Bonuses	277,178,603		166,535,933	
Contribution to Provident and other Funds	15,940,584		14,617,946	
Staff Welfare Expenses	6,646,090		5,548,731	
ESOS Compensation Expenses (Refer Note no. 8 of Schedule 18.)	-		3,286,437	
Other Employment Expenses	46,376,626		14,055,118	
		306,091,903		224,664,165
<b>SCHEDULE - 16</b>				
<b>Administrative &amp; Other Expenses</b>				
Lease and Commission Fees	791,590,738		186,623,667	
Electricity, Power and Fuel	107,233,863		72,557,060	
Repairs and Maintenance			1,302,791	
- Building	2,397,657			
- Plant and Machinery	56,328,664		21,518,609	
- Others	4,769,459		3,837,405	
Insurance	5,568,764		6,982,010	
Advertising, Marketing and Sales Promotion Expenses	117,888,618		107,508,625	
Rates and Taxes	6,100,590		5,017,295	
Travelling Expenses	10,740,574		24,514,067	
Auditor's remuneration	-		-	
Audit Fees	1,800,000		1,100,000	
Tax Audit Fees	200,000		200,000	
Legal Matters	150,000			
Other Matters			107,622	
Service tax thereon	765,740		398,702	
Legal and Professional Fees	17,851,788		8,901,257	
Brokerage Expenses	6,345,787		867,989	
Packing Expenses	17,881,878		12,706,307	
Security Expenses	53,076,112		12,182,252	
Telephone Expenses	13,322,444		9,325,372	
Charges on credit card transactions	1,869,704		6,698,056	
Printing and Stationery Expenses	10,111,678		8,749,851	
Housekeeping Expenses	42,282,941		6,369,002	
Project Expenses for Closed stores	10,708,113			
Loss on Sale/Disposal of Assets	4,197,719		822,566	
Fixed Assets/Capital Work in progress written off	14,950,767			
Bad Debt written off	15,543,429			
Sundry Balances written off	28,914,932			
Provision for Doubtful Advances	112,656,390			
Other Expenses	95,08,156		9,798,508	
		1,071,405,329		513,888,915
<b>SCHEDULE - 17</b>				
<b>Interest</b>				
Interest on Loans	7,518,646		26,478,102	
Interest on Other Corporate Deposits	92,477,261		14,794,723	
Interest on Cash Credit	23,141,155		18,125,428	
Bank Charges	9,567,175		7,483,499	
		1,38,704,237		61,878,812

**Schedule 18****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008****A. Significant Accounting Policies****(i) Basis of Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis and comply in all material aspect with applicable accounting principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**(ii) Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. In case of fixed assets and software acquired for new projects/expansion, interest cost on borrowings and other related expenses up to the date of completion of projects incurred towards acquiring such fixed assets are capitalized.

**(iii) Depreciation & Amortization**

Depreciation on fixed assets is provided on straight-line basis at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. Depreciation on additions/deductions of assets during the year is provided on pro-rata basis. Software costs are amortized over a period of six years for which the Company expects the benefit to accrue.

**(iv) Revenue Recognition**

Revenue is recognized only when there is no significant uncertainty as to the measurability/collectability of the amounts. Sales are net of sales tax, value added tax, discounts and returns. Sales include "Sales on Consignment" basis. Dividends on investments are recognized as income as and when the right to receive the same is established. Interest income is recognized on accrual basis. Claims are accounted only when there is reasonable certainty of its ultimate collection.

**(v) Inventories**

Inventories are valued at weighted average cost, or estimated net realizable value, whichever is lower. Cost, for this purpose includes purchase price, freight & all other direct costs incurred in bringing the inventory to its present location & condition.

**(vi) Provision for Shrinkages/Shortages**

Provisions for Shrinkages/Shortages are charged to the Profit and Loss account based on past experience & management estimates. Actual shrinkages/shortages are adjusted against such provisions.

**(vii) Foreign Currency Transactions**

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations are accounted for in the Profit and Loss account.

**(viii) Deferred Tax Liability / Asset**

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the rate of tax enacted /substantively enacted by the Balance Sheet date, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized on prudence basis.

**(ix) Customer Loyalty Club**

As per the Company's customer loyalty program (Piramyd Power Club, Trusmart), points awarded to customers can be redeemed for a gift voucher of an equivalent amount or against special gift articles. The value of these points is accounted for in the year in which they are redeemed.

**(x) Impairment of Fixed Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units.

**(xi) Investments**

Investments are classified into current and long-term investments. Long-term investments are carried at cost. Provision for diminution, if any, is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value. Any reduction in fair value and reversals of such reduction are included in Profit and Loss account.

**(xii) Retirement benefits**

Contributions to defined contribution schemes such as Provident Fund, Superannuation etc. are charged to the Profit and Loss account as incurred. The Company also provides for retirement/post-retirement benefits in the form of gratuity and leave encashment. Such defined benefits are charged to the Profit and Loss account based on valuations, as at the balance sheet date, made by independent actuaries.

**(xiii) Employees' Stock Option Scheme**

The Company has formulated an Employees' Stock Option Scheme (ESOS) which provides for grant of options to employees to acquire the equity shares of the Company that vests in a graded manner and that are to be exercised within a specified period. The excess of the intrinsic/fair value of shares on the date prior to the grant of options under ESOS over the exercise price is charged to the Profit & Loss account over the vesting period of the options granted. The Option value in respect of Options which are lapsed/ expired during the year is written back to Profit & Loss account.

**(xiv) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the company has a present obligation as a result of past events and it is more likely that an outflow of economic resource will be required to settle the obligation and the amount can be reliably estimated. Contingent liabilities are disclosed by way of note to financial statements. Contingent Assets are not recognised in the financial statements.

**B. Notes forming part of accounts**

**1. Investments**

Investments purchased and sold during the year:

Name of the Investment	2007-08		2006-07	
	Units Purchased	Units Sold	Units Purchased	Units Sold
LIC MF Liquid Fund	--	--	21,513,534	23,284,552
Stanchart Chartered Liquidity Manager	--	--	101,328	101,328
DSP MI Liquidity Fund Institutional Plan	--	--	108,092	108,092
DSP MI Liquid Plus Institutional Plan	--	--	80,870	80,870
Birla Cash Plus	--	--	9,156	9,156
Reliance Power Ltd	285,792	285,792	--	--
Reliance Communication Ltd	815,000	815,000	--	--
FUTIDX NIFTY 27-MAR-08	200,000	200,000	--	--
Reliance Industries Ltd	100,000	100,000	--	--

**2. Segment Reporting**

The Company is engaged only in the retail business in India and follows only one reportable segment and therefore segment wise reporting as per AS 17 issued by The Institute of Chartered Accountants of India is not applicable.

### 3. Contingent Liabilities/Capital Commitments

	Amount in Rs.	
	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007
Bank Guarantees	12,000,000	18,500,000
Capital Commitments	79,605,784	63,374,832

### 4. Value of Imports calculated on CIF basis :

	Amount in Rs.	
	2007-08	2006-07
Finished Goods	4,483,552	9,490,175

### 5. Provision for Shrinkages/Shortages

	Amount in Rs.	
	2007-08	2006-07
Opening Balance	1,671,122	5,138,582
Additions	10,955,915	1,671,122
Paid	-	215,819
Utilized	600,831	4,922,763
Closing Balance	12,026,206	1,671,122

### 6. Future Lease Payments

The future minimum lease payments under non-cancellable operating leases are as under:

Particulars	Amount in Rs.	
	As at 31 <sup>st</sup> March 2008	As at 31 March 2007
Up to One year	300,899,058	241,571,154
One to Five years	593,433,212	775,007,632
Later than Five years	-	-
<b>Total</b>	<b>894,332,270</b>	<b>1,016,578,786</b>

### 7. Payments in Foreign Currency

Particulars	Amount in Rs.	
	As at 31 <sup>st</sup> March 2008	As at 31 March 2007
Travel	1,381,337	233,385
ERP Implementation	16,115,986	22,076,414
Project	-	7,364,967
Consultancy/Design	-	-
<b>Total</b>	<b>17,497,323</b>	<b>29,674,766</b>

## 8. Employees Stock Option Scheme (ESOS)

The Company had issued two Employees Stock Option Schemes as under:

(1) As per the ESOS dated 5<sup>th</sup> December, 2005, 202,350 options were granted to eligible employees at Rs.62 per share. The intrinsic value of the option was Rs.58 per option which was the difference between the issue price of the Initial Public Offering concluded prior to the date of grant of options of Rs. 120 per share and exercise price of Rs.62 per option.

Sr. No.	% of options vested	Vesting date
1	25 %	5 <sup>th</sup> Dec. 06
2	35 %	5 <sup>th</sup> Dec. 07
3	40%	5 <sup>th</sup> Dec. 08
	<b>100%</b>	

Of these options granted, 171,000 options have lapsed on resignation of employees and balance 31,350 is outstanding as on March 31, 2008. Out of the total ESOS compensation liability of Rs 4,567,500 as of March 31, 2007, the liability of Rs 2,749,200 is written back due to expiry of options or resignation of employees. During the year, Rs 1,347,381 charged as an ESOS compensation expense in the earlier years was written back due to the resignation of employees.

(2) As per the ESOS dated 03<sup>rd</sup> October 2006, 138,500 options were granted to eligible employees at Rs.85 per share. The intrinsic value of the option was Rs.7.75 per option which was the difference between the latest market price prior to the date of grant of option and exercise price of Rs. 85 per Option.

Sr. No.	% of options vested	Vesting date
1	25%	30 <sup>th</sup> Sept. 07
2	30%	30 <sup>th</sup> Sept. 08
3	45%	30 <sup>th</sup> Sept. 09
	<b>100%</b>	

All these options have lapsed on resignation of employees during the year & correspondingly total ESOS compensation liability of Rs.1,050,125 as of March 31, 2007 is written back. During the year, Rs 284,828 charged as an ESOS compensation expense in the earlier year was written back due to the resignation of employees.

## 9. Earnings/(Loss) per Share (Basic and Diluted)

Particulars		As at 31 <sup>st</sup> March 2008	As at 31 March 2007
Net Profit/(Loss) After Tax attributable to equity shareholders (A)	Rs. Lacs	(1,289,313,083)	(478,053,341)
Total number of weighted average equity shares Basic EPS Calculation (B)	Lacs	20,000,000	20,000,000
Basic & Diluted Earnings Per Share (A/B)	Rs.	(64.47)	(23.90)

## 10. Micro, Small and Medium enterprises

The Company has an identified outstanding amount of Rs. 8,200,738 to Micro, Small and Medium enterprises, outstanding for more than 45 days & the list of enterprises is as follows:

Sr. No.	Party Name
1	Gupta Fabtex Pvt. Ltd.
2	Ncha Creations
3	Ackays
4	M/s Dixon Knitwears
5	Just Natural
6	V.P.Oswal Hosiery Factory
7	Active Leather
8	M/s Singla Knit Fashion
9	Chitralaya Banian Company
10	Khanna Knitwears

## 11. Deferred Tax Asset / (Liability)

Major components of Deferred Tax Asset are as follows:

Particulars	As at 31st March 2008	As at 31st March 2007
Provision for Gratuity & Leave Encashment	2,165,322	1,942,003
Preliminary Expenses	6,412,947	9,464,442
<b>Total</b>	<b>8,578,269</b>	<b>11,406,445</b>

As a measure of prudence the deferred tax assets comprising of unabsorbed depreciation, carried forward business losses amounting to Rs. 638,981,892 and consequently the relevant deferred tax liability of accelerated depreciation amounting to Rs.61,762,741 have not been recognized in the financial statements

### 12. Managerial Remuneration

Particulars	Amount in Rs.	
	2007-08	2006-07
Salary and Other Allowances	4,600,000	4,800,000
Contribution to Provident Fund/Superannuation	912,000	1,296,000

### 13. Impairment of Fixed Assets

The Company has reviewed the impairment loss, if any relating to diminution in value of its fixed assets of its cash generating units. Based on the aforesaid review, the Company is of the opinion that there is no impairment of any of its fixed assets at any of its cash generating units as at 31 March 2008.

### 14. Quantitative details

(As taken, valued and certified by the management) (Amount in Rs.)

	Sales		Purchases		Opening Stock		Closing Stock	
	Qty*	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Apparel/Household Items etc.	1,09,801	1,38,30,038	78,75,496	1,16,708,609	991,831	485,464,573	1,308,317	545,469,651
	(1,00,411)	(1,09,78,674)	(1,53,921)	(1,030,483,460)	(817,850)	(388,770,395)	(991,831)	(485,464,573)
Others		518,187,005		530,957,482		59,104,107		97,255,307
		(1,11,13,978)		(798,340,135)		(135,570,578)		(59,104,107)
<b>Total</b>	<b>2,329,860</b>	<b>1,914,890,093</b>	<b>2,825,496</b>	<b>1,697,666,061</b>	<b>991,831</b>	<b>544,568,630</b>	<b>1,308,317</b>	<b>642,724,958</b>
	(2,010,313)	(1,518,698,562)	(2,252,199)	(1,328,823,595)	(817,850)	(424,340,973)	(991,831)	(544,568,630)

\* The company having dealt in a large number of products, the quantitative information has been furnished only in respect of major items namely Apparels and Household items. Other items are grouped together, as quantitative information in respect of each product is not practical to ascertain in view of nature of retailing operation of the Company.

### 15. Employee Benefits:

The Company has adopted Accounting Standard (AS - 15) (Revised 2005) "Employee Benefits" effective from April 01, 2007. Consequent to the adoption and in accordance with the transitional provision of the Accounting Standard, the transitional liability accounted in books is Rs. NIL.

The Company has classified the various benefits provided to employees as under:

## I. Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employees' State Insurance
  - ii. Employers' Contribution to Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trustees of the Life Insurance Corporation. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income tax authorities.

The Company has recognised the following amounts in Profit and Loss Account:

	Year Ended March 31, 2008
	Amount in Rs.
Employer's contribution to Provident Fund	13,490,367
Employer's contribution to Superannuation Fund	360,000
Employer's contribution to Employees State Insurance	2,425,120
Employer's contribution to Employees' Pension Scheme 1995	*

\* Included in Employer's contribution to Provident Fund

## II. Defined Benefit Plans

- a. Contribution to Gratuity Fund (Non - Funded Scheme)
- b. Leave Encashment (Non - Funded Scheme)

Leave encashment is payable to eligible employees who have earned leaves during the employment and/or on separation as per the company's policy.

Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Discount Rate (per annum)	8%
Rate of increase in compensation levels (per annum)	5%
Rate of return on Plan Assets (for Funded Scheme)	NA
Expected Average remaining working lives of the employees (years)	32 years

**A. Change in the Present Value of Obligation**

	Year Ended March 31, 2008	
	Gratuity (Amount in Rs.)	Leave Encashment (Amount in Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	2,012,218	3,701,236
Interest Cost	270,722	254,321
Current Service Cost	1,388,258	1,207,114
Benefits Paid	(32,900)	(3,458,672)
Actuarial (gain) / loss on Obligations	(1,214,602)	2,242,771
Present Value of Defined Benefit Obligation as at the end of the period	<b>2,423,696</b>	<b>3,946,770</b>

**B. Changes in the Fair Value of Plan Assets**  
(For Non-Funded Scheme)

	(Amount in Rs.)	
	Year Ended March 31, 2008 Gratuity	Year Ended March 31, 2008 Leave Encashment
Present Value of Plan Assets as at beginning of the period	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial gains / (losses)	-	-
Assets Distributed on Settlement	-	-
Fair Value of Plan Assets As at end of the period	-	-

**C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**

	Year Ended March 31, 2008 (Amount in Rs.)	Year Ended March 31, 2008 (Amount in Rs.)
	Gratuity	Leave Encashment
Present Value of Funded Obligation as at end of the period	-	-
Fair Value of Plan Assets as at end of the period	-	-
<b>Funded Asset recognised in the Balance Sheet</b>	-	-
Included in provision (Schedule )	-	-
Present Value of Unfunded Obligation as at end of the period	-	-
Unrecognised Actuarial gains / (losses)	-	-
<b>Unfunded Liability recognised in the Balance Sheet</b>	<b>2,423,696</b>	<b>3,946,770</b>
Included in provision (Schedule )	-	-

**1. Amount recognised in the Balance Sheet (Non-Funded Scheme)**

	Year Ended March 31, 2008	
	Gratuity (Amount in Rs.)	Leave Encashment (Amount in Rs.)
Present Value of Defined Benefit Obligation as at the end of the period	2,423,696	3,946,770
Fair Value of Plan Assets As at at end of the period	-	-
Liability / (Net Asset) recognised in the Balance Sheet	2,423,696	3,946,770

### 2. Expenses recognised in Profit and Loss Account (Non-Funded)

	Year Ended March 31, 2007	
	Gratuity (Amount in Rs.)	Leave Encashment (Amount in Rs.)
Current Service Cost	1,388,258	1,207,114
Past Service Cost	-	-
Interest Cost	270,722	254,321
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	(32,900)	-
Net Actuarial (gain) / Loss recognised in the Period	(1,214,602)	2,242,771
<b>Total Expenses recognised in the Profit And Loss Account*</b>	<b>411,478</b>	<b>3,704,206</b>

### 3. Actual Return on Plan Assets

	Year Ended March 31, 2008 (Amount in Rs.)
Expected Return on Plan Assets	-
Actuarial gain / (losses) on Plan Assets	-
<b>Actual Return on Plan Assets</b>	-

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long-term government bonds is taken as reference for this purpose.

### 16. (Increase)/ Decrease in Inventories:

(Increase) / Decrease in Inventories includes adjustments for inventory written off amounting to Rs. 108,980,815 (Previous Year : Rs. 14,889,267).

### 17. Related party transactions

Following were the transactions with related parties:

Particulars	Relationship	Amount in Rs	
		2007-08	2006-07
<b>Lease rent on assets</b>			
Piramyd Retail & Merchandising Ltd	Private Associate	-	-8,105,000
<b>Service fees</b>			
Peninsula Land Limited	Associate	-	-8,862,000

<b>Reimbursements of expenditure(net)</b>			
Ashok Piramal Management Corporation Ltd.	Associate	27,223	- 954,040
Miranda Tools	Associate	---	355,224
Peninsula Land Limited	Associate	730,218	- 404,047
<b>Corporate Service fees</b>			
Ashok Piramal Management Corporation Ltd.	Associate	--	-3,816,690
<b>Concessionaire income</b>			
Peninsula Land Limited	Associate		3,886,488
<b>Interest on Others</b>			
Creole Holdings Company Private Limited	Associate	--	-642,055
PMP Components Private Limited	Associate	--	-540,822
Renato Finance & Investment Private Limited	Associate	--	-383,082
Dawn Mills Co. Limited	Associate	--	-610,274
Indiabulls Wholesale Services Ltd	Holding Co.	-43,434,674	--
<b>Project Mgt. Consultancy fee</b>			
Peninsula Land Limited	Associate	--	-9,286,929
<b>Sale consideration of property</b>			
Peninsula Land Limited	Associate	--	200,000,000
<b>Deposit taken</b>			
Indiabulls Wholesale Services Ltd	Holding Co.	-1,590,782,454	--

Negative figures indicate expense/ liability.

The Company does not have any subsidiaries.

Receivables as at 31 March 2008 include Rs 355,224 (P.Y Rs. 355,224) due from Miranda Tools, Rs 136,064 (P.Y Rs.108,841) due from Ashok Piramal Management Corporation and Rs. 196,290 (P.Y Rs 81,649) due from Crossroads Shoppertainment Private Limited. Payables as at 31 March 2008 includes amounts due to Peninsula Land Limited of Rs. 12,329,800 (P.Y Rs 14,569,816) and 1,634,217,128 (P.Y. Rs. Nil.) due to Indiabulls Wholesale Services Ltd.

Related party relationships are as identified by the management and relied upon by the auditors.

18. In the month of January 2008, Indiabulls Wholesale Services Limited, a 100% subsidiary of Indiabulls Real Estate Limited has acquired 63.92% of the equity share capital of the Company from the existing promoters in terms of Share Purchase Agreement dated December 8, 2007 and Public Announcement dated December 9, 2007 and in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, pursuant to which Indiabulls Wholesale Services Limited (acquirer) and Indiabulls Real Estate Limited (PAC) had made an Open Offer to the public shareholders of the Company to acquire up to 20% of the voting capital of the Company at an offer price of Rs 74.73 per share. In the Open Offer which concluded on 10th April 08, the acquirer purchased 310 shares from the investors.

19. Figures of the previous year are regrouped and reclassified wherever necessary to confirm to the figures of the current year.

**For and on behalf of the Board of Directors of Piramyd Retail Limited**

  
Ikroop Singh Kehal  
Whole Time Director

  
Udesh Jha  
Director

  
Vikas Khandelwal  
Company Secretary

Place : Mumbai  
Date : 30<sup>th</sup> April, 2008.

Piramyd Retail Limited  
Cash Flow Statement for the year ended 31st March 2008

	Year ended 31 March 2008	Year ended 31 March 2007
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	(1,281,366,190)	(480,628,051)
Adjustments for :		
Depreciation	74,995,253	59,981,155
Interest Expense	138,707,777	61,878,812
Interest/Dividend Income	(151,680)	(7,467,109)
Gain on Sale of Investments	(7,109,120)	-
Liabilities written back	(5,296,548)	-
Sundry balances written back	(3,180,029)	-
Loss on sale / disposal of Fixed Assets	4,102,719	632,506
Gain on Sale of Fixed Assets	-	(21,980,062)
Fixed Assets/Capital Work in progress written off	34,150,767	-
Bad Debts written off	11,343,429	-
Sundry balances written off	18,914,932	-
Provision for doubtful advances	132,656,360	-
ESOS Compensation Expenses	-	3,286,437
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>(882,232,330)</b>	<b>(384,306,292)</b>
Adjustment For Changes In Working Capital :		
(Increase) / Decrease in Sundry Debtors	5,721,041	(20,712,143)
(Increase) / Decrease in Loans and Advances	(87,951,853)	(24,379,797)
(Increase) / Decrease in Inventories	(98,156,328)	(120,227,656)
(Increase) / Decrease in Other Current Assets	370,000,000	(363,042,684)
Increase / (Decrease) in Trade and Other Payables	190,357,284	197,455,421
<b>Cash Generated From Operations</b>	<b>(502,262,186)</b>	<b>(715,213,153)</b>
- Taxes Paid (Net of Refunds)	(5,118,717)	(4,644,515)
<b>Net Cash Used In Operating Activities ( A )</b>	<b>(507,380,903)</b>	<b>(719,857,668)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(249,807,211)	(369,680,818)
Proceeds from Sale of Assets	176,966	370,090,004
Capital Work in Progress (net)	25,475,692	25,994,800
Purchase / Sale of Investments(net)	7,109,120	-
Interest/Dividend Income	151,680	7,467,109
<b>Net Cash (Used In) / From Investing Activities ( B )</b>	<b>(216,893,753)</b>	<b>33,871,095</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of investments	-	16,693,481
Repayment of Long Term Borrowings	(299,000,000)	(10,000,000)
Proceeds from Unsecured Loans	1,204,152,454	386,630,000
Proceeds from Cash Credits	(60,563,171)	47,904,047
Payment of Preliminary Expenses	-	(4,559,551)
Interest Paid	(138,707,777)	(61,878,812)
<b>Net Cash From Financing Activities ( C )</b>	<b>714,881,506</b>	<b>374,789,165</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents ( A ) + ( B ) + ( C )</b>	<b>(9,393,150)</b>	<b>(311,197,408)</b>
<b>Opening Cash and Bank Balance</b>	<b>18,735,600</b>	<b>329,933,008</b>
<b>Cash and Cash Equivalents as at 31 March 2008</b>	<b>9,342,450</b>	<b>18,735,600</b>
<b>Cash and Cash Equivalents Comprise</b>		
Cash and Cheques on hand	8,209,632	9,482,529
Balance with Scheduled Banks	1,132,818	9,253,071
	<b>9,342,450</b>	<b>18,735,600</b>

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 issued by The Institute of Chartered Accountants of India.

As per our attached report of even date  
For Haribhakti and Co  
Chartered Accountants



Chetan Desai  
Partner

Place Mumbai  
Date 30th April, 2008

For and on behalf of Piramyd Retail Limited

Vikas Khandelwal  
Company Secretary

Uday Singh Kehal  
Whole Time Director

Uday Singh Kehal  
Director

**Piramyd Retail Limited**  
**Balance Sheet Abstract and Company's General Business Profile**

I. Registration Details

State Code

Balance Sheet Date

Date                      Month                      Year

II. Capital Raised during the year (Amount in Rs. thousands)

Public Issue <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds

Total Liabilities <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/>	Total Assets <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/>
<b>Sources of Funds</b>	<b>Reserves &amp; Surplus</b>
Paid up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="8"/>
Secured Loans <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="2"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/>
<b>Application of Funds</b>	<b>Investments</b>
Net Fixed Assets <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="5"/>	Miscellaneous Expenditure <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Asset <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="8"/>	Accumulated Losses <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/>

IV. Performance of Company (Amount in Rs thousands)

Turnover <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="7"/>	Total Expenditure <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="3"/>
+ - Profit/Loss Before Tax <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="6"/>	+ - Profit/Loss After Tax <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="3"/>
Earning per share in Rs. (Weighted) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="7"/>	Dividend Rate % <input type="text" value=""/> <input type="text" value="0"/>

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No                 

Product Description         

Schedules referred to above and Notes attached thereto form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors of  
**PIRAMYD RETAIL LIMITED**

  
 Iktrop Singh Kehal  
 Whole Time Director  
 Place : Mumbai  
 Date : 30<sup>th</sup> April, 2008.

  
 Udesh Jha  
 Director

  
 Vikas Khandelwal  
 Company Secretary

**b) Year ended March 31, 2009**

Indiabulls Retail Services Limited (Formerly known as Piramyd Retail Limited) Balance Sheet as at March 31, 2009			
(Amount in Rupees)			
	Schedule	As at March 31, 2009	As at March 31, 2008
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	200,000,000	200,000,000
Employees' Stock options outstanding (Refer Note B 7 of Schedule 20)		-	1,654,228
Reserves and Surplus	2	1,062,033,695	1,062,033,695
		<b>1,262,033,695</b>	<b>1,263,687,923</b>
<b>Loan Funds</b>			
Secured Loans	3	-	172,142,097
Unsecured Loans	4	2,054,057,963	1,639,374,831
		<b>2,054,057,963</b>	<b>1,811,516,928</b>
<b>Total</b>		<b>3,316,091,658</b>	<b>3,075,204,851</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	765,434,710	1,021,578,622
Less : Accumulated Depreciation (including amortization)		178,319,194	133,436,469
Net Block		<b>587,115,516</b>	<b>888,142,153</b>
Capital work-in-progress (including capital advances)		-	151,288,736
		<b>587,115,516</b>	<b>1,039,430,889</b>
<b>Deferred Tax Assets</b> (Refer Note B 10 of Schedule 20)			
		-	8,578,269
<b>Investments</b>			
	6	15,527,240	-
<b>Current Assets, Loans and Advances</b>			
Inventories	7	166,989,400	630,698,752
Sundry Debtors	8	3,142,648	19,243,357
Cash and Bank Balances	9	6,015,630	9,342,450
Loans and Advances	10	126,663,121	268,269,675
		<b>302,810,799</b>	<b>927,554,234</b>
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	11	332,859,922	735,685,789
Provisions	12	1,532,614	6,800,894
		<b>334,392,536</b>	<b>742,486,683</b>
<b>Net Current Assets</b>		<b>(31,581,737)</b>	<b>185,067,551</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>2,745,030,639</b>	<b>1,842,128,142</b>
<b>Total</b>		<b>3,316,091,658</b>	<b>3,075,204,851</b>
<b>Significant accounting policies and notes forming part of the financial statements</b>			
	20		

As per our report of even date  
For Ajay Sardana Associates  
Chartered Accountants

Ajay Sardana  
Partner  
Membership No. 0899



For and on behalf of the board

Shamsher Singh  
Director

Mehul CC Jhonson  
Director

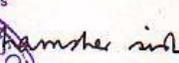
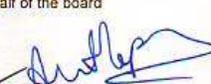
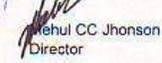
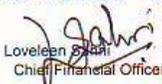
Anil Lepps  
Whole-Time Director

Loveleen Sahni  
Chief Financial Officer

Vikas Khandelwal  
Company Secretary

Place : Gurgaon  
Date : June 30, 2009

Place : Gurgaon  
Date : June 30, 2009

Indiabulls Retail Services Limited (Formerly known as Piramyd Retail Limited)			
Profit and Loss Account for the year ended March 31, 2009			
(Amount in Rupees)			
	Schedule	Year ended March 31, 2009	Year ended March 31, 2008
<b>Income</b>			
Sales and Operating Income	13	970,996,430	1,853,214,252
Other Income	14	113,949,516	129,182,233
<b>Total</b>		<b>1,084,945,946</b>	<b>1,982,396,485</b>
<b>Expenditure</b>			
Cost of goods sold	15	732,821,842	1,610,465,648
Direct Costs	16	15,310,361	62,096,765
Employee Remuneration and Benefits	17	126,934,462	306,091,903
Administrative and other expenses	18	871,495,520	1,071,405,329
Interest and Finance Charges	19	142,124,501	138,707,777
Depreciation (including amortization, and impairment charge)		88,697,913	74,995,253
		<b>1,977,384,599</b>	<b>3,263,762,675</b>
<b>Loss Before Tax</b>		<b>(892,438,653)</b>	<b>(1,281,366,190)</b>
Provision for Taxation			
a) Current Tax			
b) Deferred Tax		(8,578,269)	(2,828,176)
c) Fringe Benefits Tax		(1,885,575)	(5,118,717)
<b>Loss After Tax</b>		<b>(902,902,497)</b>	<b>(1,289,313,083)</b>
Add: Balance of loss brought forward from previous year		(1,842,128,142)	(552,815,059)
Balance carried forward to Balancesheet		<b>(2,745,030,639)</b>	<b>(1,842,128,142)</b>
<b>Earnings per share -Basic and Diluted</b> (Refer Note B 9 of Schedule 20)			
Basic (Rs.)		(45.15)	(64.47)
Diluted (Rs.)		(45.15)	(64.47)
Face value per Share (Rs.)		10	10
<b>Significant accounting policies and notes forming part of the financial statements</b>	20		
<p>As per our report of even date For and on behalf of the board</p> <p>For Ajay Sardana Associates Chartered Accountants</p> <p> Shamsheer Singh Director</p> <p> Anil Lepps Whole-Time Director</p> <p> Vikas Khandelwal Company Secretary</p> <p> Mehul CC Jhonsan Director</p> <p> Loveleen Bhat Chief Financial Officer</p> <p>Place : Gurgaon Place : Gurgaon Date : June 30, 2009 Date : June 30, 2009</p>			

Indiabulls Retail Services Limited (Formerly known as Piramyd Retail Limited) Schedules forming part of the Balance sheet as at March 31, 2009		
	(Amount in Rupees)	
	As at March 31, 2009	As at March 31, 2008
<b>Schedule 1 : Share Capital</b>		
<b>Authorised:</b> 21,000,000 (Previous Year 21,000,000) equity shares of Rs 10 each	210,000,000	210,000,000
<b>Issued, Subscribed and Paid Up</b> 20,000,000 Equity Shares ( Previous Year 20,000,000 ) of Rs 10 each fully paid up. Of the above, 12,783,310 (previous year 12,783,000) equity shares of face value of Rs 10 each are held by Indiabulls Wholesale Services Limited, the Holding Company.	200,000,000	200,000,000
<b>As Per Balance Sheet</b>	<b>200,000,000</b>	<b>200,000,000</b>
<b>Schedule 2 : Reserves and Surplus</b>		
Securities Premium Account	1,062,033,695	1,062,033,695
<b>As Per Balance Sheet</b>	<b>1,062,033,695</b>	<b>1,062,033,695</b>
<b>Schedule 3 : Secured Loans</b>		
Short term loan from Banks		
Cash Credit Facility (Secured by way of hypothecation of Current Assets, Fixed Assets and Book Debts) (Refer Note B 2 of Schedule 20)	-	172,142,097
<b>As Per Balance Sheet</b>	<b>-</b>	<b>172,142,097</b>
<b>Schedule 4 : Unsecured Loans</b>		
Short Term Loans and advances from others		
-From Fellow Subsidiary Company	1,000,000,000	-
-Interest Accrued and due thereon	33,765,657	-
	<b>1,033,765,657</b>	<b>-</b>
-From Holding Company	922,800,000	1,590,782,454
-Interest Accrued and due thereon	97,492,306	49,592,377
	<b>1,020,292,306</b>	<b>1,639,374,831</b>
<b>As Per Balance Sheet</b>	<b>2,054,057,963</b>	<b>1,639,374,831</b>
<b>Schedule 6 : Investments</b>		
Current Investments (at cost or fair value whichever is lower)		
In Units of Mutual Funds - (Non Trade, Un-quoted) In 1,414,126 (Previous Year Nil) Units of LICMF Liquid Fund - Dividend Plan at an NAV of Rs.10.99 per unit (previous year Rs. Nil per unit) ( Refer Note B 4 of Schedule 20)	15,527,240	-
<b>As Per Balance Sheet</b>	<b>15,527,240</b>	<b>-</b>
Aggregate Book Value of Un-Quoted investments	15,527,240	-
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market value of Quoted Investments	-	-
<b>Schedule 7 : Inventories (as taken, valued and certified by Management)</b>		
Finished Goods	205,109,825	642,724,958
Less: Provision for shrinkages and shortages (Refer Note B 5 of schedule 20)	(38,120,425)	(12,026,205)
<b>As Per Balance Sheet</b>	<b>166,989,400</b>	<b>630,698,752</b>
<b>Schedule 8 : Sundry Debtors</b>		
(Unsecured, considered good, unless otherwise stated)		
(a) Debts outstanding for a period exceeding six months		
Considered Good	809,667	8,049,582
Considered Doubtful	4,583,095	3,186,386
	<b>5,392,762</b>	<b>11,235,968</b>
Less : Provision for doubtful debts	(4,583,095)	(3,186,386)
	<b>809,667</b>	<b>8,049,582</b>
(b) Other Debts (Considered Good)	2,332,961	11,193,775
<b>As Per Balance Sheet</b>	<b>3,142,648</b>	<b>19,243,357</b>

Indiabulls Retail Services Limited (Formerly known as Pyramid Retail Limited) Schedules forming part of the Balance Sheet as at March 31, 2009		
	(Amount in Rupees)	
	As at March 31, 2009	As at March 31, 2008
<b>Schedule 9 : Cash and Bank Balances</b>		
Cash on Hand	763,935	8,209,632
Balance with Scheduled Banks :		
In Current Accounts	901,195	1,132,818
In Fixed Deposit Accounts (Refer Note B 3(a) of Schedule 20)	4,350,500	-
<b>As Per Balance Sheet</b>	<b>6,015,630</b>	<b>9,342,450</b>
<b>Schedule 10 : Loans and Advances</b> (Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	34,983,909	47,859,760
Considered Doubtful	120,156,002	155,877,689
	155,141,911	203,737,469
Less: Provision for Doubtful advances	120,156,002	155,877,689
	34,983,909	47,859,760
Tax Deducted at Source	31,397,973	22,524,746
Security Deposits:		
Considered Good	60,281,239	197,885,149
Considered Doubtful	69,425,287	14,705,034
	129,706,526	212,590,183
Less: Provision for Doubtful Deposits	69,425,287	14,705,034
	60,281,239	197,885,149
<b>As Per Balance Sheet</b>	<b>126,663,121</b>	<b>268,269,675</b>
<b>Schedule 11 : Current Liabilities</b>		
Sundry Creditors (Refer Note B 21 of Schedule 20)		
Dues to Micro, Small and Medium Enterprises	4,836,762	12,815,776
Dues to others	286,471,732	686,990,313
Expenses Payable	742,644	10,715,319
Other Liabilities	40,808,784	25,174,381
<b>As Per Balance Sheet</b>	<b>332,859,922</b>	<b>735,685,789</b>
<b>Schedule 12 : Provisions</b>		
Provision for Gratuity (Refer Note B 13 of Schedule 20)	831,978	2,423,697
Provision for Compensated Absences (Refer Note B 13 of Schedule 20)	700,636	3,946,772
Provision for Fringe Benefits Tax [Net of Advance tax Rs. 1,805,575 (Previous Year: Rs. 5,118,717)]	-	430,425
<b>As Per Balance Sheet</b>	<b>1,532,614</b>	<b>6,800,894</b>

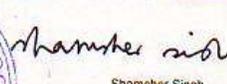
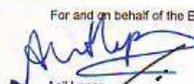
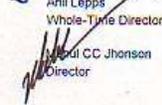
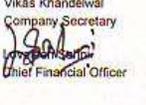
**Indiabulls Retail Services Limited**  
(Formerly known as Pirumyd Retail Limited)  
Schedules forming part of the Balance Sheet as at March 31, 2009

Description	Gross Block (At Cost)				Accumulated Depreciation/Amortization / Impairment*		(Amount in Rupees)	
	As at April 01, 2008	Additions During the Year	Adjustments / Sales During the year	As at March 31, 2009	As at April 01, 2008	Provided during the year	At March 31, 2009	As at March 31, 2009
<b>A) Tangible Assets</b>								
Plant and Machinery	242,788,449	21,227,895	119,892,130	144,954,144	16,158,392	10,365,063	18,409,119	226,650,067
Furniture and Fixtures	593,385,013	66,099,299	298,088,200	413,396,052	65,138,791	38,461,061	71,456,094	518,248,722
Leasehold Intangibles	91,165,836	3,165,836	8,165,836	718,730	21,165,836	13,165,836	37,081,343	662,83,987
Vehicles	715,643	11,638	44,551	718,730	168,965	68,165	178,168	88,168
<b>Total</b>	<b>908,275,070</b>	<b>92,118,234</b>	<b>383,203,655</b>	<b>637,850,339</b>	<b>102,604,246</b>	<b>62,692,249</b>	<b>127,176,584</b>	<b>808,672,424</b>
<b>B) Intangible Assets</b>								
Goodwill	113,301,952	15,895,697	1,753,268	127,544,371	30,852,233	19,893,286	51,122,010	76,401,761
<b>Total</b>	<b>113,301,952</b>	<b>15,895,697</b>	<b>1,753,268</b>	<b>127,544,371</b>	<b>30,852,233</b>	<b>19,893,286</b>	<b>51,122,010</b>	<b>76,401,761</b>
<b>Grand Total</b>	<b>1,021,576,922</b>	<b>108,013,931</b>	<b>384,956,923</b>	<b>765,434,710</b>	<b>133,456,479</b>	<b>82,585,535</b>	<b>178,298,594</b>	<b>885,118,616</b>
Previous Year	812,754,989	249,807,211	40,993,509	1,021,576,922	55,766,596	74,892,253	1,33,436,469	886,142,153

\* Refer Note B 11 of Schedule 20

Indiabulls Retail Services Limited (Formerly known as Piramyd Retail Limited)		
Schedules forming part of the Profit and Loss Account for Year ended March 31, 2009 (Amount in Rupees)		
Particulars	Year ended March 31, 2009	Year ended March 31, 2008
<b>Schedule 13: Sales and Operating Income</b>		
Sales [Net of applicable VAT: 52,415,402 (Previous Year 136,032,550)]	965,389,360	1,841,921,072
Sales of Consignment Merchandise	24,222,187	34,970,026
Cost of Consignment Merchandise	(18,615,117)	(23,676,846)
<b>As Per Profit and Loss Account</b>	<b>970,996,430</b>	<b>1,853,214,252</b>
<b>Schedule 14: Other Income</b>		
Income from store displays	11,415,256	11,120,964
Concessionaire Income	18,567,352	27,462,899
Miscellaneous Income (Refer note B 16 (iii) of Schedule 20)	80,250,970	74,860,993
Profit on Sale of Investments	-	7,109,120
Sundry Balances Written back (Net)	-	3,180,029
Expenses / Liabilities Written Back	2,465,742	5,296,548
Interest Income	1,218,877	151,680
[Tax deducted at source Rs.11,527 ( Previous Year: Rs. NIL)]		
Dividend on units of Mutual Funds	31,319	-
<b>As Per Profit and Loss Account</b>	<b>113,949,516</b>	<b>129,182,233</b>
<b>Schedule 15: Cost of Goods Sold</b>		
Purchases	457,295,855	1,708,621,976
(Increase)/Decrease in inventories	275,525,987	(98,156,328)
<b>As Per Profit and Loss Account</b>	<b>732,821,842</b>	<b>1,610,465,648</b>
<b>Schedule 16: Direct Costs</b>		
Octroi Charges	7,897,627	17,627,343
Security Tags	476,615	2,324,650
Barcoding and Soft Tags	598,238	1,258,786
Transportation Charges	5,781,409	15,385,261
Labour Charges	556,472	423,221
Warehouse Management fees	-	23,466,703
Custom Duty	-	1,173,940
Sampling Expenses	-	436,861
<b>As Per Profit and Loss Account</b>	<b>15,310,361</b>	<b>62,096,765</b>
<b>Schedule 17: Employees Remuneration and Benefits</b>		
Salaries	118,132,679	237,178,603
Staff Welfare Expenses	2,916,032	6,696,090
Contribution to Provident and Other Funds (Refer Note B 13 of Schedule 20)	5,885,751	15,940,584
Other Employment Expenses	-	46,276,626
<b>As Per Profit and Loss Account</b>	<b>126,934,462</b>	<b>306,091,903</b>

<b>Indiabulls Retail Services Limited</b> (Formerly known as Piramyd Retail Limited) Schedules forming part of the Profit and Loss Account for Year ended March 31, 2009 (Amount in Rupees)		
PARTICULARS	Year ended March 31, 2009	Year ended March 31, 2008
<b>Schedule 18: Administrative and Other Expenses</b>		
Electricity, Power and Fuel	48,100,242	107,253,863
Repairs and Maintenance		
Building	652,525	2,393,657
Plant and Machinery	14,607,289	56,328,664
Others	4,514,799	4,769,459
Rent including lease rentals (Refer Note B 6 of Schedule 20)	241,129,699	371,590,738
Rates and Taxes	1,171,416	6,100,590
Credit card charges	5,124,749	7,809,704
Insurance	3,454,051	5,568,764
House Keeping Charges	8,259,585	12,282,941
Security Charges	12,272,776	23,936,712
Legal and Professional Charges	8,667,323	10,946,207
Communication Expenses	8,882,914	15,565,379
Travelling and Conveyance Expenses	10,228,180	30,740,574
Auditors' Remuneration	2,121,923	4,321,321
Sundry Balances Written off	-	18,914,932
Printing expenses	5,000,234	27,992,916
Commission	41,000	8,392,496
Advertisement and Sales Promotion	46,585,283	137,886,618
Fixed Assets written off / discarded	299,900,156	34,150,767
Loss on Sale/Disposal of Fixed Assets	62,870,254	4,102,719
Provision for Doubtful Debts/Advances	83,331,990	132,656,360
Project Expenses for Closed stores	-	30,708,113
Bad Debts written off	-	11,343,429
Office Expenses	1,558,088	1,548,129
Miscellaneous Expenses	3,021,044	4,100,277
<b>As Per Profit and Loss Account</b>	<b>871,495,520</b>	<b>1,071,405,329</b>
<b>Schedule 19: Interest and Finance Charges</b>		
Interest on Loans	-	7,518,640
Interest on Inter Corporate Deposits	128,800,961	97,477,207
Interest on Cash Credit - Banks	10,855,127	24,142,155
Bank Charges	2,468,413	9,569,775
<b>As Per Profit and Loss Account</b>	<b>142,124,501</b>	<b>138,707,777</b>

Indiabulls Retail Services Limited (Formerly known as Piramyd Retail Limited) Cash Flow statement for the year ended March 31, 2009			
		(Amount in Rupees)	
	Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	Net (Loss) Before Tax and Extraordinary Items	(892,438,653)	(1,281,366,150)
	Adjustments for:		
	Depreciation / Impairment	88,697,913	74,995,253
	Interest Expense	142,124,501	138,707,777
	Interest Income	(1,218,877)	(151,680)
	Dividend Income of units of Mutual Funds (Non Trade)	(31,319)	-
	Gain on Sale of Investments	-	(7,109,120)
	Liabilities/ Expenses written back	(4,119,970)	(6,928,757)
	Sundry balances written off/back (Net)	(1,734,782)	15,734,903
	Loss on sale / disposal of Fixed Assets	62,870,254	4,102,719
	Fixed Assets Written off / Discarded	299,900,156	34,150,767
	Bad Debts written off / (Back)	-	11,343,428
	Provision for doubtful debts / advances	83,331,990	132,656,360
	Provision for Gratuity / Compensated absences written off / (written back)	(4,837,855)	1,028,169
	Provision for Shrinkages	68,884,029	-
	<b>Operating Profit/(Loss) before working capital changes</b>	<b>(158,572,613)</b>	<b>(882,836,370)</b>
	Adjustment for:		
	(Increase) / Decrease in Sundry Debtors	14,704,000	5,721,041
	(Increase) / Decrease in Loans and Advances	61,406,055	(87,951,853)
	(Increase) / Decrease in Inventories	394,825,323	(98,156,328)
	(Increase) / Decrease in Other Current Assets	-	370,000,000
	Increase / (Decrease) in Trade and Other Payables	(412,193,601)	176,724,147
	<b>Cash Generated From/ (Used in) Operations</b>	<b>(99,830,836)</b>	<b>(516,499,363)</b>
	Taxes Paid (Net)	(2,316,000)	(5,118,717)
	<b>Net Cash Generated From/(Used in) Operating Activities</b>	<b>(102,146,836)</b>	<b>(521,618,080)</b>
<b>B</b>	<b>Cash Flow From Investing Activities</b>		
	Proceeds from Sale of Assets	9,060,129	176,966
	Purchase of Fixed Assets	(42,514,702)	(249,807,211)
	(Increase)/Decrease in capital work - in - progress	-	25,475,692
	Purchase / Sale of Investments(net)	-	7,109,120
	Interest Income	1,218,877	151,680
	Dividend on units of Mutual fund (Non Trade)	31,321	-
	<b>Net Cash Generated From/(Used in) Investing Activities</b>	<b>(32,204,375)</b>	<b>(216,893,753)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	Repayment of Long Term Borrowings	(172,142,097)	(250,000,000)
	Proceeds from Unsecured Loans	2,182,859,999	2,043,439,200
	Repayment of Unsecured Loans	(1,850,842,454)	(839,288,746)
	Proceeds from Cash Credits from Banks	-	(60,563,171)
	Interest Paid	(13,323,817)	(124,470,600)
	<b>Net Cash Generated From/(Used in) Financing Activities</b>	<b>146,551,631</b>	<b>729,118,683</b>
<b>D</b>	<b>Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>12,200,420</b>	<b>(9,393,150)</b>
<b>E</b>	<b>Cash and Cash equivalents at the beginning of the year</b>	<b>9,342,460</b>	<b>18,735,600</b>
<b>F</b>	<b>Cash and Cash equivalents at the end of the year (D+E)</b>		
	Cash and Bank Balances	6,015,630	9,342,450
	Current Investments in units of Mutual funds	15,527,240	-
		<b>21,542,870</b>	<b>9,342,450</b>
1 Cash and Cash Equivalents as at the end of the year includes:			
	Cash on Hand	765,935	8,209,632
	In Current Accounts	901,195	1,132,818
	In Fixed Deposit Accounts *	4,350,500	-
	Current Investments in units of Mutual funds	15,527,240	-
		<b>21,542,870</b>	<b>9,342,450</b>
* Refer Note B 3 of Schedule 20			
2 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard-3 on Cash Flow Statements as notified under the Companies ( Accounting Standards) Rules, 2006, as amended.			
As per our report of even date For Ajay Sardana Associates Chartered Accountants		For and on behalf of the Board	
 Shamsheer Singh Director		 Anil Lepps Whole-Time Director	
 Ajay Sardana Partner Membership No 039011		 CC Johnson Director	
 Vikas Khandelwal Chief Financial Officer			
Place : Gurgaon Date : June 30, 2009		Place : Gurgaon Date : June 30, 2009	

**Schedule: 20**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009**

**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 ("GAAP") 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 GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at 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 reporting year in which the results are known / materialized.

**iii. Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes original cost of acquisition or installation, including incidental expenses related to such acquisition.

**iv. Depreciation / Amortization**

Depreciation on fixed assets is provided on straight-line basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Depreciation on additions/deductions of assets during the year is provided on pro-rata basis from/upto the date asset is put to use/discarded. Intangible assets are amortized over the expected useful life from the date the assets were available for use, as mentioned below:

Description of Assets	Estimated useful life
Software	Six Years

**v. Impairment of Assets**

At each balance sheet date, the Company assesses, based on internal or external factors, whether there is any indication that an asset may be impaired. 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.

**vi. 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.

**vii. Revenue Recognition**

- a) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- b) Retail sales and revenues are recognised on the delivery of goods/merchandise to customers, when:
  - i. the property in the goods is transferred for a price,
  - ii. significant risks and rewards have been transferred and,
  - iii. the Company retains no effective ownership control over the goods.
- c) Sales are net of Discounts, Sales Tax and Value Added Tax are reduced from Turnover.
- d) The property in goods/merchandise of third party sales counters located within the retail stores of the Company passes to the Company once a customer decides to purchase an item from such third party sales counters. The Company, in turn, sells such goods to the customer and revenue is accordingly, included under Sales and cost of such merchandise is disclosed separately in the Profit and Loss Account.
- e) The ownership in goods/merchandise of third parties under concessionaire arrangements does not pass to the Company. Concessionaire income earned from sales made by third parties under such arrangements is recognised in the Profit and Loss Account as Other Income under the head Concessionaire Income.
- f) Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted / displayed.

## Indiabulls Retail Services Limited

- g) Interest income from deposits is recognized on accrual basis.
- h) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- i) Profit on sale of investments is recognized on the date of the transaction of sale and is computed with reference to the cost of investments.

**viii. Inventories**

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

Goods / Merchandise received under concessionaire arrangements or in respect of third party sales counters, belong to such consignees / third parties, and are accordingly excluded from the Company's inventories.

**ix. Provision for Shrinkages and Shortages**

Provisions for Shrinkages and Shortages are charged to the Profit and Loss account based on historical data and management estimates. Actual shrinkages and shortages are adjusted against such provisions.

**x. 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.

**Indiabulls Retail Services Limited**

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.

**xi. 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.

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. In case of timing differences on account of carried forward losses or unabsorbed depreciation, Deferred Tax Assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**xii. Deferred Employee Stock Compensation Costs**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured by the difference between the estimated intrinsic or fair value on the grant date (as elected by the Company in respect of its different Employees Share Based Payment Plans) of its equity shares issuable on exercise of stock options and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting period of the options.

**xiii. 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.

**xiv. Customer Loyalty Club**

As per the Company's customer loyalty programs, points awarded to customers can be redeemed for a gift voucher of an equivalent amount or against special gift articles. The value of these points is accounted for in the year in which they are redeemed.

**xv. Employee benefits**

The Company's contribution to Provident Fund and Employee State Insurance Schemes is charged to the Profit and Loss account. The Company has unfunded defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on the basis of actuarial valuation, conducted semi-annually, by an independent actuary, in accordance with Accounting Standard 15 (Revised 2005) – "Employee Benefits", notified under the Companies (Accounting Standards) Rules, 2006, as amended. Actuarial gains and losses are recognized in Profit and Loss account as income or expenses.

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

**xvii. Fringe Benefits Tax**

Fringe Benefits Tax is calculated in accordance with the provisions of the Income Tax Act, 1961.

**xviii. 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.

**xix. Borrowing costs**

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized 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.

**B. Notes Forming Part of the accounts****1. a) Overview**

The Company was incorporated as Pyramid Retail Limited on March 18, 2005 with an authorized capital of Rs. 210,000,000 divided into 21,000,000 equity shares of Rs.10 each. In April 2008, Indiabulls Wholesale Services Limited (IWSL), a 100% subsidiary of Indiabulls Real Estate Limited completed the acquisition of 63.92% of the outstanding equity share capital of the Company from the then existing promoters in terms of the Share Purchase Agreement dated December 08, 2007 and Public Announcement dated December 09, 2007 and in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Pursuant to this, IWSL and Indiabulls Real Estate Limited had made an open offer to acquire up to 20% of the voting capital of the Company at an offer price of Rs 74.73 per share. In the open offer, which concluded on April 10, 2008, IWSL purchased 310 shares from the general public. In accordance with the provisions of Section 21 and other applicable provisions of the Companies Act, 1956, the members of the Company passed a special resolution through Postal Ballot, on May 12, 2009, and accorded their approval to change the name of the Company. The Company has since received fresh certificate of incorporation consequent upon change of name, from the Registrar of Companies, Maharashtra, Mumbai dated May 22, 2008 in respect of the said change. Accordingly, the name of the Company was changed to 'Indiabulls Retail Services Limited'.

b) During the year ended March 31, 2009, the Company has incurred a net loss of Rs. 902,902,497 and as of that date its net worth has been eroded and its current liabilities exceed its total assets by Rs. 1,482,996,945. As part of its restructuring initiatives during the year ended March 31, 2009, the Company has closed certain stores as a means to reduce and control costs/operating losses. The Company is also in the process of re-negotiating lease terms for multiple locations with the intent of reducing operating costs. The Company is in the process of re-launching certain stores and opening new stores in the near future, with a new brand identity and is confident that, with the new stores to be launched and due to its restructuring and re-branding initiatives, it will be able to turn profitable and generate positive operating cash flows in future. Having regard to the Company's future business plans and projections and the synergies expected from its restructuring initiatives, the financial statements for the year ended March 31, 2009 have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

2. On February 27, 2009, the Company repaid Rs.67,967,886 in respect of the outstanding balance of cash credit facility from HDFC Bank Limited, which was secured against the hypothecation of current assets, fixed assets and book debts of the Company. The Company is in the process of obtaining necessary documentation from HDFC Bank Limited in respect of satisfaction of the charge on its assets, registered with the Registrar of Companies, Maharashtra, Mumbai. Once such documentation is received

## Indiabulls Retail Services Limited

from HDFC Bank Limited the Company will complete necessary requirements to vacate the charge in the records of the Registrar of Companies, Maharashtra, Mumbai.

### 3. Contingent Liabilities

#### a) Bank guarantees:

(i) Of Rs. 4,250,500 (Previous Year Rs. Nil) issued in favour of The High Court of Delhi in respect of litigation with Jeena & Co Pvt. Ltd., secured by way of pledge of Fixed Deposits for Rs.4,250,500 (Previous Year Rs. Nil)

(ii) Of Rs.100,000 (Previous Year Rs. Nil) issued in favour of Haryana Sales Tax Department, secured by way of pledge of Fixed Deposits for Rs. 100,000 (Previous Year Rs. Nil)

(iii) Of Rs. Nil (Previous Year Rs. 1,200,000) issued in favour of Colorplus Fashions Limited, secured by way of pledge of Fixed Deposits for Rs. Nil (Previous Year Rs. 1,200,000)

b) Estimated amount of Contracts remaining to be executed on capital account (net of advances) Rs. 641,270 (Previous Year Rs. 79,605,784).

### 4. Statement of Acquisition and Sale of Investments during the year:

#### (a) Non Trade, Quoted ,Current Investments

##### (i) Investment in equity shares

	For the year ended March, 31 2009			
	Investments made during the year		Investments sold during the year	
	No. of shares	Purchase Amount (Rs.)	No. of shares	Book value of Investments sold (Rs.)
Reliance Power Limited	-- <i>285,792</i>	-- <i>117,650,342</i>	-- <i>285,792</i>	-- <i>117,650,342</i>
Reliance Communication Limited	-- <i>815,000</i>	-- <i>432,233,951</i>	-- <i>815,000</i>	-- <i>432,233,951</i>
Reliance Industries Limited	-- <i>100,000</i>	-- <i>225,668,866</i>	-- <i>100,000</i>	-- <i>225,668,866</i>
<b>Total</b>	-- <b><i>1,200,792</i></b>	-- <b><i>775,553,159</i></b>	-- <b><i>1,200,792</i></b>	-- <b><i>775,553,159</i></b>

Figures in respect of Previous Year are stated in Italics

(ii) Investment in future contracts:

	For the year ended March, 31 2009			
	Investments made during the year		Investments sold during the year	
	No. of shares	Purchase Amount (Rs.)	No. of shares	Book value of Investments sold (Rs.)
FUTIDX NIFTY 27-MAR-08	200,000	915,436,126	200,000	915,436,126
<b>Total</b>	200,000	915,436,126	200,000	915,436,126

Figures in respect of Previous Year are stated in Italics

(b) Non Trade, Unquoted, Current Investments:

In Units of Mutual Funds

	For the year ended March, 31 2009			
	Acquired during the year		Redeemed during the year	
	No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
LICMF Liquid Fund – Dividend Plan	1,414,126	15,527,240	--	--
Reliance Liquid Fund-Treasury Plan	654,409	10,004,079	654,409	10,004,079
Institutional option – Daily Dividend Option – (Dividend Reinvestment) (LF-ID)	--	--	--	--
<b>Total</b>	2,068,535	25,531,319	654,409	10,004,079

Figures in respect of Previous Year are stated in Italics

5. Provision for Shrinkages/Shortages

(Amount in Rupees)

Particulars	March 31,2009	March 31,2008
Opening Balance	12,026,206	1,671,122
Additions	68,884,029	10,955,915
Utilized	42,789,810	600,831
Closing Balance	38,120,425	12,026,206

## Indiabulls Retail Services Limited

### 6. Disclosures in respect of Accounting Standard 19- Leases, as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

The Company has taken various premises on operating leases and lease rent of Rs.241,129,699 (Previous year Rs.371,590,738) in respect of the same has been charged to Profit and Loss Account for the year ended March 31, 2009. The underlying agreements are executed for a period generally ranging from one year to seven 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 of 30 to 90 days. The minimum lease rentals payable in respect of such operating leases, are as under:

Particulars	(Amount in Rupees)	
	As at March 31, 2009	As at March 31, 2008
Within One Year	36,864,000	300,899,058
One to Five years	297,748,962	593,433,212
Later than Five years	105,501,154	--
<b>Total</b>	<b>440,114,116</b>	<b>894,332,270</b>

### 7. Employees' Stock Option Schemes (ESOS)

#### I Employees' Stock Option Schemes of the Company

##### i. Piramyd Retail Limited -Stock Option Plan 2005

During the period ended March 31, 2006, the Company had established the " Piramyd Retail Limited Stock Option Plan - 2005". The Company issued equity settled options to its eligible employees to subscribe upto 202,350 stock options at an exercise price of Rs.62 per option. The intrinsic value of the option was Rs.58 per option which was the difference between the issue price of the Initial Public Offering concluded prior to the date of grant of options of Rs. 120 per share and exercise price of Rs.62 per option.

The stock options so granted were to vest in the eligible employees as under:

Sr. No.	% of options vested	Vesting date
1	25 %	December 5, 2006
2	35 %	December 5, 2007
3	40%	December 5, 2008
	<b>100%</b>	

All these options lapsed during the year ended March 31, 2009 on account of resignation of employees or voluntary surrender of options by the employees and accordingly, deferred stock based employee compensation expenses of Rs.1,654,228 written back, during the year.

##### ii. Piramyd Retail Limited – Stock Option Plan 2006, ("PRL Stock Option Plan -2006")

During the period ended March 31, 2007, the Company had established the "PRL Stock Option Plan -2006". The Company issued equity settled options to its eligible employees to subscribe up to 700,000 stock options at an exercise price of Rs.85 per

## Indiabulls Retail Services Limited

option. On October 3, 2006, 138,500 options were granted to eligible employees. The intrinsic value of the option was Rs.7.75 per option which was the difference between the latest market price prior to the date of grant of option and the exercise price of Rs.85 per option.

The stock options so granted were to vest in the eligible employees as under:

Sr. No.	% of options vested	Vesting date
1	25 %	September 30, 2007
2	30 %	September 30, 2008
3	45%	September 30, 2009
	<b>100%</b>	

All these options lapsed during the year ended March 31, 2008 on account of resignation of employees or voluntary surrender of options by the employees and accordingly total ESOS compensation liability of Rs 1,050,125 as of March 31, 2007 & ESOS Compensation expense of Rs 284,828 charged in earlier years was written back during the year ended March 31, 2008.

### iii. Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2008

During the period ended March 31, 2009, pursuant to the the Resolution passed on May 12, 2008 the Company had established the “Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2008” Under (“IBRSL ESOS 2008”), the Company issued equity settled options to its eligible employees to subscribe upto 1,000,000 stock options. However, this scheme was subsequently superseded by Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009’ (“IBRSL ESOS 2009”), as approved by the share holders by way of postal ballot on February 9, 2009. (Also refer Note 8 i) of Schedule 20.

## II Stock Option Scheme of the Holding Company

### Indiabulls Wholesale Services Limited

Indiabulls Wholesale Services Limited (“IWSL”), the holding company, announced the Indiabulls Wholesale Services Limited Employee Stock Option Plan 2007 (“IWSL ESOP 2007”) for its employees and of its subsidiary companies, existing then or in future, and employees of its holding company Indiabulls Real Estate Limited (“IBREL”). The eligible employees covered under IWSL ESOP 2007 were granted an option to purchase equity shares of IWSL subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2008, whereby 10% of the options vest on each vesting date. A Compensation Committee constituted by the Board of Directors of IWSL administered the IWSL ESOP 2007.

The salient features of the IWSL ESOP 2007 are as under:

## Indiabulls Retail Services Limited

Particulars	IWSL ESOP 2007	Remaining Weighted Average contractual life (months)
Options Outstanding as at April 1, 2008 (Nos.)	--	--
Options granted during the year (Nos.)	5,000,000	121
Options forfeited during the year (Nos.)	--	--
Options exercised during the year (Nos.)	--	--
Options expired during the year (Nos.)	--	--
Options outstanding as at March 31, 2009 (Nos.)	5,000,000	109
Options exercisable as at March 31, 2009 (Nos.)	500,000	55
Exercise price (Rs.)	10	

IWSL follows the intrinsic value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note") issued by the Institute of Chartered Accountants of India. The intrinsic value of the options on the date of grant was Rs. 9.91 per option as calculated by an independent valuer. Since the intrinsic value was lower than the exercise price, no compensation expense in respect of the options granted was recorded by IWSL. The fair value of Rs.9.50 per option on the date of grant was calculated by an independent valuer. Had IWSL followed the fair value method, there would not have been any impact on the Profit after Tax and on the Basic and Diluted Earnings per Share of IWSL for the year as the exercise price is higher than the fair value. There is no impact on the Company's Profit after Taxes and Basic and Diluted Earnings per Share on account of IWSL ESOP 2007.

Fair value of the options under the IWSL ESOP 2007 is based on the following parameters:

S. No	Particulars	IWSL ESOP-2007
1	Fair value per option at grant date	Rs. 9.50
2	Exercise price (per option)	Rs. 10.00
3	Expected volatility	0%
4	Expected forfeiture percentage on each vesting date	5%
5	Option Life/ vesting period	1 through 10 years
6	Expected Dividends	8%
7	Risk Free rate of Interest	8%

**III Stock Option Schemes of the Ultimate Holding Company ("IBREL")****i. Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006**

During the period ended March 31, 2007, IBREL established the Indiabulls Real Estate Limited Employees' Stock Options Scheme ("IBREL ESOS-I" or "Plan-I"). Under the Plan- I , IBREL issued 9,000,000 equity settled options to eligible employees which gave them a right to subscribe upto 9,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL at an exercise price of Rs. 60 per option, subject to the requirements of vesting. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. A Compensation Committee constituted by the Board of Directors of IBREL administers the Plan- I.

IBREL follows the Intrinsic Value method of accounting as prescribed under the Guidance Note on "Accounting for Employees Share based Payments" issued by the Institute of Chartered Accountants of India. No Deferred Employee Stock Compensation Cost was initially recorded on the grant of options as the Intrinsic Value calculated by an independent valuer was lower than the exercise price. Had IBREL followed the Fair value method, there would not had been any impact on the Profit After Tax of IBREL and on the Basic and Diluted Earnings per Share of IBREL as the fair value on the date of grant calculated by an independent valuer following binomial option pricing model was less than the exercise price.

There is no impact on the Company's net profit after taxes and basic and diluted earnings per share, as a result of the above.

**ii. Indiabulls Real Estate Limited Employees Stock Options Scheme – 2008**

During the year, IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 ("IBREL ESOS 2008"). Under IBREL ESOS 2008, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 1,500,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL, at an exercise price of Rs. 495.70 per option, being the closing market price on the National Stock Exchange of India Limited, as at April 21, 2008. The stock options so granted, were to vest in the eligible employees in equal slabs of 10% per year, over a period of 10 years beginning from April 23, 2009, the first vesting date. The options granted under each of the slabs, were to be exercised by the grantees within a period of ninety days from the relevant vesting date.

During the year ended March 31, 2009, all eligible employees voluntarily surrendered the options granted to them under IBREL ESOS 2008 and the Compensation Committee decided not to re-grant these options. Pursuant to the shareholders' approval by way of Postal Ballot on December 12, 2008, IBREL cancelled and withdrew IBREL ESOS 2008.

## Indiabulls Retail Services Limited

### iii. Indiabulls Real Estate Limited Employees Stock Options Scheme 2008 (II):

During the year ended March 31, 2009, IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II"). Under Plan II, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 2,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL, at an exercise price of Rs. 110.50 per option, being the closing market price on the National Stock Exchange of India Limited, as at January 29, 2009.

The stock options so granted, shall vest in the eligible employees within 10 years beginning from January 31, 2010, the first vesting date. The stock options granted under each of the slabs, are exercisable by the option holders within a period of five years from the relevant vesting date.

IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no deferred employee stock compensation cost has been recorded in the financial statements. The fair value of the options under Plan II using the Black-Scholes model, based on the following parameters, is Rs.62.79 per option, as certified by an independent firm of chartered accountants.

Particulars	Plan - II
Fair value of option at grant date (Rs. per option)	Rs. 62.79
Exercise price (Rs. per option)	Rs. 110.50
Expected volatility	86%
Expected forfeiture percentage on each vesting date	Nil
Option Life (Weighted Average)	10.5 Years
Expected Dividend yield	3.92%
Risk Free rate of Interest	6.50%

The expected volatility was determined based on historical volatility data of IBREL's shares listed on the National Stock Exchange of India Limited.

There is no impact on the Company's net profit after taxes and basic and diluted earnings per share, as a result of the above.

### 8. **Significant Events after the Balance Sheet date:**

#### i) Indiabulls Retail Services Limited Employees Stock Options Scheme - 2009

The Compensation Committee, constituted by the Board of Directors of the Company, at its meeting held on June 05, 2009, granted, under the "Indiabulls Retail Services Limited Employees Stock Option Scheme - 2009", 1,500,000 (Fifteen lacs) stock options representing an equal number of Equity shares of face value Rs. 10 each in the Company, to the eligible employees, at an exercise price of Rs. 30.45 per option, being

## Indiabulls Retail Services Limited

the latest available closing market price on the National Stock Exchange of India Limited, as on June 04, 2009. The stock options so granted, shall vest in the eligible employees within 10 years beginning from June 06, 2010, the first vesting date. The stock options granted under each of the slabs, can be exercised by the grantees within a period of five years from the relevant vesting date.

The Company follows the intrinsic value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note") issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no compensation expense in respect of the options granted was recorded by the Company.

The Fair values of the options under the Scheme using the Black-Scholes model based on the following parameters, is Rs.24.06 per option, as calculated by an independent firm of Chartered Accountants:

S. No	Particulars	ESOP – 2009
1	Fair value of option at grant date (Rs. per option)	Rs. 24.06
2	Exercise price (Rs. per option)	Rs. 30.45
3	Expected volatility	206%
4	Expected forfeiture percentage on each vesting date	Nil
5	Option Life (Weighted Average)	10.5 Years
6	Expected Dividends yield	Nil
7	Risk Free Interest rate	6.50%

Had the Company followed the fair value method, there would not have been any impact on the Profit after Tax and on the basic and diluted earnings per share of the Company.

ii) Subsequent to March 31, 2009, the IWSL ESOP 2007 was cancelled and withdrawn pursuant to the approval of the Board of Directors of IWSL on May 27, 2009 and of the shareholders of IWSL on June 02, 2009, after the option holders voluntarily surrendered the unvested options under the IWSL ESOP 2007.

### 9. Earnings per Share

The Basic Earnings Per share is computed by dividing the net loss for the year attributable to equity shareholders 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 dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

## Indiabulls Retail Services Limited

(Amount in Rupees)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Net (Loss) After Tax	(902,902,497)	(1,289,313,083)
Weighted Average number of shares used in computing Basic Earnings per Share (Number of shares)	20,000,000	20,000,000
Total Potential Weighted Average number of shares used in computing Diluted Earnings Per Share (Number of shares)	20,000,000	20,000,000
Face Value per equity share	10	10
Basic Earnings / (Loss) Per Share	(45.15)	(64.47)
Diluted Earnings / (Loss) Per Share	(45.15)	(64.47)

### 10. Deferred Tax Asset

In compliance with Accounting Standard 22 (AS 22) – “Accounting for Taxes on Income”, as notified under the Companies (Accounting Standards) Rules, 2006, as amended, deferred tax assets of Rs. 8,578,269 recognised in the previous year due to temporary differences arising on account of Provision for Gratuity and Compensated Absences and Preliminary Expenses have been reversed during the year ended March, 31 2009, as there is no virtual certainty supported by convincing evidence of the subsequent realisation of such deferred tax assets in future. Accordingly, the Company has recorded deferred tax credit of Rs. 8,578,269 to the Profit and Loss Account for the year ended March 31, 2009.

The breakup of deferred tax assets (net) as at March 31, 2009 into major components is as under:

(Amount in Rupees)

Particulars	As at March 31,2009	As at March 31,2008
Deferred Tax Assets		
Arising on account of temporary differences due to:		
Preliminary Expenses	--	6,412,947
Provision for Gratuity and Compensated Absences	--	2,165,322
<b>Total</b>	<b>--</b>	<b>8,578,269</b>

### 11. Impairment

In accordance with the provisions of Accounting Standard 28 (AS 28) “Impairment of Assets” as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company, during the year ended March 31, 2009, has recorded impairment loss of Rs.6,106,358 (Previous year Nil) (included under the head Depreciation in the Profit and Loss account), relating to various items of Tangible and Intangible Assets, which have been brought down to their recoverable values upon evaluation of future economic benefits from their use.

## 12. Quantitative details

(As taken, valued and certified by the management)

(Amount in Rupees)

Particulars	Sales		Purchases		Write-off		Opening Stock		Closing Stock	
	Qty* (Nos)	Amount	Qty (Nos)	Amount	Qty (Nos)	Amount	Qty (Nos)	Amount	Qty (Nos)	Amount
Apparels/ Household Items etc.	1,464,175	763,527,518	591,040	274,468,708	35,434	17,113,165	1,308,317	545,469,651	399,748	156,597,806
	<i>(2,329,863)</i>	<i>(1,396,703,088)</i>	<i>(2,825,496)</i>	<i>(1,166,708,609)</i>	-	-	<i>(991,831)</i>	<i>(485,464,523)</i>	<i>(1,308,317)</i>	<i>(545,469,651)</i>
Others	-	201,861,842	-	225,616,957	-	25,676,645	-	97,255,307	-	48,512,019
	-	<i>(518,187,005)</i>	-	<i>(530,957,452)</i>	-	-	-	<i>(59,104,107)</i>	-	<i>(97,255,307)</i>
<b>Total</b>	1,464,175	965,389,360	591,040	500,085,665	35,434	42,789,810	1,308,317	642,724,958	399,748	205,109,825
	<i>(2,329,863)</i>	<i>(1,914,890,093)</i>	<i>(2,825,496)</i>	<i>(1,697,666,061)</i>	-	-	<i>(991,831)</i>	<i>(544,568,630)</i>	<i>(1,308,317)</i>	<i>(642,724,958)</i>

\* The Company having dealt in a large number of products, the quantitative information has been furnished only in respect of major items namely Apparels and Household items. Other items are grouped together, as quantitative information in respect of each product is not practical to ascertain in view of nature of retailing operations of the Company.

\*\* Figures in respect of Previous Years are stated in Italics.

## 13. Employee Benefits

Contributions are made to Provident Fund and Family Pension Fund, Employees State Insurance Corporation and other statutory funds which covers all eligible employees. Both the employees and the Company make predetermined contributions to the Provident Fund and Employees State Insurance Corporation. The contributions are normally based on a certain proportion of the employees' salary. The Company has charged Rs. 5,885,751 (Previous Year Rs.15,940,584) as employer contribution for the above mentioned funds, to the Profit and Loss Account.

Provision for unfunded Gratuity and Compensated Absences for all employees is based upon actuarial valuation conducted semi-annually 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 are accounted for in the Profit and Loss account. Disclosures required by Accounting Standard 15 (AS-15) Employee Benefits, as notified under the Companies (Accounting Standard) Rules, 2006 as amended, are given below:

## Indiabulls Retail Services Limited

(Amount in Rupees)

	Gratuity (unfunded)	Gratuity (unfunded)	Compensated Absences (Unfunded)	Compensated Absences (Unfunded)
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
<b>Reconciliation of liability recognised in the Balance sheet</b>				
Present value of commitments (as per actuarial valuation)	831,978	2,423,697	700,636	3,946,772
Fair value of plan assets	NA	NA	NA	NA
Net liability in the Balance sheet (actual)	831,978	2,423,697	700,636	3,946,772
<b>Movement in net liability recognised in the Balance sheet</b>				
Net liability as at beginning of the year	2,423,697	2,012,218	3,946,772	3,701,236
Amount paid during the Year	NA	NA	NA	NA
Net expense recognised in the Profit and Loss account	(1,591,719)	411,479	(3,246,136)	245,536
Contribution during the year	NA	NA	NA	NA
Net liability as at end of the year	831,978	2,423,697	700,636	3,946,772
<b>Expense recognised in the Profit and Loss account</b>				
Current service cost	831,978	2,423,697	700,636	3,946,772
Interest cost	NA	NA	NA	NA
Expected return on plan assets	NA	NA	NA	NA
Actuarial (gains)/ losses	(2,423,697)	2,012,218	(3,946,772)	3,701,236
Expense charged to the Profit and Loss account	(1,591,719)	411,479	(3,246,136)	245,536
<b>Return on plan assets</b>				
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
<b>Reconciliation of defined-benefit commitments</b>				
Commitments as at beginning of the year	2,423,697	2,012,218	3,946,772	3,701,236
Current service cost	831,978	2,423,697	700,636	3,946,772
Interest cost	NA	NA	NA	NA
Paid benefits	NA	NA	NA	NA
Actuarial (gains)/ losses	(1,591,719)	411,479	(3,246,136)	245,536
Commitments as at end of the year	831,978	2,423,697	700,636	3,946,772
<b>Reconciliation of plan assets</b>				
Plan assets as at beginning of the 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 the year	NA	NA	NA	NA

## Indiabulls Retail Services Limited

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and leave encashment are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

	For the year ended March 31, 2009	For the year ended March 31, 2008
Discount rate	7.50%	8.00%
Gratuity and Compensated Expenses	NA ↑	NA
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality	LIC (1994-96) Duly Modified	LIC (1994-96) Ultimate

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

(a) Related parties where control exists:

Nature of relationship	Name of Party
Holding Company	Indiabulls Wholesale Services Limited
Ultimate Holding Company	Indiabulls Real Estate Limited

(b) Other related parties:

Nature of relationship	Name of Party
Key Management	Sameer Gehlaut, Director (Till August 22, 2008)
Personnel	Rajiv Rattan, Director Anil Lepps, Whole- Time Director (From January 06, 2009) Udesh Jha, Director (Till June 30, 2009) Mehul CC Johnson, Director (From March 18, 2009) Ikroop Singh Kehal, Director (Till January 06, 2009)

(c) Statement of Material Transactions

i) Inter Corporate Deposits taken (Maximum amount outstanding at any time during the year)

Particulars	Relationship	(Amount in Rupees)	
		During the year ended March 31, 2009	During the year ended March 31, 2008
Indiabulls Wholesale Services Limited	Holding Company	1,571,382,454	1,590,782,454

## Indiabulls Retail Services Limited

### ii) Interest Expenses on Inter Corporate Deposits

(Amount in Rupees)

Particulars	Relationship	During the year ended March 31, 2009	During the year ended March 31, 2008
Indiabulls Wholesale Services Limited	Holding Company	82,624,741	43,434,674

### (d) Outstanding as at March 31, 2009

(Amount in Rupees)

Particulars	Relationship	As at March 31, 2009	As at March 31, 2008
Inter Corporate Deposit taken			
Indiabulls Wholesale Services Limited	Holding Company	922,800,000	1,590,782,454
Interest Payable on Inter Corporate Deposit			
Indiabulls Wholesale Services Limited	Holding Company	97,492,306	48,592,377

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

15. No Disclosures are required under Clause 32 of the Listing Agreements with Stock Exchanges as the company has no subsidiary companies.
16. **Disclosures pursuant to Part II to Schedule VI of the Companies Act, 1956, to the extent applicable:**

#### (i) Managerial Remuneration under section 198 of the Companies Act, 1956:

(Amount in Rupees)

Particulars	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Salary and Other Allowances	--	4,600,000
Contribution to Provident Fund/Superannuation	--	912,000

As no commission has been paid / is payable to Directors, the computation of Net Profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956 has not been furnished.

#### (ii) Expenditure incurred in Foreign currency

(Amount in Rupees)

Particulars	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Travel	--	1,381,337
ERP Implementation	--	16,115,986
<b>Total</b>	--	<b>1,74,97,323</b>

(iii) Miscellaneous income includes Rs. 29,990,000 being the amount received in excess of certain disputed deposits paid to property developers, pursuant to memorandum of understanding with such developers for lease of retail commercial

Indiabulls Retail Services Limited

ii) Interest Expenses on Inter Corporate Deposits

(Amount in Rupees)

Particulars	Relationship	During the year ended	During the year ended
		March 31, 2009	March 31, 2008
Indiabulls Wholesale Services Limited	Holding Company	82,624,741	43,434,674

(d) Outstanding as at March 31, 2009

(Amount in Rupees)

Particulars	Relationship	As at March 31,	As at March
		2009	31, 2008
Inter Corporate Deposit taken			
Indiabulls Wholesale Services Limited	Holding Company	922,800,000	1,590,782,454
Interest Payable on Inter Corporate Deposit			
Indiabulls Wholesale Services Limited	Holding Company	97,492,306	48,592,377

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

15. No Disclosures are required under Clause 32 of the Listing Agreements with Stock Exchanges as the company has no subsidiary companies.
16. **Disclosures pursuant to Part II to Schedule VI of the Companies Act, 1956, to the extent applicable:**

(i) Managerial Remuneration under section 198 of the Companies Act, 1956:

(Amount in Rupees)

Particulars	For the Year Ended March 31,2009	For the Year Ended March 31,2008
Salary and Other Allowances	--	4,600,000
Contribution to Provident Fund/Superannuation	--	912,000

As no commission has been paid / is payable to Directors, the computation of Net Profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956 has not been furnished.

(ii) Expenditure incurred in Foreign currency

(Amount in Rupees)

Particulars	For the Year Ended March 31,2009	For the Year Ended March 31,2008
Travel	--	1,381,337
ERP Implementation	--	16,115,986
<b>Total</b>	--	<b>1,74,97,323</b>

(iii) Miscellaneous income includes Rs. 29,990,000 being the amount received in excess of certain disputed deposits paid to property developers, pursuant to memorandum of understanding with such developers for lease of retail commercial

## Indiabulls Retail Services Limited

space. The said amount was received on account of full and final settlement of such disputes and in satisfaction of the Company's claims against the developers.

### (iv) Value of Imports calculated on CIF basis:

Particulars	(Amount in Rupees)	
	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Finished Goods	--	4,483,552

### 17. Segment Reporting

The Company is engaged in the retail business in India. Considering the nature of the Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 (AS 17) – "Segment Reporting". Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.

18. 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 Standard 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.
19. In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2009 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, sundry creditors and balances with banks are subject to confirmation/reconciliation. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of such balances, other than as already provided in the financial statements.
20. In respect of amounts mentioned under Section 205 C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2009.
21. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006
  - (i) An amount of Rs. 4,836,762 (Previous Year 12,815,776) was due and outstanding to suppliers as at the end of the accounting year.
  - (ii) No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, and payments of Rs.1,72,37,507 were made to suppliers beyond the appointed day during the accounting year.
  - (iii) No interest is due and payable at the end of the year to such suppliers. (Refer Note (vi) below)

## Indiabulls Retail Services Limited

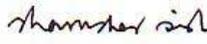
- (iv) No amount of interest was accrued and unpaid at the end of the accounting year. (Refer Note (vi) below)
  - (v) No amount of further interest was remaining due and payable in the succeeding years.
  - (vi) The above information and that given in Schedule 11 - "Current Liabilities" regarding Micro, 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. Certain balances shown under Current Liabilities are subject to confirmation / reconciliation. Pending such confirmation / reconciliation, the Company has not accrued interest of Rs. 4,171,755 that may be payable under the Micro, Small and Medium Enterprises Development Act, 2006.
22. No borrowing cost has been capitalized during the year.
23. The company has not entered into any foreign exchange derivative instruments during the year. There are no outstanding foreign currency exposures as at March 31, 2009.
24. Previous year's figures have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date  
For Ajay Sardana Associates  
Chartered Accountants

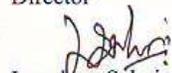
Ajay Sardana  
Partner  
Membership No. 089011

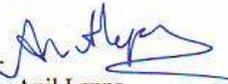


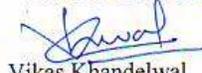
For and on behalf of the Board

  
Shamsheer Singh  
Director

  
Mehul CC Johnson  
Director

  
Lovleen Sahni  
Chief Financial Officer

  
Anil Lepps  
Whole-Time Director

  
Vikas Khandelwal  
Company Secretary

Place: Gurgaon  
Date: June 30, 2009

Place: Gurgaon  
Date: June 30, 2009

c) Year ended March 31, 2010



SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

**Auditors' Report to the Members of Store One Retail India Limited  
(formerly known as Indiabulls Retail Services Limited)**

1. We have audited the attached Balance Sheet of Store One Retail India Limited (formerly known as Indiabulls Retail Services Limited) ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year on that date annexed thereto. 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 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. 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. Without qualifying our opinion, we draw attention to Note B 1(d) of Schedule 19 to financial statements regarding the Company's accounts being prepared on a going concern basis.
5. 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 purposes 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) 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 Companies Act, 1956;
  - (v) on the basis of written representations received from directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) 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

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E-MAIL.: amar.mittal@sgcservices.com





**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

thereon give the information required by the Companies Act, 1956, 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 the balance sheet, of the state of affairs of the Company as at March 31, 2010;
- (b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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



Amar Mittal  
Partner  
Membership No. 017755  
Gurgaon, April 29, 2010



**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Store One Retail India Limited (formerly known as Indiabulls Retail Services Limited) on the financial statements for the year ended March 31, 2010**

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 paragraph 4(viii), 4(xi), 4(xiii), 4(xiv), 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 fixed assets by which fixed assets are verified annually. In accordance with this programme, fixed assets were verified during the year. Material discrepancies noticed on such verification have been properly dealt with in the books of account. 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 disposed off some of the fixed assets during the year covered by our report. However, considering various mitigating factors as disclosed in Note B-1(d) of Schedule 19 to financial statements, the accounts are prepared on a going concern basis and a matter of emphasis is added in our report.
3. (a) According to the information and explanations given to us, inventory has been physically verified by the management during the year.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of its inventory. According to the books and records of the Company as produced and examined by us and according to the information and explanations given to us, the discrepancies were noticed on verification between the physical stocks and the book records were immaterial in relation to the operations of the Company and the same have been appropriately adjusted in the books of account.
4. In respect of loan, secured or unsecured granted or, taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us:
  - (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - (b) The Company has taken unsecured loans from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved in the transactions during the year aggregated to Rs. 2,339,139,852/- and the balance outstanding at the year end is Rs. 2,010,074,612/-.





- (c). According to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (d). The payment of principal amount and interest in respect of such loans has been as per stipulations.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
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 of the Company and nature of its business.
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 account in respect of undisputed statutory dues including Income-tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty. 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, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at March 31, 2010 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 the records of the Company examined by us, as at March 31, 2010, there are no dues of income-tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses of more than 50% of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.





SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

11. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
13. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used during the year for long-term investment.
14. 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.
15. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

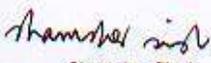


Amar Mittal  
Partner  
Membership No. 017755  
Gurgaon, April 29, 2010

Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited) Balance Sheet as at March 31, 2010			
(Amount in Rupees)			
	Schedule	As at March 31, 2010	As at March 31, 2009
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	200,000,000	200,000,000
Reserves and Surplus	2	1,062,033,695	1,062,033,695
		<b>1,262,033,695</b>	<b>1,262,033,695</b>
<b>Loan Funds</b>			
Secured Loans			
Unsecured Loans	3	2,371,336,950	2,054,057,963
		<b>2,371,336,950</b>	<b>2,054,057,963</b>
<b>Total</b>		<b>3,633,370,645</b>	<b>3,316,091,658</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	4	673,455,013	765,434,710
Less : Accumulated Depreciation (including amortization)		252,898,714	176,319,194
Net Block		420,756,299	587,115,516
Capital work-in-progress (including capital advances)		420,756,299	587,115,516
		<b>420,756,299</b>	<b>587,115,516</b>
<b>Investments</b>			
	5	-	15,527,240
<b>Current Assets, Loans and Advances</b>			
Inventories	6	119,415,127	166,989,400
Sundry Debtors	7	523,169	3,142,648
Cash and Bank Balances	8	11,008,660	6,015,630
Loans and Advances	9	138,058,482	126,822,752
		<b>270,505,467</b>	<b>302,970,430</b>
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	10	313,624,697	333,019,554
Provisions	11	1,268,500	1,532,614
		<b>314,893,197</b>	<b>334,552,168</b>
<b>Net Current Assets</b>		<b>(44,387,730)</b>	<b>(31,581,738)</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>3,267,002,076</b>	<b>2,745,030,639</b>
<b>Total</b>		<b>3,633,370,645</b>	<b>3,316,091,658</b>
<b>Significant accounting policies and notes forming part of the financial statements</b>			
10			

<p>As per our report of even date For Sharma Geet &amp; Co. Chartered Accountants FRN: 000643N</p> <p>Amar Mital Partner Membership No 017755</p>	<p style="text-align: center;">For and on behalf of the board</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 33%;"> <p>Shamsher Singh Director</p> </td> <td style="text-align: center; width: 33%;"> <p>Anil Lepps Whole-Time Director</p> </td> <td style="text-align: center; width: 33%;"> <p>Vikas Khandelwal Company Secretary</p> </td> </tr> </table> <p style="margin-top: 20px;">Place : Gurgaon Date : April 29, 2010</p>	<p>Shamsher Singh Director</p>	<p>Anil Lepps Whole-Time Director</p>	<p>Vikas Khandelwal Company Secretary</p>
<p>Shamsher Singh Director</p>	<p>Anil Lepps Whole-Time Director</p>	<p>Vikas Khandelwal Company Secretary</p>		

Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited) Profit and Loss Account for the year ended March 31, 2010			
(Amount in Rupees)			
	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
<b>Income</b>			
Sales and Operating Income	12	167,764,398	989,611,547
Other Income	13	20,802,404	113,949,516
<b>Total</b>		<b>188,566,802</b>	<b>1,103,561,063</b>
<b>Expenditure</b>			
Cost of goods sold	14	167,807,468	751,436,959
Direct Costs	15	1,907,715	15,310,361
Employee Remuneration and Benefits	16	33,506,160	126,934,462
Administrative and other expenses	17	223,746,564	871,495,520
Interest and Finance Charges	18	179,865,318	142,124,501
Depreciation (including amortization and impairment charge)		93,615,014	88,697,913
		<b>700,538,239</b>	<b>1,995,999,716</b>
<b>Loss Before Tax</b>		<b>(511,971,437)</b>	<b>(892,438,653)</b>
Provision for Taxation			
a) Current Tax		-	-
b) Deferred Tax		-	(8,576,269)
c) Fringe Benefits Tax		-	(1,885,575)
<b>Loss After Tax</b>		<b>(511,971,437)</b>	<b>(902,902,497)</b>
Add: Balance of loss brought forward from previous year		(2,745,030,639)	(1,842,128,142)
Balance carried forward to Balancesheet		<b>(3,257,002,076)</b>	<b>(2,745,030,639)</b>
<b>Earnings per share -Basic and Diluted</b> (Refer Note B 7 of Schedule 19)			
Basic (Rs.)		(25.60)	(45.15)
Diluted (Rs.)		(25.60)	(45.15)
Face value per Share (Rs.)		10	10
<b>Significant accounting policies and notes forming part of the financial statements</b>	19		
As per our report of even date For Sharma Goel & Co Chartered Accountants FRN: 000643N  Amar Mittal Partner Membership No 017755		For and on behalf of the board  Shamsheer Singh Director  Anil Lepps Whole-Time Director  Vikas Khandelwal Company Secretary	
Place : Gurgaon Date : April 29, 2010		Place : Gurgaon Date : April 29, 2010	

**Store One Retail India Limited**  
(Formerly known as Indiabulls Retail Services Limited)  
**Cash Flow statement for the year ended March 31, 2010**

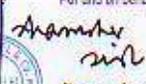
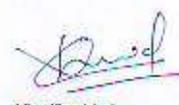
(Amount in Rupees)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>A Cash Flow from Operating Activities</b>		
Net (Loss) Before Tax and Extraordinary Items	(511,571,437)	(882,430,653)
Adjustments for:		
Depreciation / Impairment	93,815,014	90,087,813
Interest Expense	179,865,318	142,124,501
Interest Income	(1,343,278)	(1,218,877)
Dividend Income in units of Mutual Funds (Non Trade)	(187,200)	(31,319)
Sundry Balances / Provisions / Liabilities Written Back/Not	(4,987,079)	(8,594,752)
Loss on sale / disposal of Fixed Assets	74,751,734	52,870,254
Fixed Assets Written off / Discarded	-	209,000,156
Provision for doubtful debts/Bad Debts written off	39,207,005	(3,331,690)
Provision for Gratuity / Compensated absences written off / (written back)	(284,114)	(4,537,658)
Provision for Shrinkages / Shortage on Inventory (Net)	(3,705,774)	58,884,029
Operating Profit/(Loss) before working capital changes	(134,922,611)	(158,572,612)
Adjustment for:		
(Increase) / Decrease in Sundry Debtors	422,384	14,794,000
(Increase) / Decrease in Loans and Advances	(49,191,573)	61,405,055
(Increase) / Decrease in Inventories	51,250,051	304,825,323
Increase / (Decrease) in Trade and Other Payables	(15,057,580)	(412,181,801)
Cash Generated From/ (Used In) Operations	(147,489,537)	(99,859,636)
Taxes Paid (Net)	(44,157)	(2,316,205)
<b>Net Cash Generated From/(Used In) Operating Activities</b>	<b>(147,533,694)</b>	<b>(102,146,836)</b>
<b>B Cash Flow From Investing Activities</b>		
Proceeds from Sale of Assets	8,094,742	9,050,123
Purchase of Fixed Assets	(10,059,273)	(42,014,702)
Interest Income	1,343,278	1,218,877
Dividend on units of Mutual fund (Non Trade)	187,200	31,321
<b>Net Cash Generated From/(Used In) Investing Activities</b>	<b>(483,963)</b>	<b>(32,254,379)</b>
<b>C Cash Flow from Financing Activities</b>		
Repayment of Long Term Borrowings	-	(172,142,897)
Proceeds from Unsecured Loans	3,305,000,000	2,102,059,999
Repayment of Unsecured Loans	(3,012,000,000)	(1,550,042,454)
Interest Paid	(234,707,024)	(13,323,817)
<b>Net Cash Generated From/(Used In) Financing Activities</b>	<b>13,292,976</b>	<b>146,551,651</b>
<b>D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(3,934,181)</b>	<b>12,200,420</b>
<b>E Cash and Cash equivalents at the beginning of the year</b>	<b>21,542,870</b>	<b>9,342,450</b>
<b>F Cash and Cash equivalents at the end of the year (D+E)</b>		
Cash and Bank Balances	11,608,689	6,015,630
Current Investments in units of Mutual funds	-	15,527,240
	<b>11,608,689</b>	<b>21,542,870</b>

<b>1 Cash and Cash Equivalents as at the end of the year includes</b>		
Cash on Hand	973,069	763,805
In Current Accounts	184,220	501,195
In Fixed Deposit Accounts *	11,050,500	4,260,500
Current Investments in units of Mutual funds	-	15,527,240
	<b>11,608,689</b>	<b>21,542,870</b>

\* Refer Note B 2(a) of Schedule 19

2 The above cash flow statement has been prepared under the Indirect Method set out in Accounting Standard - 3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

<p>As per our report of even date For Sharma Gool &amp; Co Chartered Accountants FRN: 0000434</p> <p>Sharma Gool &amp; Co Partner Membership No 017725</p>	<p>For and on behalf of the board</p>  <p>Shambhar Singh Director</p>  <p>Anil Lajpata Whole-Time Director</p>  <p>Vikas Khondelwal Company Secretary</p>
Place : Gurgaon Date : April 28, 2010	Place : Gurgaon Date : April 28, 2010

Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited) Schedules forming part of the Balance Sheet as at March 31, 2010		
	(Amount in Rupees)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 1 : Share Capital</b>		
<b>Authorised:</b>		
25,000,000 (Previous Year 21,000,000) equity shares of Rs 10 each	250,000,000	210,000,000
<b>Issued, Subscribed and Paid Up</b>		
20,000,000 Equity Shares (Previous Year 20,000,000) of Rs 10 each fully paid up.	200,000,000	200,000,000
Of the above, 12,783,310 (Previous Year 12,783,310) equity shares of face value of Rs 10 each are held by Indiabulls Wholesale Services Limited, the Holding Company.		
<b>As Per Balance Sheet</b>	<b>200,000,000</b>	<b>200,000,000</b>
<b>Schedule 2 : Reserves and Surplus</b>		
Securities Premium Account	1,062,033,695	1,062,033,695
<b>As Per Balance Sheet</b>	<b>1,062,033,695</b>	<b>1,062,033,695</b>
<b>Schedule 3 : Unsecured Loans</b>		
Others		
-From Bodies Corporate	2,295,600,000	-
-Interest Accrued and due thereon	75,736,950	-
	<b>2,371,336,950</b>	<b>-</b>
-From Fellow Subsidiary Company	-	1,000,000,000
-Interest Accrued and due thereon	-	33,705,657
	<b>-</b>	<b>1,033,705,657</b>
-From Holding Company	-	922,600,000
-Interest Accrued and due thereon	-	97,482,308
	<b>-</b>	<b>1,020,082,308</b>
<b>As Per Balance Sheet</b>	<b>2,371,336,950</b>	<b>2,054,057,963</b>
<b>Schedule 5 : Current Investments (at cost or fair value whichever is lower)</b>		
in Units of Mutual Funds - (Non Trade, Un-quoted)		
Nil (Previous Year 1,414,126 Units of LICMF Liquid Fund - Dividend Plan at an NAV of Rs. 10.88 per unit)	-	15,527,240
<b>As Per Balance Sheet</b>	<b>-</b>	<b>15,527,240</b>
Aggregate Book Value of Un-Quoted Investments	-	15,527,240
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market value of Quoted Investments	-	-
<b>Schedule 6 : Inventories (as taken, valued and certified by Management)</b>		
Finished Goods	139,034,333	205,109,825
Less: Provision for shrinkages and shortages (Refer Note B 4 of Schedule 19)	(19,619,206)	(38,120,425)
<b>As Per Balance Sheet</b>	<b>119,415,127</b>	<b>166,989,400</b>
<b>Schedule 7 : Sundry Debtors</b>		
(Unsecured, considered good, unless otherwise stated)		
(a) Debts outstanding for a period exceeding six months		
Considered Good	1,304	809,687
Considered Doubtful	6,025,651	4,583,095
	<b>6,026,955</b>	<b>5,392,782</b>
Less: Provision for doubtful debts	(5,025,651)	(4,583,095)
	<b>1,304</b>	<b>809,687</b>
(b) Other Debts (Considered Good)	521,865	2,332,961
<b>As Per Balance Sheet</b>	<b>523,169</b>	<b>3,142,648</b>



Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited) Schedules forming part of the Balance Sheet as at March 31, 2010		
	(Amount in Rupees)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 8 : Cash and Bank Balances</b>		
Cash on Hand	373,989	783,935
Balance with Scheduled Banks :		
in Current Accounts	184,220	901,195
in Fixed Deposit Accounts (Refer Note B 2(a) of Schedule 19)	11,050,500	4,350,500
<b>As Per Balance Sheet</b>	<b>11,608,689</b>	<b>6,015,630</b>
<b>Schedule 9 : Loans and Advances</b> (Unsecured considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	52,374,375	66,541,513
Considered Doubtful	157,632,197	137,000,392
	210,006,572	203,541,905
Less: Provision for Doubtful advances	157,632,197	137,000,392
	52,374,375	66,541,513
Security Deposits:		
Considered Good	88,584,107	60,281,239
Considered Doubtful	84,560,379	69,425,267
	171,144,486	129,706,526
Less: Provision for Doubtful Deposits	84,560,379	69,425,267
	86,584,107	60,281,239
<b>As Per Balance Sheet</b>	<b>130,958,482</b>	<b>126,022,752</b>
<b>Schedule 10 : Current Liabilities</b>		
Sundry Creditors (Refer Note B 10 of Schedule 10)		
Dues to Micro, Small and Medium Enterprises	2,480,656	4,836,702
Dues to others	296,802,090	286,631,364
Expenses Payable	620,658	742,644
Other Liabilities	13,635,292	40,808,764
<b>As Per Balance Sheet</b>	<b>313,624,697</b>	<b>333,019,554</b>
<b>Schedule 11 : Provisions</b>		
Provision for Gratuity (Refer Note B 11 of Schedule 19)	707,369	831,978
Provision for Compensated Absences (Refer Note B 11 of Schedule 19)	471,131	700,838
<b>As Per Balance Sheet</b>	<b>1,268,500</b>	<b>1,532,614</b>



State One Retail India Limited  
 Formerly known as Indiabulls Retail Services Limited  
 Schedule forming part of the Balance Sheet as at March 31, 2010

Description	Gross Block (At Cost)		Accumulated Depreciation/Amortization		Net Block	
	As at April 01, 2009	As at March 31, 2010	As at April 01, 2009	As at March 31, 2010	As at March 31, 2010	As at April 01, 2009
<b>A) Tangible Assets</b>						
Plant and Machinery	144,854,164	138,145,445	8,156,445	11,518,131	34,140,702	100,925,220
Furniture and Fixtures	413,309,150	334,038,347	59,323,239	26,819,007	10,820,186	296,230,824
Computers	78,514,913	306,150,034	4,317,032	12,923,011	67,262,202	37,240,855
Vehicles	715,730	718,756	-	54,035	442,803	275,820
<b>Total</b>	<b>637,894,309</b>	<b>680,046,913</b>	<b>111,777,276</b>	<b>43,504,183</b>	<b>116,313,445</b>	<b>371,712,989</b>
<b>B) Intangible Assets</b>						
Software	107,544,371	126,709,500	24,271,620	18,243,322	56,345,270	49,040,810
<b>Total</b>	<b>127,644,371</b>	<b>126,709,500</b>	<b>24,271,620</b>	<b>18,243,322</b>	<b>112,563,402</b>	<b>107,491,781</b>
<b>Group Total</b>	<b>765,438,750</b>	<b>806,756,413</b>	<b>135,748,906</b>	<b>61,747,505</b>	<b>228,876,847</b>	<b>479,114,670</b>
<b>Previous Year</b>	<b>1,201,570,022</b>	<b>752,404,716</b>	<b>133,438,482</b>	<b>52,537,335</b>	<b>170,891,194</b>	<b>581,118,632</b>

\* Refer Note B of Schedule III  
 \*\* Figures re-calculated of Assam



Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited)		
Schedules forming part of the Profit and Loss Account for the year ended March 31, 2010		
	(Amount in Rupees)	
	Year ended March 31, 2010	Year ended March 31, 2009
<b>Schedule 12: Sales and Operating Income</b>		
Sales (Net of applicable VAT: 10,067,008 (Previous Year: 82,415,402))	123,957,985	955,389,360
Sales of Consignment Merchandise	43,606,413	24,222,167
<b>As Per Profit and Loss Account</b>	<b>167,764,398</b>	<b>989,611,547</b>
<b>Schedule 13: Other Income</b>		
Income from store displays	676,231	11,415,256
Concessionaire Income	13,000,576	18,597,352
Miscellaneous Income	607,951	80,250,970
Sundry Balances / Provisions / Liabilities Written Back (Net)	4,967,079	2,405,742
Interest Income [Tax Deducted at Source Rs 23480 (Previous Year: Rs. 11427)]	490,449	1,210,677
Interest on Income Tax Refund	852,829	-
Dividend on units of Mutual Funds	167,260	31,319
<b>As Per Profit and Loss Account</b>	<b>20,802,404</b>	<b>113,949,516</b>
<b>Schedule 14: Cost of Goods Sold</b>		
Purchases	67,006,501	436,680,738
Purchase of Consignment Merchandise	34,723,075	16,615,117
(Increase)/Decrease in inventories	66,075,402	254,141,104
<b>As Per Profit and Loss Account</b>	<b>167,807,468</b>	<b>751,436,958</b>
<b>Schedule 15: Direct Costs</b>		
Octroi Charges	501,105	7,897,627
Barcoding and Soft Tags	186,211	1,074,853
Transportation Charges	1,104,001	5,781,409
Labour Charges	105,488	566,472
<b>As Per Profit and Loss Account</b>	<b>1,907,715</b>	<b>15,310,361</b>
<b>Schedule 16: Employees Remuneration and Benefits</b>		
Salaries	31,304,802	118,132,679
Staff Welfare Expenses	1,135,696	2,916,032
Contributions to Provident and Other Funds (Refer Note B.11 of Schedule 19)	1,155,662	5,985,751
<b>As Per Profit and Loss Account</b>	<b>33,596,160</b>	<b>126,934,462</b>



Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited)		
Schedules forming part of the Profit and Loss Account for the year ended March 31, 2010		
(Amount in Rupees)		
	Year ended March 31, 2010	Year ended March 31, 2009
<b>Schedule 17: Administrative and Other Expenses</b>		
Electricity, Power and Fuel	15,534,599	48,100,242
Repairs and Maintenance		
Building	828,433	662,525
Plant and Machinery	3,269,879	14,607,289
Others	860,620	4,514,799
Rent including lease rentals (Refer Note D.5 of Schedule 19)	47,724,722	241,129,699
Rates and Taxes	740,478	1,171,416
Credit Card charges	1,208,637	5,124,749
Insurance	945,030	3,454,051
House Keeping Charges	2,300,575	8,259,589
Security Charges	3,897,408	12,272,776
Legal and Professional Charges	10,947,825	8,667,323
Communication Expenses	1,053,616	8,882,914
Travelling and Conveyance Expenses	3,387,924	10,226,160
Auditors' Remuneration		
For Audit Matters	3,695,050	2,080,560
For Tax Audit	110,300	41,363
Printing & Stationery	2,574,487	5,000,234
Commission	93,000	41,000
Advertisement and Sales Promotion	7,529,440	46,585,203
Fixed Assets written off / discarded		299,900,156
Loss on Sale/Disposal of Fixed Assets	74,768,734	62,870,254
Provision for Doubtful Debts/Advances	39,297,095	83,331,990
Office Expenses	306,667	1,558,068
Miscellaneous Expenses	2,686,069	3,021,044
<b>As Per Profit and Loss Account</b>	<b>223,746,664</b>	<b>871,496,520</b>
<b>Schedule 18: Interest and Finance Charges</b>		
Interest on Inter Corporate Deposits	178,522,363	128,600,601
Interest others	792,045	
Interest on Cash Credit - Banks		16,865,127
Bank Charges	640,920	2,469,413
<b>As Per Profit and Loss Account</b>	<b>179,956,318</b>	<b>142,124,501</b>



**Schedule: 19**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010**

**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 ("GAAP") 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 GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at 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 reporting year in which the results are known / materialized.

**iii. Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes original cost of acquisition or installation, including incidental expenses related to such acquisition.

**iv. Depreciation / Amortization**

Depreciation on fixed assets is provided on straight-line basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Depreciation on additions/deductions of assets during the year is provided on pro-rata basis from/upto the date asset is put to use/discarded. Intangible assets are amortized over the expected useful life from the date the assets were available for use, as mentioned below:

Description of Assets	Estimated useful life
Software	Six Years



## v. Impairment of Assets

At each balance sheet date, the Company assesses, based on internal or external factors, whether there is any indication that an asset may be impaired. 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 impairment losses previously recognized are accordingly reversed.

## vi. 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.

## vii. Revenue Recognition

- a) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- b) Retail sales and revenues are recognised on the delivery of goods/merchandise to customers, when:
  - i. the property in the goods is transferred for a price,
  - ii. significant risks and rewards have been transferred and,
  - iii. the Company retains no effective ownership control over the goods.
- c) Sales are net of Discounts. Sales Tax and Value Added Tax are reduced from Turnover.
- d) The property in goods/merchandise of third party sales counters located within the retail stores of the Company passes to the Company once a customer decides to purchase an item from such third party sales counters. The Company, in turn, sells such goods to the customer and revenue is accordingly, included under Sales and cost of such merchandise is disclosed separately in the Profit and Loss Account.
- e) The ownership in goods/merchandise of third parties under concessionaire arrangements does not pass to the Company. Concessionaire income earned from sales made by third parties under such arrangements is recognised in the Profit and Loss Account as Other Income under the head Concessionaire Income.
- f) Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/displayed.



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- g) Interest income from deposits is recognized on accrual basis.
- h) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- i) Profit on sale of investments is recognized on the date of the transaction of sale and is computed with reference to the cost of investments.

**viii. Inventories**

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

Goods / Merchandise received under concessionaire arrangements or in respect of third party sales counters, belong to such consignees / third parties, and are accordingly excluded from the Company's inventories.

**ix. Provision for Shrinkages and Shortages**

Provisions for Shrinkages and Shortages are charged to the Profit and Loss account based on historical data and management estimates. Actual shrinkages and shortages are adjusted against such provisions.

**x. 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/conversion of monetary items or on reporting, the 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.



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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 until the disposal of the net investment, at which time they are recognized as income or expenses.

**xi. 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.

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. In case of timing differences on account of carried forward losses or unabsorbed depreciation, Deferred Tax Assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**xii. Deferred Employee Stock Compensation Costs**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured by the difference between the estimated intrinsic or fair value on the grant date (as elected by the Company in respect of its different Employees Share Based Payment Plans) of its equity shares issuable on exercise of stock options and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting period of the options.

**xiii. 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.

**xiv. Customer Loyalty Club**

As per the Company's customer loyalty programs, points awarded to customers can be redeemed for a gift voucher of an equivalent amount or against special gift articles. The value of these points is accounted for in the year in which they are redeemed.



**xv. Employee benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered. The Company's contribution to Provident Fund and Employee State Insurance Schemes (defined contribution schemes) is charged to the Profit and Loss Account.

Post employment and other long term employee benefits for its eligible employees are recognized as an expense in the profit and loss account, for the year in which the employee has rendered services. The Company has unfunded defined benefit plans, namely compensated absences and gratuity the liability for which is determined on the basis of actuarial valuation, conducted semi-annually, by an independent actuary, in accordance with Accounting Standard 15 (AS 15) – Employee Benefits, notified under the Companies (Accounting Standards) Rules, 2006, as amended. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses are recognized in the Profit and Loss account as income or expenses.

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

**xvii. Fringe Benefits Tax**

Fringe Benefits Tax was calculated in accordance with the provisions of the Income Tax Act, 1961. However the same has been abolished with effect from 1<sup>st</sup> April, 2009.

**xviii. 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.



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**xix. Borrowing costs**

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized 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.



## B. Notes Forming Part of the accounts

### 1 a) Overview

The Company was incorporated as Pyramid Retail Limited on March 18, 2005 with an authorized capital of Rs. 210,000,000 divided into 21,000,000 equity shares of Rs.10 each. In April 2008, Indiabulls Wholesale Services Limited (IWSL), a 100% subsidiary of Indiabulls Real Estate Limited completed the acquisition of 63.92% of the outstanding equity share capital of the Company from the then existing promoters in terms of the Share Purchase Agreement dated December 08, 2007 and Public Announcement dated December 09, 2007 and in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Pursuant to this, IWSL and Indiabulls Real Estate Limited had made an open offer to acquire up to 20% of the voting capital of the Company at an offer price of Rs 74.73 per share. In the open offer, which concluded on April 10, 2008, IWSL purchased 310 shares from the general public. In accordance with the provisions of Section 21 and other applicable provisions of the Companies Act, 1956, the members of the Company passed a special resolution through Postal Ballot, on May 12, 2008, and accorded their approval to change the name of the Company. The Company has since received fresh certificate of incorporation consequent upon change of name, from the Registrar of Companies, Maharashtra, Mumbai dated May 22, 2008 in respect of the said change. Accordingly, the name of the Company was changed to 'Indiabulls Retail Services Limited'. Further and in accordance with the provisions of Section 21 and as per applicable provisions of the Companies Act, 1956, members of the company in their annual general meeting held on September, 30 2009, accorded their approval to change the name of the Company to 'Store One Retail India Limited'. The Company has since received fresh certificate of incorporation consequent upon change of name, from the Registrar of Companies, National Capital Territory of Delhi and Haryana on October 06, 2009. Accordingly, the name of the Company has been changed to "Store One Retail India Limited" from Indiabulls Retail Services Limited.

- b) In accordance with the provisions of Section 94 and other applicable provisions of the Companies Act, 1956, Members of the Company in their Annual General Meeting held on September 30, 2009, accorded their approval to increase the Authorized Share Capital of the Company. Accordingly, the Authorized Share Capital of the Company has been increased from Rs. 21,00,00,000/- (Rupees Twenty One Crores) divided into 2,10,00,000 (Two Crores Ten Lacs) Equity Shares of Rs. 10 each to Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10 each.
- c) M/s Ajay Sardana Associates, Chartered Accountants who were appointed as Statutory Auditors of the Company at its last Annual General Meeting held on September 30, 2009, have resigned from the office by their resignation letter dated February 13, 2010. The Board of Director vide meeting dated February 15, 2010 and Members of the Company vide their resolution through postal ballot dated March 19, 2010 have approved the appointment of M/s Sharma Goel & Co., Chartered



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Accountants, as Statutory Auditors of the Company to fill the vacancy caused due to the resignation aforesaid.

- d) During the year ended March 31, 2010, the Company has incurred a net loss of Rs. 511,971,437 and as of that date its net worth has been eroded. As part of its restructuring initiatives during the year ended March 31, 2009, the Company has closed certain stores as a means to reduce and control costs / operating losses. Further during the year ended March 31, 2010, the Company has rebranded and relaunched as 'Store One', two of its lifestyle retail stores at Pune and Nagpur in October 2009. Having regard to the Company's business plans and the synergies expected from its restructuring initiatives, the financial statements for the year ended March 31, 2010 have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

### 2 Contingent Liabilities

- a) Bank Guarantees:
- i. Of Rs. 6,700,000 (Previous Year Rs Nil) issued in favour of Business Partners, Secured by way of pledge of Fixed Deposits for Rs. 6,700,000 (Previous Year Rs. Nil).
  - ii. Two BG's of Rs. 50,000 each (Previous Year Rs. 50,000) issued in favour of Assessing Authority- Gurgaon, Secured by way of pledge of Fixed Deposits for Rs. 100,000 (Previous Year Rs. 100,000).
  - iii. Of Rs. 4,250,500 (Previous Year Rs. 4,250,500) issued in favour of High Court of Delhi, secured by way of pledge of Fixed Deposits for Rs. 4,250,500 (Previous Year Rs. 4,250,500).
- b) Estimated amount of Contracts remaining to be executed on capital account (net of advances) Rs. 218,454 (Previous Year Rs. 641,270).
- c) Claims against the Company not acknowledged as debts: Rs. 6,109,503 (Previous Year: Nil).

### 3 Statement of Acquisition and Sale of Investments during the year

Non Trade, Unquoted, Current Investments:

In Units of Mutual Funds

	For the year ended March 31, 2010			
	Acquired during the year		Redeemed during the year	
	No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
LICMF Liquid Fund	4,768,986	52,363,939	6,183,112	67,891,179
- Dividend Plan	1,414,126	15,527,240	NIL	NIL



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LICMF Saving Plus Fund	801,992 <i>NIL</i>	8,019,919 <i>NIL</i>	801,992 <i>NIL</i>	8,019,919 <i>NIL</i>
Reliance Liquid Fund	425,192 <i>654,409</i>	6,500,000 <i>10,004,079</i>	425,192 <i>654,409</i>	6,500,000 <i>10,004,079</i>
Total	5,996,170 <i>2,068,535</i>	66,883,858 <i>25,531,319</i>	7,410,295 <i>654,409</i>	82,411,098 <i>10,004,079</i>

\*Figures in respect of Previous Years are stated in Italics.

#### 4 Provision for Shrinkages/Shortages

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
Opening Balance	38,120,425	12,026,206
Additions	-	68,884,029
Utilized	18,501,219	42,789,810
Closing Balance	19,619,206	38,120,425

#### 5 Disclosures in respect of Accounting Standard 19- Leases, as notified under the Companies (Accounting Standards) Rules, 2006, as amended

The Company has taken various premises on operating leases and lease rent of Rs.47,724,722 (Previous year Rs. 241,129,699) in respect of the same has been charged to Profit and Loss Account for the year ended March 31, 2010. The underlying agreements are executed for a period generally ranging from one year to seven 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 of 30 to 90 days. The minimum lease rentals payable in respect of such operating leases are as under:

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
Within One Year	55,317,172	36,864,000
One to Five years	292,737,560	297,748,962
Later than Five years	173,054,088	105,501,154
Total	521,108,820	440,114,116

#### 6 Employees' Stock Option Schemes (ESOS)

##### I Employees' Stock Option Schemes of the Company

##### i. Piramyd Retail Limited -Stock Option Plan 2005

During the period ended March 31, 2006, the Company had established the " Piramyd Retail Limited Stock Option Plan - 2005". The Company issued equity settled options to its eligible employees to subscribe upto 202,350 stock options at an exercise price of Rs.62 per option. The intrinsic value of the option was Rs.58 per option which was the difference between the issue price of the Initial Public Offering concluded prior to the date of grant of options of Rs. 120 per share and exercise price of Rs.62 per option.



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The stock options so granted were to vest in the eligible employees as under:

Sr. No.	% of options vested	Vesting date
1	25 %	December 5, 2006
2	35 %	December 5, 2007
3	40%	December 5, 2008
	<b>100%</b>	

All these options lapsed during the year ended March 31, 2009 on account of resignation of employees or voluntary surrender of options by the employees and accordingly, deferred stock based employee compensation expenses of Rs.1,654,228 written back, during the year 2008-09.

### ii. Piramyd Retail Limited – Stock Option Plan 2006, (“PRL Stock Option Plan -2006”)

During the period ended March 31, 2007, the Company had established the “PRL Stock Option Plan -2006”. The Company issued equity settled options to its eligible employees to subscribe up to 700,000 stock options at an exercise price of Rs.85 per option. On October 3, 2006 , 138,500 options were granted to eligible employees The intrinsic value of the option was Rs.7.75 per option which was the difference between the latest market price prior to the date of grant of option and the exercise price of Rs.85 per option.

The stock options so granted were to vest in the eligible employees as under:

Sr. No.	% of options vested	Vesting date
1	25 %	September 30, 2007
2	30 %	September 30 , 2008
3	45%	September 30 , 2009
	<b>100%</b>	

All these options lapsed during the year ended March 31, 2008 on account of resignation of employees or voluntary surrender of options by the employees and accordingly total ESOS compensation liability of Rs 1,050,125 as of March 31, 2007 & ESOS Compensation expense of Rs 284,828 charged in earlier years was written back during the year ended March 31, 2008.

### iii. Indiabulls Retail Services Limited Employees’ Stock Options Scheme – 2008

During the year ended March 31, 2009, pursuant to the the Resolution passed on May 12, 2008 the Company had established the “Indiabulls Retail Services Limited Employees’ Stock Options Scheme – 2008” Under (“IBRSL ESOS 2008”), the Company issued equity settled options to its eligible employees to subscribe upto 1,000,000 stock options. However, this scheme was subsequently superseded by Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009’ (“IBRSL ESOS 2009”), as approved by the share holders by way of postal ballot on February 9, 2009.



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### iv. Indiabulls Retail Services Limited Employees Stock Options Scheme – 2009

The Compensation Committee, constituted by the Board of Directors of the Company, at its meeting held on June 05, 2009, granted, under the “Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009”, 1,500,000 (Fifteen lacs) stock options representing an equal number of Equity shares of face value Rs. 10 each in the Company, to the eligible employees, at an exercise price of Rs. 30.45 per option, being the latest available closing market price on the National Stock Exchange of India Limited, as on June 04, 2009. The stock options so granted, shall vest in the eligible employees within 10 years beginning from June 06, 2010, the first vesting date. The stock options granted under each of the slabs, can be exercised by the grantees within a period of five years from the relevant vesting date.

The Company follows the intrinsic value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments (“Guidance Note”) issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no compensation expense in respect of the options granted was recorded by the Company.

The Fair values of the options under the Scheme using the Black-Scholes model based on the following parameters, is Rs.24.06 per option, as calculated by an independent firm of Chartered Accountants:

S. No	Particulars	ESOP – 2009
1	Fair value of option at grant date (Rs. per option)	Rs. 24.06
2	Exercise price (Rs. per option)	Rs. 30.45
3	Expected volatility	206%
4	Expected forfeiture percentage on each vesting date	Nil
5	Option Life (Weighted Average)	10.5 Years
6	Expected Dividends yield	Nil
7	Risk Free Interest rate	6.50%

Had the Company followed the fair value method, there would not have been any impact on the Profit after Tax and on the basic and diluted earnings per share of the Company.

### v. Indiabulls Retail Services Limited Employees’ Stock Options Scheme – 2009(II)

Members of the Company in their annual general meeting held on September 30, 2009 have approved by way of special resolution the “Indiabulls Retail Services Employees Stock Option Scheme - 2009 (II) (“IBRSL ESOS - 2009”) covering 30 lacs equity settled options for eligible employees of the Company, its subsidiaries, Holding Company and Ultimate Holding Company.



**II Stock Option Scheme of the Holding Company**

Indiabulls Wholesale Services Limited ("IWSL"), a wholly owned subsidiary Company of Indiabulls Real Estate Limited ("IBREL"), announced the Indiabulls Wholesale Services Limited Employee Stock Option Plan 2007 ("IWSL ESOP 2007") for its employees and its subsidiary companies, existing then or in future, and employees of its holding company ("IBREL"). The eligible employees covered under IWSL ESOP 2007 were granted an option to purchase equity shares of the Company subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2008, whereby 10% of the options vest on each vesting date. A Compensation Committee constituted by the Board of Directors of the Company administered the IWSL ESOP 2007.

During the year, the IWSL ESOP 2007 was cancelled and withdrawn pursuant to the approval of the Board of Directors of the Company on May 27, 2009, after the option holders surrendered the unvested options under the IWSL ESOP 2007.

**III Stock Option Schemes of the Ultimate Holding Company ("IBREL")**

Indiabulls Real Estate Limited ("IBREL"), the ultimate holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

**7 Earnings per Share**

The Basic Earnings Per share is computed by dividing the Net Profit/(loss) for the year attributable to equity shareholders 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 dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.



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(Amount in Rupees)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit/(Loss) After Tax	(511,971,437)	(902,902,497)
Weighted Average number of shares used in computing Basic Earnings per Share (Number of shares)	20,000,000	20,000,000
Total Potential Weighted Average number of shares used in computing Diluted Earnings Per Share (Number of shares)	20,000,000	20,000,000
Face Value per equity share	10	10
Basic Earnings / (Loss) Per Share	(25.60)	(45.15)
Diluted Earnings / (Loss) Per Share	(25.60)	(45.15)

### 8 Deferred Tax Asset

In compliance with Accounting Standard 22 (AS 22) – “Accounting for Taxes on Income”, as notified under the Companies (Accounting Standards) Rules, 2006, the Deferred Tax Assets has not been recognized as there is no virtual certainty supported by convincing evidence of the subsequent realization of such deferred tax assets in future.

### 9 Impairment

In accordance with the provisions of Accounting Standard 28 (AS 28) “Impairment of Assets” as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company, during the year ended March 31, 2010, has recorded impairment loss of Rs.29,361,547 (Previous year 6,106,358) (included under the head Depreciation in the Profit and Loss account), relating to various items of Tangible and Intangible Assets, which have been brought down to their recoverable values upon evaluation of future economic benefits from their use.

### 10 Quantitative details

(As taken, valued and certified by the management)

(Amount in Rupees)

Particulars	Sales		Purchases		Write-off		Opening Stock		Closing Stock	
	Qty*	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Apparels/ Household Items etc.	278,357	144,568,492	138,791	97,526,885	16,225	241,742	399,748	156,597,806	260,182	127,511,605
	1,464,175	763,527,518	591,040	274,468,708	35,434	17,113,165	1,308,317	545,469,651	399,748	156,397,806
Others		26,223,608	-	4,205,091	-	13,473,412	-	48,512,019	-	11,522,728
	-	201,861,842	-	225,616,957	-	25,676,644	-	97,255,307	-	48,512,019
Total	278,357	170,792,100	138,791	101,731,976	16,225	13,715,154	399,748	205,109,825	260,182	139,034,333
	1,464,175	965,389,360	591,040	500,085,665	35,434	42,789,809	1,308,317	642,724,958	399,748	205,109,825



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\* The Company having dealt in a large number of products, the quantitative information has been furnished only in respect of major items namely Apparels and Household items. Other items are grouped together, as quantitative information in respect of each product is not practical to ascertain in view of nature of retailing operations of the Company.

\*\* Figures in respect of Previous Years are stated in Italics.

### 11 Employee Benefits

Contributions are made to Provident Fund and Family Pension Fund, Employees State Insurance Corporation and other statutory funds which cover all eligible employees. Both the employees and the Company make predetermined contributions to the Provident Fund and Employees State Insurance Corporation. The contributions are normally based on a certain proportion of the employees' salary. The Company has charged Rs. 1,155,662 (Previous Year Rs.5,885,751) as employer contribution for the above mentioned funds, to the Profit and Loss Account.

Provision for unfunded Gratuity and Compensated Absences for all employees is based upon actuarial valuation conducted semi-annually 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 are accounted for in the Profit and Loss account. Disclosures required by Accounting Standard 15 (AS-15) Employee Benefits, as notified under the Companies (Accounting Standard) Rules, 2006 as amended, are given below:

(Amount in Rupees)

	Gratuity (unfunded)	Gratuity (unfunded)	Compensated Absences (Unfunded)	Compensated Absences (Unfunded)
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
<u>Reconciliation of liability recognised in the Balance sheet</u>				
Present value of commitments (as per actuarial valuation)	797,369	831,978	471,131	700,636
Fair value of plan assets	NA	NA	NA	NA
Net liability in the Balance sheet (actual)	797,369	831,978	471,131	700,636
<u>Movement in net liability recognised in the Balance sheet</u>				
Net liability as at beginning of the year	831,978	2,423,697	700,636	3,946,772
Amount paid during the Year	NA	NA	NA	NA
Net expense recognised in the Profit and Loss account	(34,609)	(1,591,719)	(229,505)	(3,246,136)



## Store One Retail India Limited

Contribution during the year	NA	NA	NA	NA
Net liability as at end of the year	797,369	831,978	471,131	700,636
<b>Expense recognised in the Profit and Loss account</b>				
Current service cost	285,253	831,978	175,271	700,636
Interest cost	54,917	--	43,170	--
Expected return on plan assets	NA	NA	NA	NA
Actuarial (gains)/ losses	(374,779)	(2,423,697)	(447,946)	(3,946,772)
Expense charged to the Profit and Loss account	(34,609)	(1,591,719)	(229,505)	(3,246,136)
<b>Return on plan assets</b>				
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
<b>Reconciliation of defined-benefit commitments</b>				
Commitments as at beginning of the year	831,978	2,423,697	700,636	3,946,772
Current service cost	285,253	831,978	175,271	700,636
Interest cost	54,917	--	43,170	--
Paid benefits	NA	NA	NA	NA
Actuarial (gains)/ losses	(374,779)	(2,423,697)	(447,946)	(3,946,772)
Commitments as at end of the year	797,369	831,978	471,131	700,636
<b>Reconciliation of plan assets</b>				
Plan assets as at beginning of the 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 the year	NA	NA	NA	NA

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and leave encashment are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

	For the year ended March 31, 2010	For the year ended March 31, 2009
Discount rate	7.50%	7.50%
Gratuity and Compensated Expenses	NA	NA
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality	LIC (1994-96) Duly Modified	LIC (1994-96) Duly Modified



Store One Retail India Limited

**12 Disclosures in respect of Accounting Standard 18 (AS 18) Related Party Disclosures, as notified under the Companies (Accounting Standards) Rules, 2006, as amended**

(a) Related parties where control exists:

Nature of relationship	Name of Party
Ultimate Holding Company	Indiabulls Real Estate Limited
Holding Company	Indiabulls Wholesale Services Limited
Fellow Subsidiary Company*	Indiabulls Projects Limited

\* With whom transactions entered during the year.

(b) Other related parties:

Nature of relationship	Name of Party
Key Management Personnel	Rajiv Rattan, Director Anil Lepps, Whole- Time Director (From January 06, 2009) Udesh Jha, Director (Till June 30, 2009) Mehul CC Johnson, Director (From March 18, 2009)

(c) Statement of Material Transactions

i) Inter Corporate Deposits taken (Maximum amount outstanding at any time during the year)

(Amount in Rupees)

Particulars	Relationship	During the year ended March 31, 2010	During the year ended March 31, 2009
Indiabulls Wholesale Services Limited	Holding Company	962,800,000	1,850,782,454
Indiabulls Projects Limited	Fellow Subsidiary Company	1,000,000,000	1,000,000,000

ii) Interest Expenses on Inter Corporate Deposits

(Amount in Rupees)

Particulars	Relationship	During the year ended March 31, 2010	During the year ended March 31, 2009
Indiabulls Wholesale Services Limited	Holding Company	51,89,984	82,624,741
Indiabulls Projects Limited	Fellow Subsidiary Company	5,424,642	43,658,583

iii) Repayment of Inter Corporate Deposits

(Amount in Rupees)

Particulars	Relationship	During the year ended March 31, 2010	During the year ended March 31, 2009
Indiabulls Wholesale Services Limited	Holding Company	962,800,000	NIL
Indiabulls Projects Limited	Fellow Subsidiary Company	1,000,000,000	NIL



## Store One Retail India Limited

iv) Outstanding as at March 31, 2010

(Amount in Rupees)

Particulars	Relationship	As at March 31, 2010	As at March 31, 2009
Inter Corporate Deposit taken			
Indiabulls Wholesale Services Limited	Holding Company	NIL	922,800,000
Indiabulls Projects Limited	Fellow Subsidiary Company	NIL	1,000,000,000
Interest Payable on Inter Corporate Deposit			
Indiabulls Wholesale Services Limited	Holding Company	NIL	97,492,306
Indiabulls Projects Limited	Fellow Subsidiary Company	NIL	33,765,657

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

13 No Disclosures are required under Clause 32 of the Listing Agreements with Stock Exchanges as the company has no subsidiary companies.

14 Disclosures pursuant to Part II to Schedule VI of the Companies Act, 1956, to the extent applicable

i. Managerial Remuneration under section 198 of the Companies Act, 1956:

(Amount in Rupees)

Particulars	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
Salary and Other Allowances	--	--
Contribution to Provident Fund/Superannuation	--	--

As no commission has been paid / is payable to Directors, the computation of Net Profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956 has not been furnished.

ii. Expenditure incurred in Foreign currency: NIL (Previous Year: NIL)

iii. Value of Imports calculated on CIF basis: NIL (Previous Year: NIL)

15 Segment Reporting

The Company is engaged in the retail business in India. 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 17 (AS 17)



## Store One Retail India Limited

–“Segment Reporting” as notified under the Companies (Accounting Standards ) Rules ,2006., other than those already provided in the financial statements.

- 16 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 Standard 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.
- 17 In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2010 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 after appropriate provision. Certain balances shown under loans and advances, sundry creditors and balances with banks are subject to confirmation/reconciliation. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of such balances, other than as already provided in the financial statements.
- 18 In respect of amounts mentioned under Section 205 C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2010.
- 19 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:
- i. An amount of Rs. 2,490,656 (Previous Year 4,836,762) was due and outstanding to suppliers as at the end of the accounting year.
  - ii. No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and payments of Rs. 3,815,437 were made to suppliers beyond the appointed day during the accounting year.
  - iii. No interest is due and payable at the end of the year to such suppliers. (Refer Note (vi) below)
  - iv. Interest of Rs. 679,310 is accrued but not due at the end of the accounting year (Refer Note (vi) below)
  - v. No amount of further interest was remaining due and payable in the succeeding years.
  - vi. The above information and that given in Schedule 10 - “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. Certain balances shown under Current Liabilities are subject to confirmation / reconciliation. Pending such



## Store One Retail India Limited

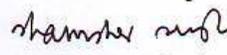
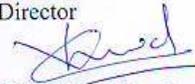
confirmation / reconciliation, the Company has not paid principal amount of Rs. 2,490,656 and interest amount of Rs. 679,310 that may be payable under the Micro, Small and Medium Enterprises Development Act, 2006.

- 20 No borrowing cost has been capitalized during the year.
- 21 The company has not entered into any foreign exchange derivative instruments during the year. There are no outstanding foreign currency exposures as at March 31, 2010.
- 22 Previous year's figures have been regrouped and / or re-arranged and / or reclassified wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date  
For Sharma Goel & Co.  
Chartered Accountants  
FRN: 000645N  
Amar Mittal  
Partner  
Membership No: 017755



For and on behalf of the Board

  
Shamsher Singh  
Director  
  
Vikas Khandelwal  
Company Secretary

  
Anil Lepps  
Whole-Time Director

Place: Gurgaon  
Date: April 29, 2010

Place: Gurgaon  
Date: April 29, 2010

## d) Nine month period ended December 31, 2010



SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

### Auditor's Report

To the Board of Directors of Store One Retail India Limited  
(Formerly known as Indiabulls Retail Services Limited)

1. We have audited the attached Balance Sheet of Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited) ("the Company") as at December 31, 2010, the Profit and Loss account for the nine months period ended December 31, 2010 and also the Cash-flow statement for the nine months period ended December 31, 2010, annexed thereto. These Interim 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 interim financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the interim financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall interim financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in a 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 the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> December 2010;
  - b. In the case of the Profit and Loss Account, of the loss for the nine months period ended on that date; and
  - c. In the case of the Cash flow statement, of the cash flows for the nine months period ended on that date.

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

Amar Mittal  
Partner

Membership No. 017755  
New Delhi, February 28, 2011



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**Store One Retail India Limited**  
(Formerly known as Indiabulls Retail Services Limited)  
**Balance Sheet as at December 31, 2010**

	Schedule	As at December 31, 2010	As at March 31, 2010
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	200,000,000	200,000,000
Reserves and Surplus	2	1,062,033,695	1,062,033,695
		<b>1,262,033,695</b>	<b>1,262,033,695</b>
<b>Loan Funds</b>			
Unsecured Loans	3	3,893,280,546	2,371,336,950
		<b>3,893,280,546</b>	<b>2,371,336,950</b>
<b>Total</b>		<b>5,155,314,241</b>	<b>3,633,370,645</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	4	645,600,953	673,455,013
Less : Accumulated Depreciation (including amortization)		291,062,643	252,698,714
Net Block		354,538,310	420,756,299
Capital work-in-progress (including capital advances)		-	-
		<b>354,538,310</b>	<b>420,756,299</b>
<b>Investments</b>			
	5	1,300,500,000	-
<b>Current Assets, Loans and Advances</b>			
Inventories	6	51,257,501	119,415,127
Sundry Debtors	7	3,684,967	523,169
Cash and Bank Balances	8	8,168,779	11,608,689
Loans and Advances	9	154,700,922	138,958,482
		217,812,169	270,505,467
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	10	246,803,410	313,624,697
Provisions	11	249,492	1,268,500
		247,052,902	314,893,197
<b>Net Current Assets</b>		<b>(29,240,733)</b>	<b>(44,387,730)</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>3,529,516,664</b>	<b>3,257,002,076</b>
<b>Total</b>		<b>5,155,314,241</b>	<b>3,633,370,645</b>
Significant accounting policies and notes forming part of the financial statements	19		

As per our report of even date

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

Amar Mittal  
Partner  
Membership No.: 017755



For and on behalf of the Board

Abhimanyu Mehlawat  
Whole Time Director

Karan Singh  
Director

Vikas Khandelwal  
Company Secretary

Place : Gurgaon  
Date: February 28, 2011

Place : Gurgaon  
Date: February 28, 2011

<b>Store One Retail India Limited</b> (Formerly known as Indiabulls Retail Services Limited) <b>Profit and Loss Account for the period ended December 31, 2010</b>			
	Schedule	For the Period ended December 31, 2010	For the Year ended March 31, 2010
<b>Income</b>			
Sales and Operating Income	12	28,016,171	167,764,398
Other Income	13	13,175,478	20,802,404
<b>Total</b>		<b>41,191,649</b>	<b>188,566,802</b>
<b>Expenditure</b>			
Cost of goods sold	14	20,938,124	167,807,468
Direct Costs	15	1,596,774	1,907,715
Employee Remuneration and Benefits	16	9,131,867	33,596,160
Administrative and other expenses	17	34,592,898	223,746,564
Interest and Finance Charges	18	200,476,229	179,865,318
Depreciation (including amortization, and impairment charge)		46,970,344	93,615,014
		<b>313,706,236</b>	<b>700,538,239</b>
<b>Loss Before Tax</b>		<b>(272,514,588)</b>	<b>(511,971,437)</b>
Provision for Taxation			
a) Current Tax		-	-
b) Deferred Tax		-	-
<b>Loss After Tax</b>		<b>(272,514,588)</b>	<b>(511,971,437)</b>
Add: Balance of loss brought forward		(3,257,002,076)	(2,745,030,639)
Balance carried forward to Balancesheet		<b>(3,529,516,664)</b>	<b>(3,257,002,076)</b>
<b>Earnings per share</b> (Refer Note B 7 of Schedule 19)			
Basic Earning per share (Rs.)		(13.63)	(25.60)
Diluted Earning per share (Rs.)		(13.63)	(25.60)
Face value per Equity Share (Rs.)		10	10
Significant accounting policies and notes forming part of the financial statements	19		

As per our report of even date

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

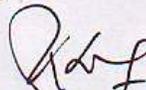
**Amar Mittal**  
Partner  
Membership No.: 017755

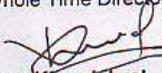


Place : Gurgaon  
Date: February 28, 2011

For and on behalf of the Board

  
**Abhimanyu Mehlawat**  
Whole Time Director

  
**Karan Singh**  
Director

  
**Vikas Khandelwal**  
Company Secretary

Place : Gurgaon  
Date: February 28, 2011

<b>Store One Retail India Limited</b> (Formerly known as Indiabulls Retail Services Limited) Schedules forming part of the Balance sheet as at December 31, 2010		
	As at December 31, 2010	As at March 31, 2010
<b>Schedule 1 : Share Capital</b>		
<b>Authorised:</b>		
25,000,000 (Previous Year 25,000,000) equity shares of Rs 10 each	250,000,000	250,000,000
<b>Issued, Subscribed and Paid Up</b>		
20,000,000 Equity Shares ( Previous Year 20,000,000 ) of Rs10 each fully paid up.	200,000,000	200,000,000
Of the above, 12,783,310 (previous year 12,783,310) equity shares of face value of Rs 10 each are held by Indiabulls Wholesale Services Limited, the Holding Company.		
<b>As Per Balance Sheet</b>	<b>200,000,000</b>	<b>200,000,000</b>
<b>Schedule 2 : Reserves and Surplus</b>		
Securities Premium Account	1,062,033,695	1,062,033,695
<b>As Per Balance Sheet</b>	<b>1,062,033,695</b>	<b>1,062,033,695</b>
<b>Schedule 3 : Unsecured Loans</b>		
Short Term Loans		
-From Holding Company	2,896,100,000	-
-Interest Accrued and due thereon	144,910,739	-
	3,041,010,739	-
-From Subsidiary Company	820,000,000	-
-Interest Accrued and due thereon	32,269,807	-
	852,269,807	-
-From Bodies Corporate	-	2,295,600,000
-Interest Accrued and due thereon	-	75,736,950
	-	2,371,336,950
<b>As Per Balance Sheet</b>	<b>3,893,280,546</b>	<b>2,371,336,950</b>
<b>Schedule 5 : Investments</b>		
Long Term - (Non Trade - Unquoted)		
In Subsidiary Company		
Albasta Power Limited:		
-100,050,000 (Previous Year NIL) Fully Paid up Equity Shares of Face Value Rs.10 each	1,000,500,000	-
-30,000,000 (Previous Year NIL) Fully Paid up 0.0001%, Non Convertible, Cumulative, Redeemable Preference Shares of Rs.10 each	300,000,000	-
(Refer Note B 3 (b) of Schedule 19)		
<b>As Per Balance Sheet</b>	<b>1,300,500,000</b>	<b>-</b>
Aggregate Book Value of Un-Quoted investments	1,300,500,000	-
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market value of Quoted Investments	-	-
<b>Schedule 6 : Inventories (as taken, valued and certified by Management)</b>		
Finished Goods	71,068,873	139,034,333
Less: Provision for shrinkages and shortages (Refer Note B 4 of Schedule 19)	(19,811,372)	(19,619,206)
<b>As Per Balance Sheet</b>	<b>51,257,501</b>	<b>119,415,127</b>
<b>Schedule 7 : Sundry Debtors</b>		
(Unsecured, considered good, unless otherwise stated)		
(a) Debts outstanding for a period exceeding six months		
Considered Good	-	1,304
Considered Doubtful	6,025,651	6,025,651
	6,025,651	6,026,955
Less : Provision for doubtful debts	(6,025,651)	(6,025,651)
	-	1,304
(b) Other Debts (Considered Good)	3,684,967	521,865
<b>As Per Balance Sheet</b>	<b>3,684,967</b>	<b>523,169</b>

Schedule 4: Fixed Assets  
Schedule forming part of balance sheet as at December 31, 2010 (Amount in Rupees)

Description	Gross Block (At Cost)			Accumulated Depreciation/Amortization			Net Block		
	As at April 01, 2010	Additions During the period April to December 2010	Adjustments / Sales During the period April to December 2010	As at December 31, 2010	As at April 01, 2010	Provided During the period April to December 2010	Impairment of fixed assets recorded during the period	As at December 31, 2010	As at March 31, 2010
<b>A) Tangible Assets</b>									
Plant and Machinery	138,116,002	-	4,172,511	133,042,491	34,150,781	8,293,378	-	41,446,150	103,995,220
Furniture and Fixtures	324,038,347	43,500	20,032,407	304,049,440	83,807,413	13,802,047	-	102,613,959	230,230,334
Computers	105,193,034	-	3,370,268	101,822,766	67,952,350	13,718,912	-	79,160,796	37,249,685
Office Equipments	-	28,990	-	28,990	-	770	-	770	-
Vehicles	718,730	-	65,635	653,095	442,000	29,904	-	438,429	275,630
<b>Total</b>	<b>568,066,113</b>	<b>72,490</b>	<b>27,641,821</b>	<b>540,496,782</b>	<b>196,353,444</b>	<b>35,645,011</b>	<b>-</b>	<b>223,668,104</b>	<b>371,712,689</b>
<b>B) Intangible Assets</b>									
Software	105,388,900	-	284,729	105,104,171	56,345,270	11,325,333	-	67,402,539	49,043,630
<b>Total</b>	<b>105,388,900</b>	<b>-</b>	<b>284,729</b>	<b>105,104,171</b>	<b>56,345,270</b>	<b>11,325,333</b>	<b>-</b>	<b>67,402,539</b>	<b>49,043,630</b>
<b>Grand Total</b>	<b>673,455,013</b>	<b>72,490</b>	<b>27,926,550</b>	<b>645,600,953</b>	<b>252,698,714</b>	<b>46,970,344</b>	<b>-</b>	<b>291,062,643</b>	<b>420,756,299</b>
Previous Year	765,434,710	45,469,369	137,479,069	673,455,013	178,318,194	64,253,467	29,361,547	252,668,714	420,756,299

\* Refer Note B 9 of Schedule 19

**Store One Retail India Limited**  
(Formerly known as Indiabulls Retail Services Limited)  
Schedules forming part of the Balance sheet as at December 31, 2010

	As at December 31, 2010	As at March 31, 2010
<b>Schedule 8 : Cash and Bank Balances</b>		
Cash on Hand	35,732	373,969
Balance with Scheduled Banks :		
-in Current Accounts	3,782,547	184,220
-in Fixed Deposit Accounts (Refer Note B 2 (a) of Schedule 19)	4,350,500	11,050,500
<b>As Per Balance Sheet</b>	<b>8,168,779</b>	<b>11,608,689</b>
<b>Schedule 9 : Loans and Advances</b> (Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	71,526,815	52,374,375
Considered Doubtful	160,906,498	157,632,197
	232,433,313	210,006,572
Less: Provision for Doubtful advances	160,906,498	157,632,197
	71,526,815	52,374,375
Security Deposits:		
Considered Good	83,174,107	86,584,107
Considered Doubtful	84,560,379	84,560,379
	167,734,486	171,144,486
Less: Provision for Doubtful Deposits	84,560,379	84,560,379
	83,174,107	86,584,107
<b>As Per Balance Sheet</b>	<b>154,700,922</b>	<b>138,958,482</b>
<b>Schedule 10 : Current Liabilities</b>		
Sundry Creditors (Refer Note B 18 of Schedule 19)		
(a) Dues to Micro, Small and Medium Enterprises	2,490,656	2,490,656
(b) Dues to others	229,665,336	296,602,090
Expenses Payable	1,016,966	926,659
Other Liabilities	13,630,453	13,605,292
<b>As Per Balance Sheet</b>	<b>246,803,410</b>	<b>313,624,697</b>
<b>Schedule 11 : Provisions</b>		
Provision for Gratuity (Refer Note B 11 of Schedule 19)	174,594	797,369
Provision for Compensated Absences (Refer Note B 11 of Schedule 19)	74,898	471,131
<b>As Per Balance Sheet</b>	<b>249,492</b>	<b>1,268,500</b>



<b>Store One Retail India Limited</b> (Formerly known as Indiabulls Retail Services Limited) Schedules forming part of the Profit and Loss Account for the period ended December 31, 2010		
Particulars	For the Period ended December 31, 2010	For the Year ended March 31, 2010
<b>Schedule 12 : Sales and Operating Income</b>		
Sales [Net of applicable VAT]	17,693,608	123,957,985
Sales of Consignment Merchandise	10,322,563	43,806,413
<b>As Per Profit and Loss Account</b>	<b>28,016,171</b>	<b>167,764,398</b>
<b>Schedule 13 : Other Income</b>		
Income from store displays	-	676,231
Concessionaire Income	2,467,835	13,000,575
Miscellaneous Income	552,877	607,951
Expenses / Liabilities Written Back	9,876,758	4,987,079
Interest Income	278,008	490,449
Interest on Income Tax Refund	-	852,829
Dividend on units of Mutual Funds	-	187,290
<b>As Per Profit and Loss Account</b>	<b>13,175,478</b>	<b>20,802,404</b>
<b>Schedule 14 : Cost of Goods Sold</b>		
Purchases	(55,504,734)	67,008,901
Decrease in inventories	67,965,461	66,075,492
Purchase of Consignment Merchandise	8,477,397	34,723,075
<b>As Per Profit and Loss Account</b>	<b>20,938,124</b>	<b>167,807,468</b>
<b>Schedule 15 : Direct Costs</b>		
Octroi Charges	704,283	501,105
Barcoding and Soft Tags	91,764	196,211
Transportation Charges	706,837	1,104,901
Labour Charges	93,890	105,498
<b>As Per Profit and Loss Account</b>	<b>1,596,774</b>	<b>1,907,715</b>
<b>Schedule 16 : Employees Remuneration and Benefits</b>		
Salaries	8,894,037	31,304,802
Staff Welfare Expenses	2,601	1,135,696
Contribution to Provident and Other Funds (Refer Note B 11 of Schedule 19)	235,229	1,155,662
<b>As Per Profit and Loss Account</b>	<b>9,131,867</b>	<b>33,596,160</b>



<b>Store One Retail India Limited</b> (Formerly known as Indiabulls Retail Services Limited) Schedules forming part of the Profit and Loss Account for the period ended December 31, 2010		
PARTICULARS	Period ended December 31, 2010	Year ended March 31, 2010
<b><u>Schedule 17 : Administrative and Other Expenses</u></b>		
Electricity, Power and Fuel	1,962,694	15,534,559
Repairs and Maintenance		
Building	9,086	828,433
Plant and Machinery	1,346,206	3,269,879
Others	33,563	880,620
Rent including lease rentals (Refer Note B 5 of Schedule 19)	11,685,959	47,724,722
Rates and Taxes	117,355	740,478
Credit card charges	157,075	1,206,637
Insurance	499,157	945,030
House Keeping Charges	550,292	2,300,575
Security Charges	815,804	3,897,408
Legal and Professional Charges	1,255,473	10,947,825
Communication Expenses	417,088	1,053,616
Travelling and Conveyance Expenses	1,625,293	3,367,924
Auditors' Remuneration		
For Audit Matters	1,737,225	3,695,050
For Tax Audit	-	110,300
Printing expenses	581,116	2,574,497
Commission	-	90,000
Advertisement and Sales Promotion	517,037	7,529,446
Loss on Sale/Disposal of Fixed Assets	10,433,226	74,758,734
Provision for Doubtful Debts/Advances	-	39,297,095
Office Expenses	166,299	305,667
Miscellaneous Expenses	682,950	2,688,069
<b>As Per Profit and Loss Account</b>	<b>34,592,898</b>	<b>223,746,564</b>
<b><u>Schedule 18: Interest and Finance Charges</u></b>		
Interest on Inter Corporate Deposits	199,697,468	178,522,353
Interest others	658,808	702,045
Bank Charges	119,953	640,920
<b>As Per Profit and Loss Account</b>	<b>200,476,229</b>	<b>179,865,318</b>



Store One Retail India Limited (Formerly known as Indiabulls Retail Services Limited)		
Cash Flow statement for the period ended December 31, 2010		
Particulars	(Amount in Rupees)	
	For the period ended December 31, 2010	For the year ended March 31, 2010
<b>A Cash Flow from Operating Activities</b>		
Net Loss Before Tax and Extraordinary items	(272,514,588)	(511,971,437)
Adjustments for :		
Depreciation / Impairment / Amortisation	46,970,344	93,815,014
Interest Expense	200,476,229	179,865,318
Interest Income	(278,008)	(1,343,278)
Dividend Income of units of Mutual Funds (Non Trade)	-	(187,290)
Liabilities/ Expenses written back	(9,876,758)	(4,987,079)
Loss on sale / disposal of Fixed Assets	10,433,226	74,758,734
Provision for doubtful debts/Bad Debts written off	-	39,297,095
Provision for Gratuity / Compensated absences written back	(1,019,008)	(264,114)
Provision for Shrinkages	192,166	(3,705,774)
Operating Profit/(Loss) before working capital changes	(25,616,397)	(134,922,811)
Adjustment for :		
(Increase) / Decrease in Sundry Debtors	(3,161,798)	422,384
Increase in Loans and Advances	(19,016,741)	(49,191,573)
(Increase) / Decrease in Inventories	67,965,461	51,280,051
Decrease in Trade and Other Payables	(54,329,035)	(15,087,089)
Cash Used In Operations	(34,158,510)	(147,499,037)
Taxes Paid (Net)	-	(44,157)
<b>Net Cash Used In Operating Activities</b>	<b>(34,158,510)</b>	<b>(147,543,194)</b>
<b>B Cash Flow From Investing Activities</b>		
Proceeds from Sale of Assets	8,886,912	8,084,742
Purchase of Fixed Assets	(72,490)	(10,099,273)
Investment in Wholly Owned Subsidiary	(1,300,500,000)	-
Interest Income	278,008	1,343,278
Dividend on units of Mutual fund (Non Trade)	-	187,290
<b>Net Cash Used In Investing Activities</b>	<b>(1,291,407,570)</b>	<b>(483,963)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Unsecured Loans	4,536,100,000	3,385,600,000
Repayment of Unsecured Loans	(3,115,600,000)	(3,012,800,000)
Interest Paid	(98,373,830)	(234,707,024)
<b>Net Cash Generated From Financing Activities</b>	<b>1,322,126,170</b>	<b>138,092,976</b>
<b>D Net Decrease In Cash and Cash equivalents (A+B+C)</b>	<b>(3,439,910)</b>	<b>(9,934,181)</b>
<b>E Cash and Cash equivalents at the beginning of the year</b>	<b>11,608,689</b>	<b>21,642,870</b>
<b>F Cash and Cash equivalents at the end of the year (D+E)</b>	<b>8,168,779</b>	<b>11,608,689</b>
Cash and Bank Balances	8,168,779	11,608,689
	<b>8,168,779</b>	<b>11,608,689</b>
<b>1 Cash and Cash Equivalents as at the end of the year includes</b>		
Cash on Hand	35,732	373,969
In Current Accounts	3,782,547	184,220
In Fixed Deposit Accounts *	4,350,500	11,050,500
* Refer Note B 2(a) of Schedule 19		
	<b>8,168,779</b>	<b>11,608,689</b>
2 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard -3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules,2006,as amended.		

As per our report of even date

For Shama Goel & Co.  
Chartered Accountants  
FRN: 000543N

Amar Mittal  
Partner  
Membership No.: 017755



For and on behalf of the Board

Abhimanyu Mehlawat  
Whole Time Director

Vikas Khandhelwat  
Company Secretary

Karan Singh  
Director

Place : Gurgaon  
Date: February 28, 2011

Place : Gurgaon  
Date: February 28, 2011

**Schedule: 19**

**Significant Accounting Policies and Notes to Accounts forming Part of the Balance Sheet as at December 31, 2010 and Profit and Loss Account for the Period from April 1, 2010 to December 31, 2010.**

**A. Significant Accounting Policies:**

**i. Basis of accounting**

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India ("GAAP") 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 GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at 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 reporting year in which the results are known / materialized.

**iii. Fixed Assets**

**a) Tangible Assets:**

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

**b) Intangible Assets:**

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

**iv. Depreciation / Amortization**

Depreciation on tangible fixed assets is provided on straight-line basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Depreciation on additions/deductions of assets during the year is provided on pro-rata basis from/ up to the date asset is put to use/discarded. Intangible assets are amortized over the expected useful life from the date the assets were available for use, as mentioned below:

Description of Assets	Estimated useful life
Software	Six Years

**v. Impairment of Assets**

At each Balance Sheet date, the Company assesses, based on internal or external factors, whether there is any indication that an asset may be impaired. 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 impairment losses previously recognized are accordingly reversed.



## Store One Retail India Limited

**vi. 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.

**vii. Revenue Recognition**

- a) Revenue is recognized when it is earned and no significant uncertainty exists as to its realisation or collection.
- b) Retail sales are recognised on the delivery of goods/merchandise to customers, when:
  - i. the property in the goods is transferred for a price,
  - ii. significant risks and rewards have been transferred and,
  - iii. the Company retains no effective ownership control over the goods.
- c) Sales are net of Discounts, Sales Tax and Value Added Tax.
- d) The property in goods/merchandise of third party sales counters located within the retail stores of the Company passes to the Company once a customer decides to purchase an item from such third party sales counters. The Company, in turn, sells such goods to the customer and revenue is accordingly, included under Sales and cost of such merchandise is disclosed separately in the Profit and Loss Account.
- e) The ownership in goods/merchandise of third parties under concessionaire arrangements does not pass to the Company. Concessionaire income earned from sales made by third parties under such arrangements is recognised in the Profit and Loss Account as Other Income under the head Concessionaire Income.
- f) Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/displayed.
- g) Interest income from fixed deposits is recognized on accrual basis.
- h) Dividend income is recognized when the right to receive the dividend is unconditional at the Balance Sheet Date.
- i) Profit on sale of investments is recognized on the date of the transaction of sale and is computed with reference to the cost of investments

**viii. Inventories**

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

Goods / Merchandise received under concessionaire arrangements or in respect of third party sales counters, belong to such consignees / third parties, and are accordingly excluded from the Company's inventories.



## Store One Retail India Limited

### ix. Provision for Shrinkages and Shortages

Provisions for Shrinkages and Shortages are charged to the Profit and Loss account based on historical data and management estimates. Actual shrinkages and shortages are adjusted against such provisions.

### x. Foreign Currency Transactions

#### a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate for 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 Rate Differences

Exchange differences arising on the settlement/conversion of monetary items or on reporting, the 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 Rate 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 until the disposal of the net investment, at which time they are recognized as income or expenses.

### xi. 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.

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. In case of timing differences on account of carried forward losses or unabsorbed depreciation, Deferred Tax Assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### xii. Deferred Employee Stock Compensation Costs

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured by the difference between the estimated intrinsic or fair value on the grant date (as elected by the Company in respect of its different Employees Share Based Payment Plans) of its equity shares issuable on exercise of stock options and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting period of the options.



## Store One Retail India Limited

### xiii. 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.

### xiv. Customer Loyalty Club

As per the Company's customer loyalty programs, points awarded to customers can be redeemed for a gift voucher of an equivalent amount or against special gift articles. The value of these points is accounted for in the year in which they are redeemed.

### xv. Employee benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered. The Company's contribution to Employee Provident Fund and Employee State Insurance Schemes (defined contribution schemes) is charged to the Profit and Loss Account.

Post employment and other long term employee benefits for its eligible employees are recognized as an expense in the profit and loss account, for the year in which the employee has rendered services. The Company has unfunded defined benefit plans, namely compensated absences and gratuity the liability for which is determined on the basis of actuarial valuation, conducted half yearly, by an independent actuary, in accordance with Accounting Standard 15 (AS 15) – Employee Benefits, notified under the Companies (Accounting Standards) Rules, 2006, as amended. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses are recognized in the Profit and Loss account as income or expenses.

### xvi. 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.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income which may never be realized.

### xvii. Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized 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.

### xviii. 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.

## B. Notes Forming Part of the accounts

### 1 Overview

- a. The Company was incorporated as Pyramid Retail Limited on March 18, 2005 with an authorized capital of Rs. 210,000,000 divided into 21,000,000 equity shares of Rs.10 each. In April 2008, Indiabulls Wholesale Services Limited (IWSL), a 100% subsidiary of Indiabulls Real Estate Limited completed the acquisition of 63.92% of the outstanding equity share capital of the Company from the then existing promoters in terms of the Share Purchase Agreement dated December 08, 2007 and Public Announcement dated December 09, 2007 and in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Pursuant to this, IWSL and Indiabulls Real Estate Limited had made an open offer to acquire up to 20% of the voting capital of the Company at an offer price of Rs 74.73 per share. In the open offer, which concluded on April 10, 2008, IWSL purchased 310 shares from the general public. In accordance with the provisions of Section 21 and other applicable provisions of the Companies Act, 1956, the members of the Company passed a special resolution through Postal Ballot, on May 12, 2008, and accorded their approval to change the name of the Company. The Company has since received fresh certificate of incorporation consequent upon change of name, from the Registrar of Companies, Maharashtra, Mumbai dated May 22, 2008 in respect of the said change. Accordingly, the name of the Company was changed to 'Indiabulls Retail Services Limited'. Further and in accordance with the provisions of Section 21 and as per applicable provisions of the Companies Act, 1956, members of the company in their annual general meeting held on September, 30 2009, accorded their approval to change the name of the Company to 'Store One Retail India Limited'. The Company has since received fresh certificate of incorporation consequent upon change of name, from the Registrar of Companies, National Capital Territory of Delhi and Haryana on October 06, 2009. Accordingly, the name of the Company has been changed to "Store One Retail India Limited" from Indiabulls Retail Services Limited.
- b. In accordance with the provisions of Section 94 and other applicable provisions of the Companies Act, 1956, Members of the Company in their Annual General Meeting held on September 30, 2009, accorded their approval to increase the Authorized Share Capital of the Company. Accordingly, the Authorized Share Capital of the Company has been increased from Rs. 210,000,000/- (Rupees Twenty One Crores) divided into 21,000,000 (Two Crores Ten Lacs) Equity Shares of Rs. 10 each to Rs. 250,000,000/- (Rupees Twenty Five Crores) divided into 25,000,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10 each.
- c. During the period ended December 31<sup>st</sup>, 2010, the Company has incurred a net loss of Rs. 272,514,588. As part of its restructuring initiatives under taken since financial year 2008-09, the Company has closed certain stores as a means to reduce and control costs / operating losses. Having regard to the Company's future business plans and the synergies expected from its restructuring initiatives, the financial statements for the period ended December 31, 2010 have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

### 2 Contingent Liabilities

- a) **Bank Guarantees:**
- i. Of Rs. Nil (Previous Year Rs 6,700,000) issued in favour of Business Partners, Secured by way of pledge of Fixed Deposits for Rs. Nil (Previous Year Rs. 6,700,000).

Store One Retail India Limited

- ii. Of Rs. 100,000 (Previous Year Rs. 100,000) issued in favour of Assessing Authority- Gurgaon, Secured by way of pledge of Fixed Deposits for Rs. 100,000 (Previous Year Rs. 100,000).
- iii. Of Rs. 4,250,500 (Previous Year Rs. 4,250,500) issued in favour of High Court of Delhi, secured by way of pledge of Fixed Deposits for Rs. 4,250,500 (Previous Year Rs. 4,250,500).
- b) Estimated amount of Contracts remaining to be executed on capital account (net of advances) Rs. Nil (Previous Year Rs. 218,454).
- c) Claims against the Company not acknowledged as debts: Rs. 9,709,503 (Previous Year: Rs. 6,109,503).

**3 Statement of Acquisition and Sale of Investments during the year**

a) Non Trade, Unquoted, Current Investments:

In Units of Mutual Funds

	For the period ended December 31, 2010			
	Acquired during the period		Redeemed during the period	
	No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
LICMF Liquid Fund – Dividend Plan	4,768,986	52,363,939	6,183,112	67,891,179
LICMF Saving Plus Fund	801,992	8,019,919	801,992	8,019,919
Reliance Liquid Fund	425,192	6,500,000	425,192	6,500,000
<b>Total</b>	<b>5,996,170</b>	<b>66,883,858</b>	<b>7,410,295</b>	<b>82,411,098</b>

*Figures in respect of previous year are stated in italics.*

b) Non Trade Unquoted Long Term Investment in Subsidiary:

(Amount in Rupees)

Particulars		Relationship	Type of Investment	As at December 31, 2010	As at March 31, 2010
Albasta Limited	Power	Wholly owned Subsidiary Company	100,050,000 Equity Shares of Rs.10 each Fully paid up	1,000,500,000	NIL
Albasta Limited	Power	Wholly owned Subsidiary Company	30,000,000 0.0001% Non Convertible, Cumulative Redeemable Preference Shares of Rs.10 each Fully paid up	300,000,000	NIL



## Store One Retail India Limited

### 4 Provision for Shrinkages/Shortages

(Amount in Rupees)

Particulars	December 31, 2010	March 31, 2010
Opening Balance	19,619,206	38,120,425
Additions	192,166	-
Utilized	--	18,501,219
Closing Balance	19,811,372	19,619,206

### 5 Disclosures in respect of Accounting Standard 19- Leases, as notified under the Companies (Accounting Standards) Rules, 2006, as amended

The Company has taken various premises on operating leases and lease rent of Rs. 11,685,959 (Previous year Rs. 47,724,722) in respect of the same has been charged to Profit and Loss Account for the period ended December 31, 2010. The underlying agreements are executed for a period generally ranging from one year to seven 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 of 30 to 90 days. The minimum lease rentals payable in respect of such operating leases are as under:

(Amount in Rupees)

Particulars	As at December 31, 2010	As at March 31, 2010
Within One Year	864,000	55,317,172
One to Five years	900,000	292,737,560
Later than Five years	-	173,054,088
<b>Total</b>	<b>1,764,000</b>	<b>521,108,820</b>

### 6 Employees' Stock Option Schemes (ESOS)

#### i Employees' Stock Option Schemes of the Company

##### i. Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2008

During the year ended March 31, 2009, pursuant to the the Resolution passed on May 12, 2008 the Company had established the "Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2008" Under ("IBRSL ESOS 2008"), the Company issued equity settled options to its eligible employees to subscribe upto 1,000,000 stock options. However, this scheme was subsequently superseded by Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009' ("IBRSL ESOS 2009"), as approved by the share holders by way of postal ballot on February 9, 2009.

##### ii. Indiabulls Retail Services Limited Employees Stock Options Scheme – 2009

The Compensation Committee, constituted by the Board of Directors of the Company, at its meeting held on June 05, 2009, granted, under the "Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009", 1,500,000 (Fifteen lacs) stock options representing an equal number of Equity shares of face value Rs. 10 each in the Company, to the eligible employees, at an exercise price of Rs. 30.45 per option, being the latest available closing market price on the National Stock Exchange of India Limited, as on June 04, 2009. The stock options so granted, shall vest in the eligible employees within 10 years beginning from June 06, 2010, the first vesting date. The stock options granted under each of the slabs, can be exercised by the grantees within a period of five years from the relevant vesting date.

The Company follows the intrinsic value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note") issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the

## Store One Retail India Limited

options granted was equal to the exercise price, no compensation expense in respect of the options granted was recorded by the Company.

The Fair values of the options under the Scheme using the Black-Scholes model based on the following parameters, is Rs. 24.06 per option, as calculated by an independent firm of Chartered Accountants:

S. No	Particulars	ESOP – 2009
1	Fair value of option at grant date (Rs. per option)	Rs. 24.06
2	Exercise price (Rs. per option)	Rs. 30.45
3	Expected volatility	206%
4	Expected forfeiture percentage on each vesting date	Nil
5	Option Life (Weighted Average)	10.5 Years
6	Expected Dividends yield	Nil
7	Risk Free Interest rate	6.50%

Had the Company followed the fair value method, there would not have been any impact on the Profit after Tax and on the basic and diluted earnings per share of the Company.

### iii. Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2009(II)

Members of the Company in their annual general meeting held on September 30, 2009 have approved by way of special resolution the "Indiabulls Retail Services Employees Stock Option Scheme - 2009 (II)" ("IBRSL ESOS - 2009") covering 3,000,000 (Thirty lacs) equity settled options for eligible employees of the Company, its subsidiaries, Holding Company and Ultimate Holding Company.

## II Stock Option Schemes of the Ultimate Holding Company ("IBREL")

Indiabulls Real Estate Limited ("IBREL"), the ultimate holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

### 7 Earnings per Share

The Basic Earnings Per share is computed by dividing the Net Profit/(loss) for the year attributable to equity shareholders 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 dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

Store One Retail India Limited

(Amount in Rupees)

Particulars	Period ended December 31, 2010	Year ended March 31, 2010
Net Profit/(Loss) After Tax	(272,514,588)	(511,971,437)
Weighted Average number of shares used in computing Basic Earnings per Share (Number of shares)	20,000,000	20,000,000
Total Potential Weighted Average number of shares used in computing Diluted Earnings Per Share (Number of shares)	20,000,000	20,000,000
Face Value per equity share	10	10
Basic Earnings Per Share	(13.63)	(25.60)
Diluted Earnings Per Share	(13.63)	(25.60)

**8 Deferred Tax Asset**

In compliance with Accounting Standard 22 (AS 22) – "Accounting for Taxes on Income", as notified under the Companies (Accounting Standards) Rules, 2006, the Deferred Tax Assets has not been recognized as there is no virtual certainty supported by convincing evidence of the subsequent realization of such deferred tax assets in future.

**9 Impairment**

In accordance with the provisions of Accounting Standard 28 (AS 28) "Impairment of Assets" as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company, during the period ended December 31, 2010, has recorded impairment loss of Rs. Nil (Previous year 29,361,547) (included under the head Depreciation in the Profit and Loss Account), relating to various items of Tangible and Intangible Assets, which have been brought down to their recoverable values upon evaluation of future economic benefits from their use.

**10 Quantitative details (As taken, valued and certified by the management)**

(Amount in Rupees)

Quantitative Details as on December 31, 2010										
Particulars	Sales		Purchases		Write-off		Opening Stock		Closing Stock	
	Qty*	Amount	Qty**	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Apparels/ Household Items etc.	29,499	12,884,917	-84,042	-60,551,238	103	41,252	260,182	127,511,605	146,538	57,791,158
	278,357	144,568,492	138,791	97,768,627			399,748	156,597,806	260,182	127,511,605
Others		15,131,254		13,523,902		15,384		11,522,728		13,277,715
	-	26,223,608	-	4,205,093	-	13,473,412		48,512,019	-	11,522,728
<b>Total</b>	<b>29,499</b>	<b>28,016,171</b>	<b>-84,042</b>	<b>-47,027,336</b>	<b>103</b>	<b>56,636</b>	<b>260,182</b>	<b>139,034,333</b>	<b>146,538</b>	<b>71,068,873</b>
	278,357	170,792,099	138,791	101,973,720	-	13,473,412	399,748	205,109,825	260,182	139,034,333

\* The Company having dealt in a large number of products, the quantitative information has been furnished only in respect of major items namely Apparels and Household items. Other



## Store One Retail India Limited

items are grouped together, as quantitative information in respect of each product is not practical in view of nature of retail operations of the Company.

\*\*Purchase quantity is shown as net of purchase return.

\*\*\* Figures in respect of previous year are stated in Italics and have been regrouped wherever necessary.

### 11 Employee Benefits

Contributions are made to Provident Fund and Family Pension Fund, Employees State Insurance Corporation and other statutory funds which cover all eligible employees. Both the employees and the Company make predetermined contributions to the Provident Fund and Employees State Insurance Corporation. The contributions are normally based on a certain proportion of the employees' salary. The Company has charged Rs. 235,229(Previous Year Rs. 1,155,662) as employer contribution for the above mentioned funds, to the Profit and Loss Account.

Provision for unfunded Gratuity and Compensated Absences for all employees is based upon actuarial valuation conducted half yearly 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 are accounted for in the Profit and Loss account. Disclosures required by Accounting Standard 15 (AS-15) Employee Benefits, as notified under the Companies (Accounting Standard) Rules, 2006 as amended, are given below:

(Amount in Rs.)

	Gratuity (unfunded)	Gratuity (unfunded)	Compensated Absences (Unfunded)	Compensated Absences (Unfunded)
	December 31, 2010	March 31, 2010	December 31, 2010	March 31, 2010
<b>Reconciliation of liability recognised in the Balance sheet</b>				
Present value of commitments (as per actuarial valuation)	174,594	797,369	74,898	471,131
Fair value of plan assets	NIL	NIL	NIL	NIL
Net liability in the Balance sheet (actual)	174,594	797,369	74,898	471,131
<b>Movement in net liability recognised in the Balance sheet</b>				
Net liability as at beginning of the year	797,369	831,978	471,131	700,636
Amount paid during the Year	NIL	NIL	NIL	NIL
Net expense recognised in the Profit and Loss account	(622,775)	(34,609)	(396,233)	(229,505)
Contribution during the year	NIL	NIL	NIL	NIL
Net liability as at end of the year	174,594	797,369	74,898	471,131

Store One Retail India Limited

	Gratuity (unfunded)	Gratuity (unfunded)	Compensated Absences (Unfunded)	Compensated Absences (Unfunded)
	December 31, 2010	March 31, 2010	December 31, 2010	March 31, 2010
<b>Expense recognised in the Profit and Loss account</b>				
Current service cost	42,450	285,253	22,974	175,271
Interest cost	33,991	54,917	20,508	43,170
Expected return on plan assets	NIL	NIL	NIL	NIL
Actuarial (gains)/ losses	(699,216)	(374,779)	(439,715)	(447,946)
Expense charged to the Profit and Loss account	(622,775)	(34,609)	(396,233)	(229,505)
<b>Return on plan assets</b>				
Expected return on plan assets	NIL	NIL	NIL	NIL
Actuarial (gains)/ losses	NIL	NIL	NIL	NIL
Actual return on plan assets	NIL	NIL	NIL	NIL
<b>Reconciliation of defined-benefit commitments</b>				
Commitments as at beginning of the year	797,369	831,978	471,131	700,636
Current service cost	42,450	285,253	22,974	175,271
Interest cost	33,991	54,917	20,508	43,170
Paid benefits	NIL	NIL	NIL	NIL
Actuarial (gains)/ losses	(699,216)	(374,779)	(439,715)	(447,946)
Commitments as at end of the year	174,594	797,369	74,898	471,131
<b>Reconciliation of plan assets</b>				
Plan assets as at beginning of the year	NIL	NIL	NIL	NIL
Expected return on plan assets	NIL	NIL	NIL	NIL
Contributions during the year	NIL	NIL	NIL	NIL
Paid benefits	NIL	NIL	NIL	NIL
Actuarial (gains)/ losses	NIL	NIL	NIL	NIL
Plan assets as at end of the year	NIL	NIL	NIL	NIL

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:





## Store One Retail India Limited

### ii. Interest Expenses on Inter Corporate Deposits

(Amount in Rupees)

Particulars	Period ended December 31, 2010	Year ended March 31, 2010
Indiabulls Wholesale Services Limited	161,011,932	51,89,984
Indiabulls Projects Limited	--	5,424,642
Albasta Power Limited	35,855,342	--

### iii. Repayment of Inter Corporate Deposits

(Amount in Rupees)

Particulars	Period ended December 31, 2010	Year ended March 31, 2010
Indiabulls Wholesale Services Limited	820,000,000	962,800,000
Indiabulls Projects Limited	--	1,000,000,000
Albasta Power Limited	--	--

### iv. Outstanding as at December 31, 2010:

(Amount in Rupees)

Particulars	As at December 31, 2010	As at March 31, 2010
<b>Inter Corporate Deposit taken</b>		
Indiabulls Wholesale Services Limited	2,896,100,000	NIL
Indiabulls Projects Limited	NIL	NIL
Albasta Power Limited	820,000,000	--
<b>Interest Payable on Inter Corporate Deposit</b>		
Indiabulls Wholesale Services Limited	144,910,739	NIL
Indiabulls Projects Limited	NIL	NIL
Albasta Power Limited	32,269,807	NIL

### v. Revenue:

(Amount in Rupees)

Particulars	As at December 31, 2010	As at March 31, 2010
Selene Constructions Limited	18,76,081	NIL
Selene Estate Limited	24,54,582	NIL
Lucina Land Development Ltd	42,07,643	NIL

### vi. Investment in Subsidiary:

(Amount in Rupees)

Particulars	Type of Investment	As at December 31, 2010	As at March 31, 2010
Elena Power and Infrastructure Limited	100,050,000 Equity Shares of Rs.10 each Fully paid up of Albasta Power Limited	1,000,500,000	NIL
Elena Power and Infrastructure Limited	30,000,000 0.0001% Non Convertible, Cumulative Redeemable Preference Shares of Rs.10 each Fully paid up of Albasta Power Limited	300,000,000	NIL



Store One Retail India Limited

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

**13 Disclosures pursuant to Part II to Schedule VI of the Companies Act, 1956, to the extent applicable**

- i. Managerial Remuneration under section 198 of the Companies Act, 1956:

Particulars	(Amount in Rupees)	
	For the Year Ended December 31, 2010	For the Year Ended March 31, 2010
Salary and Other Allowances	--	--
Contribution to Provident Fund/Superannuation	--	--

As no commission has been paid / is payable to Directors, the computation of Net Profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956 has not been furnished.

- ii. Expenditure incurred in Foreign currency: Nil (Previous Year: Nil)  
 iii. Value of Imports calculated on CIF basis: Nil (Previous Year: Nil)

**14 Segment Reporting**

The Company is engaged in the retail business in India. 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 17 (AS 17) – "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, other than those already provided in the financial statements.

- 15 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 Standard 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.
- 16 In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at December 31, 2010 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 after appropriate provision. Certain balances shown under loans and advances, sundry creditors and balances with banks are subject to confirmation/reconciliation. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of such balances, other than as already provided in the financial statements.
- 17 In respect of amounts mentioned under Section 205 C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on December 31, 2010.
- 18 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:



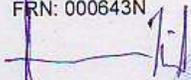
Store One Retail India Limited

- i. An amount of Rs. 2,490,656 (Previous Year Rs. 2,490,656) was due and outstanding to suppliers as at the end of the period.
  - ii. No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and payments of Rs. Nil (Previous Year Rs. 3,815,437) were made to suppliers beyond the appointed day during the accounting year.
  - iii. No interest is due and payable at the end of the period to such suppliers. (Refer Note (vi) below)
  - iv. Interest of Rs. 658,808 (Previous Year Rs.679,310) is accrued but not due at the end of the accounting year (Refer Note (vi) below)
  - v. No amount of further interest was remaining due and payable in the succeeding years.
  - vi. The above information and that given in Schedule 10 - "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. Certain balances shown under Current Liabilities are subject to confirmation / reconciliation. Pending such confirmation / reconciliation, the Company has not paid principal amount of Rs. 2,490,656, and interest amount for the Current year Rs. 658,808 and for the previous year Rs. 679,310 that may be payable under the Micro, Small and Medium Enterprises Development Act, 2006.
- 19 No borrowing cost has been capitalized during the year.
- 20 The company has not entered into any foreign exchange derivative instruments during the year. There are no outstanding foreign currency exposures as at December 31, 2010.
- 21 Previous year's figures have been regrouped and / or re-arranged and / or reclassified wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date

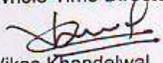
For and on behalf of the Board

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

  
Amar Mittal  
Partner  
Membership No: 017755



  
Abhimanyu Mehlawat  
Whole-Time Director

  
Vikas Khandelwal  
Company Secretary

  
Karan Singh  
Director

Place: Gurgaon  
Date: February 28, 2011

Place: Gurgaon  
Date: February 28, 2011

**2. (ii) Financial Information of subsidiary companies- Sentia Properties Limited  
a) Year ended March 31, 2008**



*A Sardana & Co.*  
CHARTERED ACCOUNTANTS

**Auditors' Report to the Members of Selene Properties Private Limited**

We have audited the attached Balance Sheet of Selene Properties Private Limited as at March 31, 2008 and annexed Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended March 31, 2008 and report that:

1. 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 have 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 misstatements. An audit includes examining, on a test check basis, the evidences 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, 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 appear from our examination of those books.
  - (iii) The Company's Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion the Balance Sheet and Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of Companies Act, 1956 to the extent applicable.
  - (v) On the basis of written representation received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the

directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes there on the information required by the Companies Act, 1956 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, 2008, and
  - (b) In the case of Profit & Loss Account, of loss of the Company for the year ended on March 31, 2008, and
  - (c) In the case of Cash Flow Statement, of Cash Flows of the Company for the year ended on March 31, 2008.

For A Sardana & Co.  
Chartered Accountants



Ajay Sardana  
(Partner)  
M. No. 089011

New Delhi: May 06, 2008

**ANNEXURE TO THE AUDITORS' REPORT**  
(Referred to in paragraph 3 of our report of even date)  
**Selene Properties Private Limited**

- 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 are such that clauses (i), (vii), (viii), (x), (xi) and (xiv) are not applicable to the Company.
- 2) In respect of its inventory:
  - a) The inventory has been physically verified in a phased manner during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) The company is maintaining proper records of inventory and as informed to us no material discrepancies were noted on physical verification.
- 3) The company has neither granted nor taken any loans to or from companies, firms or other parties covered under registered maintained under section 301 of the Companies Act, 1956
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory and we have not observed any continuing failure to correct major weakness in such internal controls.
- 5) According to the information and explanations provided by the management, we are of the opinion that there were no transactions made in pursuance of contracts or arrangement that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- 6) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the companies (Acceptance of deposit) Rule 1975 with regards to deposits accepted from the public.
- 7) According to the information and explanations given to us, in respect of statutory and other dues:
  - a) The Company has been regular in depositing undisputed statutory dues with the appropriate authorities during the year. During the year there were no dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess. Further since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- b) During the year, there are no disputed dues payable in respect of Income Tax, Sales Tax, Customs Duty, Wealth Tax, Excise Duty and Cess.
- 8) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 9) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- 10) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 11) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, during the year the company has not availed any term loans.
- 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 have, prima facie, not been used during the year for long-term investment.
- 13) 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 information and explanations given to us, the company has not issued any debentures, during the year.
- 15) The Company has not raised any money by way of Public Issue during the year.
- 16) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For A Sardana & Co.  
Chartered Accountants



A Sardana  
Partner  
M. No. 089011

New Delhi: May 06, 2008

**SELENE PROPERTIES PRIVATE LIMITED**

**Balance Sheet as at March 31, 2008**

		As at March 31, 2008	As at March 31, 2007
<u>Sources of Funds</u>	Schedule No.	Amount (Rs.)	Amount (Rs.)
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
<b>Loan Funds</b>			
Unsecured Loans	2	11,905,000	13,300,000
<b>Total</b>		<b>12,405,000</b>	<b>13,800,000</b>
 <b><u>Application of Funds</u></b>			
Deferred Tax Assets		3,477	5,099
<b>Current Assets, Loans and Advances</b>			
Inventories	3	11,954,873	12,367,403
Cash and Bank Balances	4	196,350	1,490,019
Loans and Advances	5	89,760	485,010
		<b>12,240,983</b>	<b>14,342,432</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	6	11,236	599,381
		11,236	599,381
<b>Net Current Assets</b>		<b>12,229,747</b>	<b>13,743,051</b>
<b>Profit &amp; Loss Account</b>		<b>171,776</b>	<b>51,850</b>
		<b>12,405,000</b>	<b>13,800,000</b>

Significant Accounting Policies and Notes to Accounts

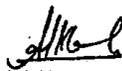
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As per our report of even date attached

For A Sardana & Co.  
Chartered Accountants

  
A Sardana  
Partner  
M No. 089011

For and on behalf of the Board

  
Anil Malhan  
Director

  
Vikas Sachdeva  
Director

Place : New Delhi  
Date : May 06, 2008

Place : New Delhi  
Date : May 06, 2008

**SELENE PROPERTIES PRIVATE LIMITED**

**Profit and Loss Account for the year ended March 31, 2008**

		For the year ended March 31, 2008	For the Period from June 26, 2006 to March 31, 2007
	Schedule No.	Amount (Rs.)	Amount (Rs.)
<b>INCOME</b>			
Other Income	7	-	4,837
Closing Stock of Land		11,954,873	12,367,403
<b>Total</b>		<b>11,954,873</b>	<b>12,372,040</b>
<b>EXPENDITURE</b>			
Opening Stock of Land		12,367,403	-
Adjustment for Brokerage of Land		(478,847)	-
Land Acquired during the year		66,317	12,367,403
Administrative and Other expenses	8	118,304	61,587
<b>Total</b>		<b>12,073,177</b>	<b>12,428,990</b>
<b>Profit / (Loss) Before Tax</b>		<b>(118,304)</b>	<b>(56,949)</b>
Provision for Taxation		-	-
- Current Tax		-	-
- Fringe Benefit Tax		-	-
- Deferred Tax		1,622	(5,099)
<b>Profit / (Loss) After Tax</b>		<b>(119,926)</b>	<b>(51,850)</b>
<b>Balance of Profit/ (Loss) Brought forward</b>		<b>(51,850)</b>	<b>-</b>
<b>Balance of Profit/ (Loss) Carried forward</b>		<b>(171,776)</b>	<b>(51,850)</b>
<b>Earning Per Share (Refer Note B 4 of Schedule 9)</b>			
- Basic & Diluted (Rs.)		(2.40)	(1.04)
- Face Value Per Share (Rs.)		10	10

Significant Accounting Policies and Notes to Accounts

9

As per our report of even date attached

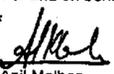
For A Sardana & Co.  
Chartered Accountants  
M No. 069011



Place : New Delhi  
Date : May 06, 2008

For and on behalf of the Board

Anil Malhan  
Director



Vikas Sachdeva  
Director



Place : New Delhi  
Date : May 06, 2008

**SELENE PROPERTIES PRIVATE LIMITED**  
Cash flow statement for the year ended March 31, 2008

	For the year ended March 31, 2008	For the Period from June 26, 2006 to March 31, 2007
	Amount (Rs.)	Amount (Rs.)
<b>A Cash flow from operating activities :</b>		
Net Profit/ (Loss) Before Tax	(118,304)	(56,949)
Adjustment for:		(4,637)
Dividend on Units of Mutual Funds		(61,586)
Operating Profit/(Loss) before working capital changes	(118,304)	(123,172)
Adjustments for:		(12,367,403)
(Increase)/Decrease in inventories	412,530	(485,010)
(Increase)/Decrease in Trade & other receivables	395,250	599,381
Increase/(Decrease) in Trade payables and other liabilities	(588,145)	(12,314,619)
<b>Net cash generated from/(used in) operating activities</b>	<b>101,331</b>	<b>(12,314,619)</b>
<b>B Cash flow from Investing activities</b>		(704,637)
Investment in Units of Mutual Funds	-	704,637
Redemption of Units of Mutual funds	-	4,637
Dividend on Units of Mutual Funds	-	4,637
<b>Net cash generated from/(used in) Investing activities</b>	<b>-</b>	<b>4,637</b>
<b>C Cash flow from financing activities</b>		500,000
Proceeds from Issue of Equity Share	-	13,300,000
Inter Corporate Deposits taken	120,000	-
Inter Corporate Deposits repaid	(1,515,000)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(1,395,000)</b>	<b>13,800,000</b>
<b>D Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,293,669)</b>	<b>1,490,019</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>1,490,019</b>	<b>-</b>
<b>F Cash and cash equivalents at the close of the year (D+E)</b>	<b>196,350</b>	<b>1,490,019</b>

Note :

The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

For A Sardana & Co.  
Chartered Accountants



Place : New Delhi  
Date : May 06, 2008

For and on behalf of the Board

*Aril Malhan*  
Aril Malhan  
Director

*Vikas Sachdeva*  
Vikas Sachdeva  
Director

Place : New Delhi  
Date : May 06, 2008

SELENE PROPERTIES PRIVATE LIMITED

Schedules forming part of Balance Sheet as at March 31, 2008

	As at March 31, 2008	As at March 31, 2007
	Amount (Rs.)	Amount (Rs.)
<b>1 Share Capital</b>		
Authorised:		
50,000 Equity Shares of Rs.10 each	<u>500,000</u>	<u>500,000.00</u>
Issued, subscribed and paid up:		
50,000 Equity Shares of Rs 10 each fully paid up (The entire paid-up Equity Shares are held by the holding company-Indiabulls Real Estate Limited and its nominees)	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>
<b>2 Unsecured Loans</b>		
Short Term Loans - Others (Holding Company - Indiabulls Real Estate Limited)	<u>11,905,000</u>	<u>13,300,000</u>
	<u>11,905,000</u>	<u>13,300,000</u>
<b>3 Inventories</b> (As taken Valued and Certified by the Management)		
Lands (at cost or Net Realisable Value whichever is lower)	<u>11,954,873</u>	<u>12,367,403</u>
	<u>11,954,873</u>	<u>12,367,403</u>
<b>4 Cash and Bank Balances</b>		
Cash on Hand	195,520	256,497
Balances with scheduled banks in current accounts	<u>830</u>	<u>1,233,522</u>
	<u>196,350</u>	<u>1,490,019</u>
<b>5 Loans and Advances (Unsecured, considered good, unless otherwise stated)</b>		
Advance recoverable in cash or in kind or for value to be received	<u>89,760</u>	<u>485,010</u>
	<u>89,760</u>	<u>485,010</u>
<b>6 Current Liabilities</b>		
Sundry Creditors (Refer Note B-10 of Schedule 9)		
(a) Due to Micro and Small Enterprises	-	-
(b) Due to others	-	-
Other Liabilities	<u>11,236</u>	<u>599,381</u>
	<u>11,236</u>	<u>599,381</u>

**SELENE PROPERTIES PRIVATE LIMITED**

Schedules forming part of Profit and Loss Account for the year ended March 31, 2008

	For the year ended March 31, 2008	For the Period from June 26, 2006 to March 31, 2007
	Amount (Rs.)	Amount (Rs.)
<b>7 Other Income</b>		
Income from Non Trade, Current Investments	-	4,637
-Dividend on Units of Mutual Funds	-	4,637
	<u>-</u>	<u>4,637</u>
<b>8 Administrative and Other Expenses</b>		
Rates & Taxes	2,288	3,600
Legal & Professional Charges	11,236	500
Printing and Stationary	-	255
Auditor's Remuneration - Audit Fees (Including service tax)	44,944	33,672
Bank Charges	562	978
Miscellaneous Expenses	59,274	18,750
Preliminary Expenses	-	-
	<u>118,304</u>	<u>61,587</u>

**Selene Properties Private Limited****SCHEDULE: 9****Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008.****A. Significant Accounting Policies****a. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principals in India and the accounting standards as notified under the Companies (Accounting Standards) Rules, 2006.

**b. Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses for the year, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**c. Revenue recognition**

Interest income from deposits and others is recognized on an accrual basis. Dividend income is recognized when the right to receive the dividend is unconditionally established at the balance sheet date.

**d. Investments**

Investments are classified into current and long term investments. Current investments are carried at the lower of cost and fair value, provision is made to recognize any decline in the carrying value. The comparison of cost and fair value is done separately in respect of each investment. Long term investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of such investments, determined separately for each individual investment.

**e. Inventories**

Inventories of Land are valued at cost or net realizable value, whichever is lower.

**f. Earnings per share**

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

**g. Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities and or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that such assets can be realized in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets.

**h. Borrowing costs**

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a period of one year or more to get ready for intended use. All other borrowing costs are charged to revenue.

**Selene Properties Private Limited****i. Foreign exchange transactions**

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains and losses on foreign exchange transactions (other than those relating to fixed assets acquired from a country outside India) during the year are recognized in the profit and loss account. Foreign currency assets and liabilities denominated in foreign currencies, other than those relating to fixed assets acquired from a country outside India, at the year end and not covered by the forward exchange contracts are translated at the year end rates and resultant gains / losses on foreign exchange translations are recognized in the profit and loss account. Gains / losses on translation of foreign exchange liabilities incurred to acquire fixed assets acquired from a country outside India are adjusted in the carrying cost of such fixed assets.

**j. Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognized where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

**k. 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.

**l. 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.

## Selene Properties Private Limited

### B. Notes to Accounts:

#### 1. Overview:

Selene Properties Private Limited ("the Company") was incorporated on June 26, 2006. The Company is in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct; acquire hold/sell properties, buildings, farms, land tenements and to act as real estate agent and all other related and ancillary objects.

#### 2. Employees Stock Options Scheme:

##### Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006

During the previous year, holding company, Indiabulls Real Estate Limited (IBREL) established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I"). Under the plan, IBREL has issued options that entitle IBREL to issue and the eligible employees of IBREL and its subsidiaries to subscribe, up to 9,000,000 equity shares of Rs. 2 each at exercise price of Rs. 60 per equity share. Employees covered by the plan are granted an option to purchase shares of IBREL subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2007, whereby 10% of the options vest on each vesting date as per the vesting schedule. The Company has adopted the Scheme in respect of its employees.

A summary of the movement in ESOS-I is given below:

	For the year ended March 31, 2008		
	Shares arising out of options	Exercise price Rs.	Remaining contractual life (months)
Outstanding at the beginning of the year	9,000,000	60	64
Granted during the year	--	--	--
Forfeited during the year	--	--	--
Exercised during the year	--	--	--
Expired during the year	--	--	--
Outstanding at the end of the year	8,100,000	60	58
Exercisable at the end of the year	--	--	--

##### Indiabulls Real Estate Limited Employees Stock Option Scheme – 2008:

On April 22, 2008 IBREL established the Indiabulls Real Estate Limited Employees Stock Option Plan -2008 ("IBREL ESOS 2008" or "Plan-II"). Under the plan IBREL is authorized to issue up to 1,500,000 Equity Shares of Rs. 2 each to eligible employees including employees of its Subsidiary Companies. Employees covered by the plan are granted an option to purchase shares of IBREL subject to the requirements of vesting. On April 22, 2008, IBREL granted 1,500,000 options at an exercise price of Rs.495.70 per share, the than market price of the shares on the grant date. These options vest uniformly over a period of 10 years, with effect from April 23, 2009, whereby 10% of the options vest on each vesting date as per the vesting schedule. The Company has adopted the Scheme in respect of its employees.

**Selene Properties Private Limited**

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

(a) Holding Company Indiabulls Real Estate Limited

Fellow Subsidiary Companies

Name of Fellow Subsidiaries	Name of Fellow Subsidiaries
Airmid Aviation Services Private Limited	Indiabulls Projects Limited
Airmid Developers Limited	Indiabulls Property Builders Limited
Airmid Infrastructure Limited	Indiabulls Realcon Limited
Airmid Power Limited	Indiabulls Realtech Limited
Airmid Properties Limited	Indiabulls Realtors Limited
Airmid Real Estate Limited	Indiabulls Realty Company Limited
Albasta Constructions Limited	Indiabulls Resources Limited
Albasta Developers Limited	Indiabulls Thermal Energy Limited
Albasta Infrastructure Limited	Indiabulls Power Infrastructure Limited
Albasta Properties Limited	Indiabulls Thermal Power Limited
Albasta Real Estate Limited	Indiabulls Town Developers Limited
Albina Infrastructure Limited	Indiabulls Wholesale Services Limited
Albina Power Limited	Juventus Builders And Developers Private Limited
Albina Properties Limited	Juventus Buildwell Private Limited
Albina Real Estate Limited	Juventus Constructions Private Limited
Alexander Transport Solutions Limited	Juventus Estate Private Limited
Angina Properties Limited	Juventus Infrastructure Private Limited
Angina Real Estate Limited	Juventus Land Development Private Limited
Angles Constructions Limited	Juventus Properties Private Limited
Apesh Constructions Limited	Kailash Buildwell Private Limited
Apesh Properties Limited	Karakoram Buildwell Private Limited
Apesh Real Estate Limited	Karakoram Developers Private Limited
Aravali Land Development Private Limited	Karakoram Land Development Private Limited
Aravali Properties Private Limited	Karakoram Properties Private Limited
Ashkit Constructions Limited	Karakoram Real Estate Company Private Limited
Ashkit Developers Limited	Kaya Hydropower Projects Limited
Ashkit Infrastructure Limited	Kenneth Builders & Developers Private Limited
Ashkit Properties Limited	Lenus Constructions Limited
Ashkit Real Estate Limited	Lenus Developers Limited
Athèna Builders And Developers Private Limited	Lenus Infrastructure Limited
Athèna Buildwell Private Limited	Lenus Power Limited
Athèna Infrastructure Private Limited	Lenus Properties Limited
Athèna Land Development Private Limited	Lenus Real Estate Limited
Aurora Builders And Developers Private Limited	Lucina Builders And Developers Private Limited
Aurora Land Development Private Limited	Lucina Buildwell Private Limited
Bridget Builders And Developers Private Limited	Lucina Constructions Private Limited
Catherine Builders & Developers Private Limited	Lucina Estate Private Limited
Ceres Constructions Private Limited	Lucina Infrastructure Private Limited
Ceres Estate Private Limited	Lucina Land Development Private Limited
Ceres Infrastructure Private Limited	Lucina Properties Private Limited
Ceres Land Development Private Limited	Mabon Constructions Limited

**Selene Properties Private Limited**

Ceres Properties Private Limited	Mabon Developers Limited
Chloris Constructions Limited	Mabon Infrastructure Limited
Chloris Properties Limited	Mabon Power Limited
Chloris Real Estate Limited	Mabon Properties Limited
Citra Developers Limited	Mabon Real Estate Limited
Citra Infrastructure Limited	Mariana Constructions Limited
Citra Properties Limited	Mariana Developers Limited
Citra Real Estate Limited	Mariana Infrastructure Limited
Citra Thermal Power And Infrastructure Limited	Mariana Properties Limited
Corus Real Estate Limited	Mariana Real Estate Limited
Devona Developers Limited	Maximus Entertainments Limited
Devona Infrastructure Limited	Nav Vahan Autotech Limited
Devona Properties Limited	Nilgiri Buildwell Limited
Devona Thermal Power And Infrastructure Limited	Nilgiri Commercial Estate Limited
Diana Buildwell Private Limited	Nilgiri Infraestate Private Limited
Diana Energy Limited	Nilgiri Infrastructure Development Limited
Diana Infrastructure Private Limited	Nilgiri Infrastructure Limited
Diana Land Development Private Limited	Nilgiri Infrastructure Projects Limited
Diana Power Limited	Nilgiri Land Development Private Limited
Elena Constructions Limited	Nilgiri Land Holdings Limited
Elena Properties Limited	Nilgiri Lands Limited
Elena Real Estate Limited	Nilgiri Resources Limited
Fama Builders And Developers Private Limited	Noble Realtors Private Limited
Fama Buildwell Private Limited	Pachi Hydropower Projects Limited
Fama Construction Private Limited	Papu Hydropower Projects Limited
Fama Estate Private Limited	Selene Builders And Developers Private Limited
Fama Infrastructure Private Limited	Selene Buildwell Private Limited
Fama Land Development Private Limited	Selene Constructions Private Limited
Fama Power Company Limited	Selene Estate Private Limited
Fama Properties Private Limited	Selene Infrastructure Private Limited
Flora Land Development Private Limited	Selene Land Development Private Limited
Fornax Constructions Limited	Selene Power Company Limited
Fornax Properties Limited	Sentia Constructions Limited
Fornax Real Estate Limited	Sentia Developers Limited
Foundvest Limited	Sentia Infrastructure Limited
Hermes Builders And Developers Private Limited	Sentia Properties Limited
Hermes Properties Private Limited	Sentia Real Estate Limited
Indiabulls Buildcon Limited	Sentia Thermal Power And Infrastructure Limited
Indiabulls Builders And Developers Limited	Septa Hydropower Projects Limited
Indiabulls Builders Limited	Sepset Constructions Limited
Indiabulls Buildwell Limited	Sepset Developers Limited
Indiabulls Commercial Developers Limited	Sepset Infrastructure Limited
Indiabulls Commercial Estate Limited	Sepset Properties Limited
Indiabulls Commercial Properties Limited	Sepset Real Estate Limited
Indiabulls Constructions Limited	Sepset Thermal Power And Infrastructure Limited
Indiabulls Developers And Infrastructure Limited	Serida Power Limited
Indiabulls Developers Limited	Serida Constructions Limited
Indiabulls Electricity Company Limited	Serida Infrastructure Limited

**Selenc Properties Private Limited**

Indiabulls Energy Limited	Serida Properties Limited
Indiabulls Engineering Limited	Serida Real Estate Limited
Indiabulls Estate Developers Limited	Shivalik Land Development Private Limited
Indiabulls Estate Limited	Shivalik Properties Private Limited
Indiabulls Greenfield Realities Private Limited	Shoxell Holdings Limited
Indiabulls Home Developers Limited	Sophia Constructions Limited
Indiabulls Hotel Properties Limited	Sophia Power Company Limited
Indiabulls Housing And Land Development Limited	Sophia Real Estate Limited
Indiabulls Housing Developers Limited	Sylvanus Builders And Developers Private Limited
Indiabulls Hydro Electric Power Limited	Sylvanus Properties Private Limited
Indiabulls Hydro Energy Limited	Tharang Warang Hydropower Projects Limited
Indiabulls Hydro Power Limited	Triton Builders And Developers Private Limited
Indiabulls Hydro Power Projects Limited	Triton Buildwell Private Limited
Indiabulls Industrial Infrastructure Limited	Triton Energy Limited
Indiabulls Infracon Limited	Triton Estate Private Limited
Indiabulls Infradevelopers Limited	Triton Infrastructure Private Limited
Indiabulls Infraestate Limited	Triton Land Development Private Limited
Indiabulls Infrastructure Development Limited	Triton Properties Private Limited
Indiabulls Infrastructure Limited	Varali Constructions Limited
Indiabulls Infrastructure Projects Limited	Varali Developers Limited
Indiabulls Infrotech Limited	Varali Infrastructure Limited
Indiabulls Land Development Limited	Varali Properties Limited
Indiabulls Land Holdings Limited	Varali Real Estate Limited
Indiabulls Lands Limited	Vindhyachal Buildwell Private Limited
Indiabulls Malls Limited	Vindhyachal Developers Private Limited
Indiabulls Multiplex Services Limited	Vindhyachal Infrastructure Private Limited
Indiabulls Natural Resources Limited	Vindhyachal Land Development Private Limited
Indiabulls Property Developers Limited	Zeus Builders And Developers Private Limited
Indiabulls Power Distribution Limited	Zeus Buildwell Private Limited
Indiabulls Power Generation Limited	Zeus Energy Limited
Indiabulls Power Projects Limited	Zeus Estate Private Limited
Indiabulls Power Services Limited	Zeus Land Development Private Limited
Indiabulls Power Trading Limited	Zeus Properties Private Limited

(b) Related Party where significant influence exist

Others

Indiabulls Properties Private Limited  
Indiabulls Real Estate Company Private Limited

## Selene Properties Private Limited

(c) Other related parties

Key Management Personnel:

Mr. Anil Malhan -Director  
 Mr. Vikas Sachdeva -Director  
 Mr. Ashwani Kumar Mittal -Director  
 Mr. Sameer Gehlaut -Person Exercising Significant Influence  
 Mr. Rajiv Rattan -Person Exercising Significant Influence  
 Mr. Saurabh K Mittal -Person Exercising Significant Influence  
 Mr. Narendra Gehlaut -Person Exercising Significant Influence  
 Mr. Vipul D Bansal -Person Exercising Significant Influence

(d) Significant Transactions with Related Parties:

(Amount in Rs.)

Nature of Transaction	Holding Company	Directors	Group Company	Total
<b>Loan</b>				
Intercorporate Deposit taken*	13,300,000	--	--	13,300,000
	<i>13,300,000</i>	--	--	<i>13,300,000</i>
Intercorporate Deposit repaid	1,515,000	--	--	1,515,000
	<i>100,000</i>	--	--	<i>100,000</i>
<b>Equity Share Capital</b>				
Issue of Equity Shares	--	--	--	--
	<i>400,000</i>	<i>100,000</i>	--	<i>500,000</i>
<b>Expenses</b>				
Reimbursement of General expenses	530	--	--	530
	<i>3,964</i>	--	--	<i>3,964</i>
Reimbursement of Preliminary expenses	--	--	--	--
	<i>18,750</i>	--	--	<i>18,750</i>

*Previous period figures are stated in italic*

\* Maximum Balance outstanding at any time during the period

**Outstanding as at March 31, 2008:**

Nature of Transaction	Holding Company	Directors	Group Company	Total
Intercorporate Deposit taken	11,905,000	--	--	11,905,000
	<i>13,300,000</i>	--	--	<i>13,300,000</i>

*Previous period figures are stated in italic*

## Selene Properties Private Limited

### (e) Statement of Material Transactions

(Amount in Rs.)

Particulars	For the Year ended March 31, 2008	For the Period from June 26, 2006 to March 31, 2007
<b>Loan taken</b>		
Intercompany Deposit taken*		
- Holding Company	13,300,000	13,300,000
Intercompany Deposit repaid		
- Holding Company	1,515,000	100,000
<b>Equity Share Capital</b>		
Issue of Equity Shares		
- Holding Company	--	400,000
- Anil Malhan	--	50,000
- Satendra Singh	--	25,000
- Somesh Singh	--	25,000
<b>Expenses</b>		
Reimbursement of Expenses		
- Holding Company	530	22,714

\* Maximum Balance outstanding at any time during the period

#### 4. Earning per Share

The basic earnings per share are computed by dividing the net profit / loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

(Amount in Rs.)

Particulars	For the year ended March 31, 2008	For the period from June 26, 2006 to March 31, 2007
Profit/(Loss) available for equity Shareholders (Rs.)	(119,926)	(51,850)
Weighted average number of Shares used in computing Basic & Diluted earning per share	50,000	50,000
Nominal Value of equity Shares - (Rs.)	10.00	10.00
Basic Earnings Per Share - (Rs.)	(2.40)	(1.04)
Diluted Earnings Per Share - (Rs.)	(2.40)	(1.04)

## Selene Properties Private Limited

5. Deferred Tax:

As at the period end the Company has no liability towards current taxation. The timing difference relating mainly to preliminary expenses under the Income Tax Act, 1961 results in a net deferred credit as per Accounting Standard – 22 "Accounting for Taxes on Income" as notified under the Companies (Accounting Standards) Rules, 2006.

The breakup of deferred tax into major components as at March 31, 2008 is as under:

Particulars	(Amount in Rs.)	
	As at March 31, 2008	As at March 31, 2007
<b>Deferred Tax Asset</b>		
Preliminary expenses	3,477	5,099
<b>Net Deferred Tax Asset</b>	<b>3,477</b>	<b>5,099</b>

6. Details of Purchase and Redemption of Current, Non Trade, Investments during the year ended March 31, 2008:

In Mutual Funds	Type	Purchases		Redemption	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
		--	--	-	-
Reliance Liquid Fund	Daily Dividend	46,233	704,637	46,233	704,637

*Previous period figures are stated in italic*

7. The Company operates in one reportable business segment namely –development of properties and one reportable geographical segment, i.e. "within India". Hence, no separate information for segment wise disclosure is required.
8. As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 29 as notified under the Companies (Accounting Standards) Rules, 2006, 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.
9. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2008.
10. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 :
  - a) There is no payment due to suppliers as at the end of the accounting year on account of Principal and Interest.
  - b) 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.
  - c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
  - d) No amount of interest was accrued and unpaid at the end of the accounting year.

## Selene Properties Private Limited

11. As per the information available with the Company, there were no transactions with micro, small and medium enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006.
12. The Company has not entered into any derivative instrument during the period. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
13. Employee Benefits - As there are no eligible employees in the company no provision has been made for provident fund, ESIC, Gratuity, Leave (Compensated absences) and superannuation (Pension & Medical coverage) benefits plans disclosures as per Accounting Standard AS-15 (Revised) – Employees Benefits as notified under the Companies (Accounting Standards) Rules, 2006.
14. There is no Contingent Liability to be reported as at March 31, 2008.
15. There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.
16. The results are not comparable with the previous year as the company was incorporated on June 26, 2006.
17. Previous figures have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date attached

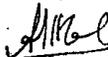
For A Sardana & Co.  
Chartered Accountants

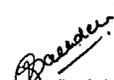


Ajay Sardana  
Partner  
M No 089011

Place: New Delhi  
Date: May 06, 2008

For and on behalf of the Board

  
Anil Malhan  
Director

  
Vikas Sachdeva  
Director

Place: New Delhi  
Date: May 06, 2008

b) Year ended March 31, 2009



*Sapra Associates*  
CHARTERED ACCOUNTANTS

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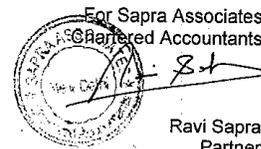
### Auditors' Report to the Members of Sentia Properties Limited

1. We have audited the attached Balance Sheet of Sentia Properties Limited ("the Company") as at March 31, 2009 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2009. 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 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure, a statement on the matters specified in paragraphs 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) 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;
  - (v) on the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



415, Ansal's Kirti Shikhar, 11, Distt. Centre, Janak Puri, New Delhi-110058.

- (vi) 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, 2009;
  - (b) in the case of Profit and Loss Account, of the loss 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.



Ravi Sapra  
Partner  
Membership No.089379  
New Delhi, May 30, 2009

**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Sentia Properties Limited on the financial statements for the year ended March 31, 2009.**

- (i) 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 (i), 4(ii), 4(iii), 4(vii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi) 4(xix) and 4(xx) of the order are not applicable to the Company.
- (ii) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business. The Company do not involve in purchase of inventory and fixed assets and the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (iii) 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.
- (iv) 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.
- (v) The Central Government of India, pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2001 ("The Rules") has prescribed maintenance of cost records prescribed under clause (d) of sub-section (1) of Section 209 of the Act to the Company. However, the Rules are not applicable to the Company, as the Company has not started commercial operations.
- (vi)
  - (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 account in respect of undisputed statutory dues including Income-tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty. 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, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at March 31, 2009 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 the records of the Company examined by us, as at March 31, 2009, there are no dues of income-tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.



- (vii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have, prime facie, been used for long-term investment by the Company.
- (viii) 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.
- (ix) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Sapra Associates  
Chartered Accountants



*Ravi Sapra*

Ravi Sapra  
Partner

Membership No.089379  
New Delhi, May 30, 2009

**Sentia Properties Limited**  
**Balance Sheet as at March 31, 2009**

	Schedule	As at March 31, 2009	Amount in Rupees As at March 31, 2008
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
		<b>500,000</b>	<b>500,000</b>
<b>Application of Funds</b>			
Investments	2	-	198,256
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	3	469,390	283,251
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	4	11,030	22,472
<b>Net Current Assets</b>		<b>458,360</b>	<b>260,779</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>41,640</b>	<b>40,965</b>
		<b>500,000</b>	<b>500,000</b>

Significant Accounting Policies and Notes to Accounts

7

As per our report of even date

For Sapra Associates,  
Chartered Accountants

  
Ravi Sapra  
Partner  
Membership No.089379

Place : New Delhi  
Date: May 30, 2009

For and on behalf of the Board

  
Ashwini Kumar Mittal  
Director

Place : New Delhi  
Date: May 30, 2009

  
Akshay Suresh Sejpal  
Director

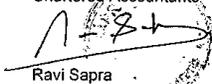
**Sentia Properties Limited**

**Profit and Loss Account for the year ended March 31,2009**

		Amount in Rupees	
		For the year ended March 31,2009	For the Period from October 08, 2007 to March 31, 2008
<b>INCOME</b>	<b>Schedule</b>		
Other Income	5	12,392	8,256
		<u>12,392</u>	<u>8,256</u>
<b>EXPENDITURE</b>			
Administrative and Other Expenses	6	13,067	49,221
		<u>13,067</u>	<u>49,221</u>
<b>Profit / (Loss) Before Tax</b>		(675)	(40,965)
Provision for Tax			
-Current Tax		-	-
-Deferred Tax		-	-
-Fringe Benefits Tax		-	-
<b>Profit / (Loss) After Tax</b>		(675)	(40,965)
<b>Balance of Profit/(Loss) Brought Forward</b>		(40,965)	-
<b>Balance of Profit / (Loss) Carried Forward</b>		<u>(41,640)</u>	<u>(40,965)</u>
Earnings Per Share ( Refer Note B-4 of Schedule-7)			
- Basic and Diluted (Rs.)		(0.01)	(0.82)
Face Value Per Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	7		

As per our report of even date

For Sapra Associates  
Chartered Accountants

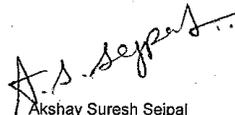
  
Ravi Sapra  
Partner  
Membership No.089379

Place : New Delhi  
Date: May 30, 2009

For and on behalf of the Board

  
Ashwini-Kumar Mittal  
Director

Place : New Delhi  
Date: May 30, 2009

  
Akshay Suresh Sejpal  
Director

**Sentia Properties Limited**

**Cash Flow Statement for the year ended March 31,2009**

	For the year ended March 31,2009	Amount in Rupees For the period from October 08, 2007 to March 31, 2008
<b>A Cash flow from operating activities :</b>		
Net Profit/ (Loss) Before Tax	(675)	(40,965)
Adjustment for		
Dividend on Units of Mutual Funds - Non Trade	(12,392)	(8,256)
<b>Operating Profit/(Loss) before working capital changes</b>	(13,067)	(49,221)
Adjustments for:		
Increase/(Decrease) in Trade Payables and other liabilities	(11,442)	22,472
<b>Net cash generated from/(used in) operating activities</b>	<b>(24,509)</b>	<b>(26,749)</b>
<b>B Cash flow from Investing activities</b>		
Dividend received on Units of Mutual Funds - Non Trade	12,392	8,256
<b>Net cash generated from/(used in) investing activities</b>	<b>12,392</b>	<b>8,256</b>
<b>C Cash flow from financing activities</b>		
Proceeds from Issue of Equity Shares	-	500,000
Inter Corporate Deposits taken- Holding Company	25,000	-
Inter Corporate Deposits repaid- Holding Company	(25,000)	-
<b>Net cash generated from/(used in) financing activities</b>	-	<b>500,000</b>
<b>D Net increase/(decrease) in cash and cash equivalents ( A+B+C )</b>	(12,117)	481,507
<b>E Cash and cash equivalents at the beginning of the year</b>	481,507	-
<b>F Cash and cash equivalents at the close of the year (D+E)</b>	<b>469,390</b>	<b>481,507</b>

**Note :**

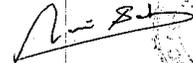
1 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard-3 (AS-3) on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 as amended.

2 Cash and cash equivalents as at the end of the year include:

Cash on Hand	260,000	260,000
Balances with Scheduled Banks		
In Current Accounts	209,390	23,251
Investments in Units of Mutual Funds	-	198,256
	<b>469,390</b>	<b>481,507</b>

As per our report of even date

For Sapra Associates  
Chartered Accountants



Ravi Sapra  
Partner  
Membership No.089379

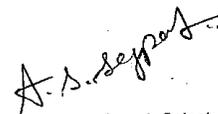
Place : New Delhi  
Date: May 30, 2009

For and on behalf of the Board



Ashwini Kumar Mittal  
Director

Place : New Delhi  
Date: May 30, 2009



Akshay Suresh Sejpal  
Director

Sentia Properties Limited

Schedules forming part of Balance Sheet as at March 31,2009

	As at March 31, 2009	Amount in Rupees As at March 31, 2008
<b>1 Share Capital</b>		
Authorised:		
50,000 (Previous period 50,000) Equity Shares of Rs 10 each	<u>500,000</u>	<u>500,000</u>
<b>Issued, subscribed and paid up:</b>		
Equity Share Capital		
50,000 (Previous period 50,000) Equity Shares of Rs 10 each fully paid up [The entire Equity Shares Capital is held by the Holding company-Indiabulls Real Estate Limited and its nominees.]	500,000	500,000
<b>As per Balance Sheet</b>	<u>500,000</u>	<u>500,000</u>
<b>2 Investments</b>		
<b>Current Investments (At cost or fair value whichever is lower)</b>		
Current, Non Trade, Unquoted		
Investment in Mutual Funds	-	198,256
Nil Unit (Previous period : 13,007 Units of Reliance Liquid Plan-Treasury Plan) NAV: Rs Nil per unit (Previous period: NAV Rs.15.2426 per unit)	-	-
<b>As per Balance Sheet</b>	<u>-</u>	<u>198,256</u>
Aggregate amount of Quoted Investment	-	-
Aggregate Market Value of Quoted Investment	-	-
Aggregate Book Value of Unquoted Investment	-	198,256
<b>3 Cash and Bank Balances</b>		
Cash on Hand	260,000	260,000
Balances with Scheduled Banks		
In Current Account	209,390	23,251
<b>As per Balance Sheet</b>	<u>469,390</u>	<u>283,251</u>
<b>4 Current Liabilities</b>		
Sundry Creditors (Refer Note B 9 of Schedule 7)		
(a) Due to Micro, Small and Medium Enterprises	-	-
(b) Due to others	-	-
Other Liabilities (including expenses payable)	11,030	22,472
<b>As per Balance Sheet</b>	<u>11,030</u>	<u>22,472</u>

Sentia Properties Limited

Schedules forming part of Profit and Loss Account for the year ended March 31, 2009

	Amount in Rupees	
	For the year ended March 31, 2009	For the Period October 08, 2007 to March 31, 2008
<b>5 Other Income</b>		
Dividend on Units of Mutual Funds - Non Trade	12,392	8,256
<b>As per Profit and Loss Account</b>	<u>12,392</u>	<u>8,256</u>
<b>6 Administrative and Other Expenses</b>		
Rates and Taxes	1,615	1,902
Legal and Professional Fees	-	14,534
Printing and Stationery	-	300
Auditor's Remuneration	11,030	11,236
Bank Charges	422	570
Miscellaneous Expenses	-	1,479
Preliminary Expenses	-	19,200
<b>As per Profit and Loss Account</b>	<u>13,067</u>	<u>49,221</u>

**Sentia Properties Limited****SCHEDULE: 7****Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2009.****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) Interest income from deposits is recognized on accrual basis.

(b) Dividend income is recognized 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. 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.

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 virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**Sentia Properties Limited****vii. Fringe Benefits Tax:**

Fringe Benefits Tax is calculated in accordance with the provisions of the Income Tax Act, 1961.

**viii. Deferred Employee Stock Compensation Costs:**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the 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.

**ix. 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:

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

**x. 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.

**xi. 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.

**xii. 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.

**Sentia Properties Limited****B. Notes to Accounts:**

1. Overview:  
Sentia Properties Limited ("the Company") was incorporated on October 08, 2007. The Company is engaged in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct, acquire hold/sell properties, buildings, farms, land tenements and to act as real estate agent and all other related and ancillary objects.
2. **Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the holding company:**

**Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006:**

During the period ended March 31, 2007, IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I"). Under Plan- I , IBREL had issued 9,000,000 equity settled options to eligible employees which gave them a right to subscribe upto 9,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL at an exercise price of Rs. 60 per option, subject to the requirements of vesting. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. A Compensation Committee constituted by the Board of Directors of IBREL administers Plan-I.

IBREL follows the Intrinsic Value method of accounting as prescribed under the Guidance Note on Accounting for Employees Share based Payments issued by the Institute of Chartered Accountants of India. No Deferred Employee Stock Compensation Cost was initially recorded on the grant of options as the Intrinsic Value calculated by an independent valuer was lower than the exercise price. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I.

**Indiabulls Real Estate Limited Employees Stock Options Scheme – 2008:**

During the year ended March 31, 2009 IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 ("IBREL ESOS 2008"). Under IBREL ESOS 2008, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 1,500,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL at an exercise price of Rs. 495.70 per option, being the closing market price on the National Stock Exchange of India Limited, as at April 21, 2008.

The stock options so granted, were to vest in the eligible employees in equal slabs of 10% per year, over a period of 10 years beginning from April 23, 2009, the first vesting date. The options granted under each of the slabs, were to be exercised by the grantees within a period of ninety days from the relevant vesting date.

During the year ended March 31, 2009 all eligible employees voluntarily surrendered the options granted to them under IBREL ESOS 2008 and the Compensation Committee constituted by the board of directors of IBREL decided not to re-grant these options and pursuant to its shareholders' approval by way of Postal Ballot on December 12, 2008, IBREL cancelled and withdrew IBREL ESOS 2008.

**Indiabulls Real Estate Limited Employees Stock Options Scheme 2008 (II):**

During the year ended March 31, 2009 IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II"). Under Plan II, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 2,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL at an exercise price of Rs. 110.50 per option, being the closing market price on the National Stock Exchange of India Limited, as at January 29, 2009.

## Sentia Properties Limited

The stock options so granted, shall vest in the eligible employees within 10 years beginning from January 31, 2010, the first vesting date. The stock options granted under each of the slabs, are exercisable by the option holders within a period of five years from the relevant vesting date.

IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no deferred employee stock compensation cost has been recorded in the financial statements. The fair value of the options under Plan II using the Black-Scholes model, based on the following parameters, is Rs.62.79 per option, as certified by an independent firm of chartered accountants.

Particulars	Plan – II
Fair value of option at grant date (Rs. per option)	Rs. 62.79
Exercise price (Rs. per option)	Rs. 110.50
Expected volatility	86%
Expected forfeiture percentage on each vesting date	Nil
Option Life (Weighted Average)	10.5 Years
Expected Dividend yield	3.92%
Risk Free rate of Interest	6.50%

The expected volatility was determined based on historical volatility data of IBREL's shares listed on the National Stock Exchange of India Limited.

There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-II.

A summary of the movement, during the year, in various IBREL ESOS Plans is as below:

Particulars	IBREL ESOS-I	IBREL ESOS 2008	IBREL ESOS-II
Number of options outstanding as at April 1, 2008	8,100,000	--	--
Number of options granted during the year	--	1,500,000	2,000,000
Number of options forfeited/canceled during the year	--	1,500,000	--
Number of options exercised during the year	--	--	--
Number of options expired during the year	--	--	--
Number of options outstanding as at March 31, 2009	8,100,000	--	2,000,000
Number of options exercisable as at March 31, 2009	900,000	--	--
Exercise Price (Rs. per option)	60	495.70	110.50
Remaining Contractual Life (Months)	103	--	124

## Sentia Properties Limited

3. Disclosures in respect of Accounting Standard (AS) – 18 Related Party Disclosure as notified under Companies (Accounting Standards) Rules, 2006 as amended.

(a) Related Party

a. Where control exist:

Holding Company                      Indiabulls Real Estate Limited

b. Other Related Parties:

Key Management Personnel: Mr. Sameer Gehlaut  
(Director and Chairman of Holding Company)  
Mr. Rajiv Rattan  
(Director and Vice Chairman of Holding Company)  
Mr. Saurabh K Mittal  
(Director of Holding Company)  
Mr. Narendra Gehlaut  
(Joint Managing Director of Holding Company)  
Mr. Vipul D Bansal  
(Joint Managing Director of Holding Company)

(b) Significant Transactions with Related Parties for the year ended March 31, 2009:

(Amount in Rs.)

Nature of Transaction	Holding Company	Total
<b>Finance</b>		
Intercompany Deposit taken*	15,000	15,000
	--	--
Issue of Equity Shares	500,000	500,000
<b>Expenses</b>		
Reimbursement of General expenses	1,015	1,015
	5,695	5,695
Reimbursement of Preliminary expenses	19,200	19,200

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

(c) Statement of Material Transactions

(Amount in Rs.)

Particulars	For the year ended March 31, 2009	For the period from October 08, 2007 to March 31, 2008
<b>Finance</b>		
Intercompany Deposit taken*		
Indiabulls Real Estate Limited	15,000	--
Issue of Equity Shares		
Indiabulls Real Estate Limited	--	500,000
<b>Expenses</b>		
Reimbursement of Expenses		
Indiabulls Real Estate Limited	1,015	24,895

## Sentia Properties Limited

### 4. Earnings per Share

The basic earnings per share are computed by dividing the net profit/ loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

Particulars	For the year ended March 31, 2009 Amount (Rs)	For the period from October 08, 2007 to March 31, 2008 Amount (Rs)
Profit/(Loss) available for equity Shareholders (Rs.)	(675)	(40,965)
Weighted average number of Shares used in computing Basic & Diluted earning per share	50,000	50,000
Nominal Value per equity Share - (Rs.)	10.00	10.00
Basic Earnings Per Share - (Rs.)	(0.01)	(0.82)
Diluted Earnings Per Share - (Rs.)	(0.01)	(0.82)

### 5. Details of Purchase and Redemption of Current, Non Trade, Unquoted Investments during the year ended March 31, 2009:

In Mutual Funds	Type	Purchases		Redemption	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
Reliance Liquid Fund	Daily Dividend	14,196	216,392	27,203	414,648
		<i>30,064</i>	<i>458,256</i>	<i>17,057</i>	<i>260,000</i>
<b>TOTAL</b>		<b>14,196</b>	<b>216,392</b>	<b>27,203</b>	<b>414,648</b>
		<i>30,064</i>	<i>458,256</i>	<i>17,057</i>	<i>260,000</i>

*Previous period figures are stated in italics*

6. Considering the nature of Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 (AS-17) – Segment Reporting. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.
7. 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.
8. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2009.

**Sentia Properties Limited**

## 9. 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-4 "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.

- 10. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
- 11. There is no Contingent Liability to be reported as at March 31, 2009.
- 12. In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2009 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.
- 13. There no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.
- 14. Previous period's figures have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date

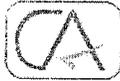
For Sapra Associates  
Chartered Accountants  
  
Ravi Sapra  
Partner  
Membership No. 089379

Place: New Delhi  
Date: May 30, 2009

For and on behalf of the Board

  
Ashwani Kumar Mittal      Akshay Suresh Sejpal  
Director                              Director

Place: New Delhi  
Date: May 30, 2009



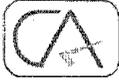
**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

**Auditors' Report to the Members of Sentia Properties Limited**

1. We have audited the attached Balance Sheet of Sentia Properties Limited ("the Company") as at March 31, 2010 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2010. 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) 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;
  - (v) on the basis of written representations received from the directors, as at March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Act;
  - (vi) 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, 2010;
    - (b) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and



Y-59, HAUZ KHAS, NEW DELHI-110 016 INDIA  
MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365  
E-MAIL.: amar.mittal@sgcservices.com



**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

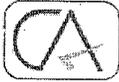
(c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Sharma Goel & Co.  
Chartered Accountants  
FRN No. 000843N



Anil Gupta  
Partner  
Membership No. 086386  
Place: New Delhi,  
Date: April 19, 2010

Y-59, HAUZ KHAS, NEW DELHI-110 016 INDIA  
MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365  
E-MAIL.: amar.mittal@sgcservices.com



**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Sentia Properties Limited on the financial statements for the year ended March 31, 2010.**

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities for the year ended March 31, 2010, is such that paragraphs 4(i), 4(ii), 4(vi), 4(vii), 4(viii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xix) and 4(xx) of Order are not applicable to the Company.
2. The company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Also, 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
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventory, however the activity of the company do not involve in purchase of fixed assets and in the sale of goods & services. We have not observed any major weakness in the internal control system during the course of audit.
4. 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.
5. (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, 2010 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, Customs duty and Excise duty which have not been deposited on account of any dispute.
6. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have, prima facie, been used for long-term investment by the Company.
7. 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.



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**MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365**  
**E-MAIL.: amar.mittal@sgcservices.com**



**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS :

8. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Sharma Goel & Co.  
Chartered Accountants  
FRN No: 000643N



Anil Gupta  
Partner  
Membership No. 086386  
Place: New Delhi,  
Date: April 19, 2010

Y-59, HAUZ KHAS, NEW DELHI-110 016 INDIA  
MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365  
E-MAIL.: amar.mittal@sgcservices.com

**Sentia Properties Limited**  
**Balance Sheet as at March 31, 2010**

		Amount in Rupees	
	Schedule	As at March 31, 2010	As at March 31, 2009
<b>I. Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
<b>Loan Funds</b>			
Unsecured Loan	2	3,252,270,000	-
<b>Total</b>		<b>3,252,770,000</b>	<b>500,000</b>
<b>II. Application of Funds</b>			
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	3	424,498	469,390
Loans and Advances	4	3,000,000,000	-
		<b>3,000,424,498</b>	<b>469,390</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	5	55,150	11,030
		<b>55,150</b>	<b>11,030</b>
<b>Net Current Assets</b>		<b>3,000,369,348</b>	<b>458,360</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>252,400,652</b>	<b>41,640</b>
<b>Total</b>		<b>3,252,770,000</b>	<b>500,000</b>
Significant Accounting Policies and Notes to Accounts	9		

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN: 000643N



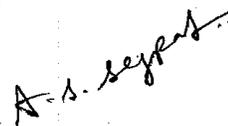
Anil Gupta  
Partner  
Membership No. 086386

Place : New Delhi  
Date: April 19, 2010

For and on behalf of the Board

  
Ashwani Kumar Mittal  
Director

Place : New Delhi  
Date: April 19, 2010

  
Akshay Suresh Sejpal  
Director

Sentia Properties Limited

Profit and Loss Account for the year ended March 31, 2010

	Schedule	Amount in Rupees	
		For the year ended March 31, 2010	For the year ended March 31, 2009
<b>INCOME</b>			
Other Income	6	1,628	12,392
<b>Total</b>		<u>1,628</u>	<u>12,392</u>
<b>EXPENDITURE</b>			
Administrative and Other Expenses	7	57,665	13,067
Interest and Finance charges	8	252,302,975	
<b>Total</b>		<u>252,360,640</u>	<u>13,067</u>
<b>Profit / (Loss) Before Tax</b>		(252,359,012)	(675)
Provision for Tax			
- Current Tax		-	-
- Deferred Tax		-	-
<b>Profit / (Loss) After Tax</b>		(252,359,012)	(675)
<b>Balance of Profit/(Loss) Brought Forward</b>		(41,640)	(40,965)
<b>Balance of Profit / (Loss) Carried Forward</b>		<u>(252,400,652)</u>	<u>(41,640)</u>
<b>Earnings Per Share (Refer Note B-4 of Schedule 9)</b>			
- Basic and Diluted (Rs.)		(5,047.18)	(0.01)
Face Value per equity share (Rs.)		10.00	10.00

Significant Accounting Policies and Notes to Accounts 9

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN: 000894



Anil Gupta  
Partner  
Membership No. 086386

Place : New Delhi  
Date: April 19, 2010

For and on behalf of the Board

Ashwani Kumar Mittal  
Director

*A. S. Sejpal*  
Akshay Suresh Sejpal  
Director

Place : New Delhi  
Date: April 19, 2010

**Sentia Properties Limited**

**Cash Flow Statement for the year ended March 31,2010**

	Amount in Rupees	
	For the year ended March 31,2010	For the year ended March 31,2009
<b>A Cash flow from operating activities :</b>		
Net Profit/ (Loss) Before Tax	(252,359,012)	(675)
Adjustment for		
Interest Expenses	252,302,975	-
Dividend on Units of Mutual Funds - Non Trade	(1,628)	(12,392)
<b>Operating Profit/(Loss) before working capital changes</b>	(57,665)	(13,067)
Adjustments for:		
(Increase)/Decrease in Loans and Advances	(3,000,000,000)	-
Increase/(Decrease) in Trade Payables and other liabilities	44,120	(11,442)
<b>Net cash generated from/(used in) operating activities</b>	<b>(3,000,013,545)</b>	<b>(24,509)</b>
<b>B Cash flow from Investing activities</b>		
Dividend on Units of Mutual Funds - Non Trade	1,628	12,392
<b>Net cash generated from/(used in) investing activities</b>	<b>1,628</b>	<b>12,392</b>
<b>C Cash flow from financing activities</b>		
Inter Corporate Deposits taken/(repaid)- (Net)	3,252,270,000	-
Interest Paid	(252,302,975)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>2,999,967,025</b>	<b>-</b>
<b>D Net increase/(decrease) in cash and cash equivalents ( A+B+C )</b>	(44,892)	(12,117)
<b>E Cash and cash equivalents at the beginning of the year</b>	469,390	481,507
<b>F Cash and cash equivalents at the end of the year (D+E)</b>	<b>424,498</b>	<b>469,390</b>

Note :

1 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.

2 Cash and cash equivalents as at the end of the year include:

Cash on Hand	260,000	260,000
Balances with Scheduled Banks		
- In Current Accounts	164,498	209,390

<b>Total</b>	<b>424,498</b>	<b>469,390</b>
--------------	----------------	----------------

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN: 000677

Anil Gupta  
Partner  
Membership No. 086386



Place : New Delhi  
Date: April 19, 2010

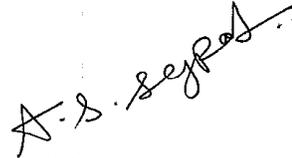
For and on behalf of the Board

Ashwani Kumar Mittal  
Director



Place : New Delhi  
Date: April 19, 2010

Akshay Suresh Sejpal  
Director



Sentia Properties Limited

Schedules forming part of Balance Sheet as at March 31, 2010

	Amount in Rupees	
	As at March 31, 2010	As at March 31, 2009
<b>1 Share Capital</b>		
<b>Authorised:</b>		
50,000 (Previous Year 50,000) Equity Shares of Rs 10 each	<u>500,000</u>	<u>500,000</u>
<b>Issued, subscribed and paid up:</b>		
<b>Equity Share Capital</b>		
50,000 (Previous Year 50,000) Equity Shares of Rs 10 each fully paid up	500,000	500,000
[The entire paid-up Equity Share Capital is held by the Holding company-Indiabulls Wholesale Services Limited and its nominees (Previous year Indiabulls Real Estate Limited and its nominees)]		
<b>As per Balance Sheet</b>	<u>500,000</u>	<u>500,000</u>
<b>2 Unsecured Loan</b>		
<b>Other Loans and Advances</b>		
<b>From Others</b>		
Inter Corporate Deposit from Holding Company	3,252,270,000	-
<b>As per Balance Sheet</b>	<u>3,252,270,000</u>	<u>-</u>
<b>3 Cash and Bank Balances</b>		
Cash on Hand	260,000	260,000
Balances with Scheduled Banks		
-In Current Bank Account	164,498	209,390
<b>As per Balance Sheet</b>	<u>424,498</u>	<u>469,390</u>
<b>4 Loans and Advances</b>		
(Unsecured, considered good, unless otherwise stated)		
Advance for Land	3,000,000,000	-
<b>As per Balance Sheet</b>	<u>3,000,000,000</u>	<u>-</u>
<b>5 Current Liabilities</b>		
Sundry Creditors (Refer Note B 10 of Schedule 9)		
(a) Due to Micro, Small and Medium Enterprises	-	-
(b) Due to others	49,635	11,030
Other Liabilities	5,515	-
<b>As per Balance Sheet</b>	<u>55,150</u>	<u>11,030</u>



Sentia Properties Limited

Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

	Amount in Rupees	
	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>6 Other Income</b>		
<b>Income from Current Investment, Non Trade</b>		
- Dividend on Units of Mutual Funds	1,628	12,392
<b>As per Profit and Loss Account</b>	<b>1,628</b>	<b>12,392</b>
<b>7 Administrative and Other Expenses</b>		
Rates and Taxes	2,460	1,615
Auditor's Remuneration-Audit fee (including Service Tax)	55,150	11,030
Bank Charges	55	422
<b>As per Profit and Loss Account</b>	<b>57,665</b>	<b>13,067</b>
<b>8 Interest and Finance charges</b>		
Interest Expense	252,302,975	-
<b>As per Profit and Loss Account</b>	<b>252,302,975</b>	<b>-</b>



**Sentia Properties Limited****SCHEDULE: 9****Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2010.****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) Interest income from deposits is recognized on accrual basis.
- b) Revenue from real estate development projects is recognised 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.
- c) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- d) Revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed.

**iv. 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.



**Sentia Properties Limited****v. 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.

**vi. 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.

**vii. 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.

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 virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**viii. 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:

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

**ix. 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.

**x. 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.



**Sentia Properties Limited****xi. Deferred Employee Stock Compensation Costs:**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the 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.

**xii. 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.



## Sentia Properties Limited

### B. Notes to Accounts:

#### 1. Overview:

Sentia Properties Limited ("the Company") was incorporated on October 08, 2007. The Company is in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct, acquire hold/sell properties, buildings, and to act as real estate agent and all other related and ancillary objects.

#### 2. Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company:

Indiabulls Real Estate Limited ("IBREL"), the ultimate holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

#### 3. Disclosures in respect of Accounting Standard (AS) – 18 Related Party Disclosure as notified under Companies (Accounting Standards) Rules, 2006.

##### a) Related Parties

##### (i) Where Control exists

- Holding Company\*

Indiabulls Wholesale Services Limited  
 \*(Indiabulls Real Estate Limited till December 07, 2009)  
 \*(Lucina Land Development Limited- from  
 December 08, 2009 to December 31, 2009)

- Ultimate Holding Company

Indiabulls Real Estate Limited

##### (ii) Other Related Parties

- Key Management Personnel:

Mr. Sameer Gehlaut  
 (Director and Chairman of Ultimate Holding Company)  
 Mr. Rajiv Rattan  
 (Director and Vice Chairman of Ultimate Holding Company)  
 Mr. Saurabh K. Mittal  
 (Director of Ultimate Holding Company)  
 Mr. Narendra Gehlaut  
 (Joint Managing Director of Ultimate Holding Company)  
 Mr. Vipul D. Bansal  
 (Joint Managing Director of Ultimate Holding Company)





## Sentia Properties Limited

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares and the potential dilutive effect of Employee Stock Option Plans as appropriate.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit/(Loss) available for Equity Shareholders (Rs.)	(252,359,012)	(675)
Weighted average number of Shares used in computing Basic and Diluted earnings per share	50,000	50,000
Nominal Value per Equity Share - (Rs.)	10.00	10.00
Basic Earnings per Equity Share - (Rs.)	(5,047.18)	(0.01)
Diluted Earnings per Equity Share - (Rs.)	(5,047.18)	(0.01)

5. Details of Purchase and Redemption of Current, Non Trade unquoted, Investments during the year ended March 31, 2010:

In Mutual Funds	Type	Purchases / Dividend Reinvestment		Redemption	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
Reliance Mutual Fund	Reliance Liquid Fund- Treasury Plan-Retail Option-Daily Dividend	13,753 <i>14,196</i>	209,628 <i>216,392</i>	13,753 <i>27,203</i>	209,628 <i>414,648</i>

*Previous Year figures are stated in italics*

6. Considering the nature of Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 (AS-17) – Segment Reporting. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.
7. As per Accounting Standard 22 'Accounting for Taxes on Income', as notified under the companies (Accounting Standards) Rules, 2006, the company as a prudent measure has not recognized the net deferred tax assets in accounts arising on account of timing differences.
8. 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.
9. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2010.
10. 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.



**Sentia Properties Limited**

(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-5 "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.

11. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
12. There is no Contingent Liability to be reported as at March 31, 2010.
13. In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2010 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. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of these balances.
14. There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.
15. 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



Anil Gupta  
Partner  
Membership No. 086386

Place: New Delhi  
Date: April 19, 2010

For and on behalf of the Board

  
Ashwani Kumar Mittal  
Director

Place: New Delhi  
Date: April 19, 2010

  
Akshay Suresh Sejpal  
Director

## d) Nine Month period ended December 31, 2010



SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

### Auditor's Report

#### To the Board of Directors of Sentia Properties Limited

1. We have audited the attached Balance Sheet of Sentia Properties Limited ("the Company") as at December 31, 2010, the Profit and Loss account for the nine months period ended December 31, 2010 and also the Cash-flow statement for the nine months period ended December 31, 2010, annexed thereto. These Interim 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 interim financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the interim financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall interim financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in a 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 the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> December 2010;
  - b. In the case of the Profit and Loss Account, of the loss for the nine months period ended on that date; and
  - c. In the case of the Cash flow statement, of the cash flows for the nine months period ended on that date.

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



Membership No. 086386

New Delhi, February 28, 2011

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241, VENKATESHWARA, 2ND FLOOR  
RACE COURSE ROAD, BANGALORE-560031  
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C-43, SECTOR-8  
NOIDA-201301  
TEL.: 0120-4048100

A-47, LOWER GROUND FLOOR  
HAUZ KHAS, NEW DELHI-110016  
TEL.: 91-11-41655400

Sentia Properties Limited

Balance Sheet as at December 31, 2010

	Schedule	Amount in Rupees	
		As at December 31, 2010	As at March 31, 2010
<b>I. Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
<b>Loan Funds</b>			
Unsecured Loan	2	3,252,320,000	3,252,270,000
<b>Total</b>		<b>3,252,820,000</b>	<b>3,252,770,000</b>
<b>II. Application of Funds</b>			
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	3	418,478	424,498
Loans and Advances	4	3,000,000,000	3,000,000,000
		3,000,418,478	3,000,424,498
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	5	41,363	55,150
		41,363	55,150
<b>Net Current Assets</b>		<b>3,000,377,116</b>	<b>3,000,369,348</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>252,442,885</b>	<b>252,400,652</b>
<b>Total</b>		<b>3,252,820,000</b>	<b>3,252,770,000</b>

Significant Accounting Policies and Notes to Accounts 9

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants

FRN/000643N



Anil Gupta  
Partner  
Membership No. 086386

Place : New Delhi  
Date: February 28, 2011

For and on behalf of the Board

Ashwani Kumar Mittal  
Director

Akshay Suresh Sejpal  
Director

Place : New Delhi  
Date: February 28, 2011

Sentia Properties Limited

Profit and Loss Account for the period from April 01, 2010 to December 31, 2010

		Amount in Rupees	
	Schedule	For the period from April 01, 2010 to December 31, 2010	For the year ended March 31, 2010
<b>Income</b>			
Other Income	6	-	1,628
<b>Total</b>		<u>-</u>	<u>1,628</u>
<b>Expenditure</b>			
Administrative and Other Expenses	7	42,233	57,665
Interest and Finance charges	8	-	252,302,975
<b>Total</b>		<u>42,233</u>	<u>252,360,640</u>
<b>Profit / (Loss) Before Tax</b>		(42,233)	(252,359,012)
Provision for Tax		-	-
-Current Tax		-	-
-Deferred Tax		-	-
<b>Profit / (Loss) After Tax</b>		<u>(42,233)</u>	<u>(252,359,012)</u>
<b>Balance of Profit/(Loss) Brought Forward</b>		(252,400,652)	(41,640)
<b>Balance of Profit / (Loss) Carried Forward</b>		<u>(252,442,885)</u>	<u>(252,400,652)</u>
<b>Earnings Per Share (Refer Note B-4 of Schedule 9)</b>			
- Basic and Diluted (Rs.)		(0.84)	(5,047.18)
Face Value per equity share (Rs.)		10.00	10.00

Significant Accounting Policies and Notes to Accounts 9

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN: 100643N



Anil Gupta  
Partner  
Membership No. 086386

Place : New Delhi  
Date: February 28, 2011

For and on behalf of the Board

Ashwani Kumar Mittal  
Director

Akshay Suresh Sejpal  
Director

Place : New Delhi  
Date: February 28, 2011

Sentia Properties Limited

Cash Flow Statement for the period from April 01, 2010 to December 31, 2010

	Amount in Rupees	
	For the period from April 01, 2010 to December 31, 2010	For the year ended March 31, 2010
<b>A Cash flow from operating activities :</b>		
Net Profit/ (Loss) Before Tax	(42,233)	(252,359,012)
Adjustment for		
Interest Expenses	-	252,302,975
Dividend on Units of Mutual Funds - Non Trade	-	(1,628)
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(42,233)</b>	<b>(57,665)</b>
Adjustments for:		
(Increase)/Decrease in Loans and Advances	-	(3,000,000,000)
Increase/(Decrease) in Trade Payables and other liabilities	(13,788)	44,120
<b>Net cash generated from/(used in) operating activities</b>	<b>(56,020)</b>	<b>(3,000,013,545)</b>
<b>B Cash flow from Investing activities</b>		
Dividend on Units of Mutual Funds - Non Trade	-	1,628
<b>Net cash generated from/(used in) investing activities</b>	<b>-</b>	<b>1,628</b>
<b>C Cash flow from financing activities</b>		
Inter Corporate Deposits taken/(repaid)- (Net)	50,000	3,252,270,000
Interest Paid	-	(252,302,975)
<b>Net cash generated from/(used in) financing activities</b>	<b>50,000</b>	<b>2,999,967,025</b>
<b>D Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(6,020)</b>	<b>(44,892)</b>
<b>E Cash and cash equivalents at the beginning of the period</b>	<b>424,498</b>	<b>469,390</b>
<b>F Cash and cash equivalents at the end of the period (D+E)</b>	<b>418,478</b>	<b>424,498</b>

Note :

1 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.

2 Cash and cash equivalents as at the end of the period include:

Cash on Hand	260,090	260,000
Balances with Scheduled Banks		
- In Current Accounts	158,388	164,498
<b>Total</b>	<b>418,478</b>	<b>424,498</b>

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN 700643N  
  
Patna  
Membership No. 086386

For and on behalf of the Board

  
Ashwani Kumar Mittal  
Director

  
Akshay Suresh Sejpal  
Director

Place : New Delhi  
Date: February 28, 2011

Place : New Delhi  
Date: February 28, 2011

Sentia Properties Limited

Schedules forming part of Balance Sheet as at December 31, 2010

	Amount in Rupees	
	As at December 31, 2010	As at March 31, 2010
<b>1 Share Capital</b>		
<b>Authorised:</b>		
50,000 (Previous Year 50,000) Equity Shares of Rs 10 each	<u>500,000</u>	<u>500,000</u>
<b>Issued, subscribed and paid up:</b>		
<b>Equity Share Capital</b>		
50,000 (Previous Year 50,000) Equity Shares of Rs 10 each fully paid up	500,000	500,000
[The entire paid-up Equity Share Capital is held by the Holding company-Indiabulls Wholesale Services Limited and its nominees (Previous year Indiabulls Wholesale Services Limited and its nominees)]		
<b>As per Balance Sheet</b>	<u><u>500,000</u></u>	<u><u>500,000</u></u>
<b>2 Unsecured Loan</b>		
<b>Other Loans and Advances</b>		
<b>From Others</b>		
Inter Corporate Deposit from Holding Company	3,252,320,000	3,252,270,000
<b>As per Balance Sheet</b>	<u><u>3,252,320,000</u></u>	<u><u>3,252,270,000</u></u>
<b>3 Cash and Bank Balances</b>		
Cash on Hand	260,090	260,000
Balances with Scheduled Banks		
-In Current Bank Account	158,388	164,498
<b>As per Balance Sheet</b>	<u><u>418,478</u></u>	<u><u>424,498</u></u>
<b>4 Loans and Advances</b>		
(Unsecured, considered good, unless otherwise stated)		
Advance for Land	3,000,000,000	3,000,000,000
<b>As per Balance Sheet</b>	<u><u>3,000,000,000</u></u>	<u><u>3,000,000,000</u></u>
<b>5 Current Liabilities</b>		
<b>Sundry Creditors (Refer Note B 10 of Schedule 9)</b>		
(a) Due to Micro, Small and Medium Enterprises	-	49,635
(b) Due to others	41,363	5,515
Other Liabilities	-	-
<b>As per Balance Sheet</b>	<u><u>41,363</u></u>	<u><u>55,150</u></u>



Sentia Properties Limited

Schedules forming part of Profit and Loss Account for the period from April 01, 2010 to December 31, 2010

	Amount in Rupees	
	For the period from April 01, 2010 to December 31, 2010	For the year ended
<b>6 Other Income</b>		
Income from Current Investment, Non Trade		
- Dividend on Units of Mutual Funds	-	1,628
As per Profit and Loss Account	<u>-</u>	<u>1,628</u>
<b>7 Administrative and Other Expenses</b>		
Rates and Taxes	870	2,460
Auditor's Remuneration-Audit Fees (including Service Tax)	41,363	55,150
Bank Charges	-	55
As per Profit and Loss Account	<u>42,233</u>	<u>57,665</u>
<b>8 Interest and Finance charges</b>		
Interest Expense	-	252,302,975
As per Profit and Loss Account	<u>-</u>	<u>252,302,975</u>



**Sentia Properties Limited****SCHEDULE: 9**

**Significant Accounting Policies and Notes forming part of the Balance Sheet as at December 31, 2010 and Profit and Loss Account for the period from April 01, 2010 to December 31, 2010**

**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) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- d) Interest income from deposits is recognized on accrual basis.

**iv. 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.



## Sentia Properties Limited

### v. 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.

### vi. 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.

### vii. 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.

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 virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### viii. 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:

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

### ix. 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.



**Sentia Properties Limited****x. 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.

**xi. Deferred Employee Stock Compensation Costs:**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the 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.

**xii. 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.



## Sentia Properties Limited

### B. Notes to Accounts:

#### 1. Overview:

Sentia Properties Limited ("the Company") was incorporated on October 08, 2007. The Company is in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct, acquire hold/sell properties, buildings, and to act as real estate agent and all other related and ancillary objects.

#### 2. Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company:

Indiabulls Real Estate Limited ("IBREL"), the ultimate holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

During the year, pursuant to the approval accorded at an Extra Ordinary General Meeting of the members of the Company held on September 30, 2010, the "Indiabulls Employees' Welfare Trust" (Trust) has been formed on October 04, 2010 with an initial corpus of Rs. 50,000, contributed equally by the Company and four other listed settlor entities, to administer and implement the Company's current and granted Employee Stock Option Schemes ("ESOP") and any future ESOP / Employee Stock Purchase Schemes of the settlor entities. IBREL being one of the Settlor entity, has contributed its share of Rs. 10,000 as its initial contribution towards the corpus of the said Trust. The Trust is administered by independent Trustees.

#### 3. Disclosures in respect of Accounting Standard (AS) – 18 Related Party Disclosure as notified under Companies (Accounting Standards) Rules, 2006.

##### a) Related Parties

##### (i) Where Control exists

- Holding Company\*

Indiabulls Wholesale Services Limited  
(from January 01, 2010)  
\*(Indiabulls Real Estate Limited till December 07, 2009)  
\*(Lucina Land Development Limited- from  
December 08, 2009 to December 31, 2009)

- Ultimate Holding Company

Indiabulls Real Estate Limited (from December 08, 2009)



## Sentia Properties Limited

### (ii) Other Related Parties

- Key Management Personnel:

- Mr. Sameer Gehlaut  
(Director and Chairman of Ultimate Holding Company)
- Mr. Rajiv Rattan  
(Director and Vice Chairman of Ultimate Holding Company)
- Mr. Saurabh K. Mittal  
(Director of Ultimate Holding Company)
- Mr. Narendra Gehlaut  
(Joint Managing Director of Ultimate Holding Company)
- Mr. Vipul D. Bansal  
(Joint Managing Director of Ultimate Holding Company)

- Subsidiary of Ultimate Holding Company\*  
Indiabulls Projects Limited  
Lucina Land Development Limited

\* With whom transaction are entered during period/previous year.

b) Summary of Significant Transactions with Related Parties for the period from April 01, 2010 to December 31, 2010:

(Amount in Rs.)

Nature of Transaction	Holding Company	Ultimate Holding Company	Subsidiary of Ultimate Holding Company		Total
	Indiabulls Wholesale Services Limited	Indiabulls Real Estate Limited	Indiabulls Projects Limited	Lucina Land Development Limited	
<b>Loan</b>					
Inter Corporate Deposit taken*	3,252,320,000 <i>3,252,270,000</i>	- <i>2,000,000,000</i>	- <i>1,000,000,000</i>	- <i>2,183,180,000</i>	3,252,320,000 <i>8,435,450,000</i>
<b>Expenses</b>					
Interest	--	- <i>183,221,769</i>	- <i>50,078,723</i>	-- <i>19,002,483</i>	- <i>252,302,975</i>
Reimbursement of General expenses	--	- <i>180</i>	--	--	- <i>180</i>

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

c) Balance Outstanding as on December 31, 2010

(Amount in Rupees)

Nature of Transaction	Holding Company	Ultimate Holding Company	Subsidiary of Ultimate Holding Company		Total
	Indiabulls Wholesale Services Limited	Indiabulls Real Estate Limited	Indiabulls Projects Limited	Lucina Land Development Limited	
Inter Corporate Deposit taken	3,252,320,000 <i>3,252,270,000</i>	--	--	--	3,252,320,000 <i>3,252,270,000</i>

*Previous Year figures are stated in italics*



## Sentia Properties Limited

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

### 4. Earnings per Share

Basic earnings per share is computed by dividing the net profit/(loss) attributable to equity shareholders, for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares and the potential dilutive effect of Employee Stock Option Plans as appropriate.

Particulars	For the period from April 01, 2010 to December 31, 2010	For the year ended March 31, 2010
Profit/(Loss) available for Equity Shareholders (Rs.)	(42,233)	(252,359,012)
Weighted average number of Shares used in computing Basic and Diluted earnings per share	50,000	50,000
Nominal Value per Equity Share - (Rs.)	10.00	10.00
Basic Earnings per Equity Share - (Rs.)	(0.84)	(5,047.18)
Diluted Earnings per Equity Share - (Rs.)	(0.84)	(5,047.18)

### 5. Details of Purchase and Redemption of Current, Non Trade unquoted, Investments during the period ended December 31, 2010:

In Mutual Funds	Type	Purchases / Dividend Reinvestment		Redemption	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
Reliance Mutual Fund	Reliance Liquid Fund-Treasury Plan-Retail Option-Daily Dividend	13,753	209,628	13,753	209,628

*Previous Year figures are stated in italics*

- Considering the nature of Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 (AS-17) – Segment Reporting. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.
- As per Accounting Standard 22 'Accounting for Taxes on Income', as notified under the companies (Accounting Standards) Rules, 2006, the company as a prudent measure has not recognized the net deferred tax assets in accounts arising on account of timing differences.
- 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.



## Sentia Properties Limited

9. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at December 31, 2010.
10. 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 period on account of Principal and Interest.
  - (ii) No interest was paid during the period 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 period 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 period.
- The above information and that given in Schedule-5 "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.
11. The Company has not entered into any derivative instrument during the period. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
12. There is no Contingent Liability to be reported as at December 31, 2010.
13. In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at December 31, 2010 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. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of these balances.
14. There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.
15. Previous year figures have been regrouped and / or re-arranged wherever necessary to confirm to current period groupings and classifications.

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN: 000643N



Anil Gupta  
Partner  
Membership No. 086386

Place: New Delhi  
Date: February 28, 2011

For and on behalf of the Board

Ashwani Kumar Mittal  
Director

Place: New Delhi  
Date: February 28, 2011

Akshay Suresh Sejpal  
Director

**2. (iii) Financial Information of subsidiary companies- Lucina Infrastructure Limited**  
**a) Year ended March 31, 2008**



*Ajay Sardana Associates*  
CHARTERED ACCOUNTANTS

### Auditors' Report to the Members of Lucina Infrastructure Private Limited

We have audited the attached Balance Sheet of Lucina Infrastructure Private Limited as at March 31, 2008 and annexed Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended March 31, 2008 and report that:

1. 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 have 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 misstatements. An audit includes examining, on a test check basis, the evidences 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, 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 appear from our examination of those books.
  - (iii) The Company's Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion the Balance Sheet and Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of Companies Act, 1956 to the extent applicable.
  - (v) On the basis of written representation received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes there on the information required by the Companies Act, 1956 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, 2008, and
- (b) In the case of Profit & Loss Account, of profit of the Company for the year ended on March 31, 2008, and
- (c) In the case of Cash Flow Statement, of Cash Flows of the Company for the year ended on March 31, 2008.

For Ajay Sardana Associates  
Chartered Accountants



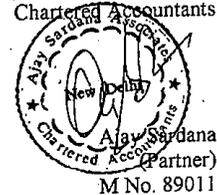
New Delhi, April 28, 2008

**ANNEXURE TO THE AUDITORS' REPORT**  
(Referred to in paragraph 3 of our report of even date)  
**Lucina Infrastructure Private Limited**

- 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 are such that clauses (i), (vii), (viii), (x), (xi) and (xiv) are not applicable to the Company.
- 2) In respect of its inventory:
  - a) The inventory has been physically verified in a phased manner during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) The company is maintaining proper records of inventory and as informed to us no material discrepancies were noted on physical verification.
- 3) The company has neither granted nor taken any loans to or from companies, firms or other parties covered under registered maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory and we have not observed any continuing failure to correct major weakness in such internal controls.
- 5) According to the information and explanations provided by the management, we are of the opinion that there were no transactions made in pursuance of contracts or arrangement that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- 6) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the companies (Acceptance of deposit) Rule 1975 with regards to deposits accepted from the public.
- 7) According to the information and explanations given to us, in respect of statutory and other dues:
  - a) The Company has been regular in depositing undisputed statutory dues with the appropriate authorities during the year. During the year there were no dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess. Further since the Central Government has till date not prescribed the amount of cess payable under

- section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- b) During the year, there are no disputed dues payable in respect of Income Tax, Sales Tax, Customs Duty, Wealth Tax, Excise Duty and Cess.
  - 8) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - 9) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
  - 10) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
  - 11) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, during the year the company has not availed any term loans.
  - 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 have, prima facie, not been used during the year for long-term investment.
  - 13) 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 information and explanations given to us, the company has not issued any debentures, during the year.
  - 15) The Company has not raised any money by way of Public Issue during the year.
  - 16) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For Ajay Sardana Associates  
Chartered Accountants



New Delhi, April 28, 2008

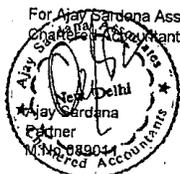
**LUCINA INFRASTRUCTURE PRIVATE LIMITED**

**Balance Sheet as at March 31, 2008**

		As at March 31, 2008	As at March 31, 2007
<u>Sources of Funds</u>	Schedule No.	Amount (Rs.)	Amount (Rs.)
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
Reserves and Surplus	2	1,681,995	-
<b>Loan Funds</b>			
Unsecured Loans	3	1,082,376,591	195,000
		<b>1,084,558,586</b>	<b>695,000</b>
<b>Application of Funds</b>			
Deferred Tax Assets		3,476	5,099
<b>Current Assets, Loans and Advances</b>			
Inventories	4	102,330	102,330
Cash and Bank Balances	5	3,100,302	572,143
Other Current Assets	6	4,548,463	-
Loans and Advances	7	1,078,729,523	-
		<b>1,086,480,818</b>	<b>674,473</b>
Less: Current Liabilities and Provisions			
Current Liabilities	8	1,925,508	11,224
		<b>1,925,508</b>	<b>11,224</b>
Net Current Assets		<b>1,084,555,110</b>	<b>663,249</b>
Profit & Loss Account		-	26,652
		<b>1,084,558,586</b>	<b>695,000</b>
Significant Accounting Policies and Notes to Accounts	12		

As per our report of even date attached

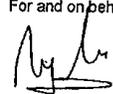
For Ajay Sardana Associates  
Chartered Accountants  
New Delhi  
Ajay Sardana  
Partner  
M.No. 08904  
Member Accountants



Place : New Delhi  
Date : April 28, 2008

For and on behalf of the Board

Anil Yadav  
Director



Harendra Kumar Chandra  
Director



Place : New Delhi  
Date : April 28, 2008

**LUCINA INFRASTRUCTURE PRIVATE LIMITED**

Profit & Loss Account for the year ended March 31, 2008

		For the year ended March 31, 2008	For the period from July 20, 2006 to March 31, 2007
	Schedule No.	Amount (Rs.)	Amount (Rs.)
<b>INCOME</b>			
Other Income	9	10,967,066	13,968
Closing Stock of Land		102,330	102,330
		<u>11,069,398</u>	<u>116,298</u>
<b>EXPENDITURE</b>			
Opening Stock of Land		102,330	-
Land acquired during the year			102,330
Administrative and Other Expenses	10	60,433	45,719
Finance Expenses	11	8,447,863	-
		<u>8,810,626</u>	<u>148,049</u>
<b>Profit / (Loss) Before Tax</b>		<b>2,458,770</b>	<b>(31,751)</b>
Provision for Taxation			
- Current Tax		748,500	-
- Deferred Tax		1,623	5,099
- Fringe Benefit Tax			
<b>Profit / (Loss) After Tax</b>		<b>1,708,647</b>	<b>(26,652)</b>
<b>Balance of Profit/(Loss) Brought Forward</b>		<b>(26,652)</b>	<b>-</b>
<b>Balance of Profit/(Loss) Carried Forward</b>		<b>1,681,995</b>	<b>(26,652)</b>
<b>Earning Per Share (Refer note B 4 of Schedule 12)</b>			
- Basic & Diluted (Rs.)		34.17	(0.53)
- Face value per share (Rs.)		10.00	10.00

Significant Accounting Policies and Notes to Accounts 12

As per our report of even date attached

For Ajay Sirdana Associates  
Chartered Accountants  
Delhi  
Ajay Sirdana  
Partner  
M.No. 089011  
FICSI Chartered Accountants

Place : New Delhi  
Date : April 28, 2008

For and on behalf of the Board

Anil Yadav  
Director

Harendra Kumar Chandra  
Director

Place : New Delhi  
Date : April 28, 2008

**LUCINA INFRASTRUCTURE PRIVATE LIMITED**

Schedule forming part of Balance Sheet as at March 31, 2008

	As at March 31, 2008	As at March 31, 2007
	Amount (Rs.)	Amount (Rs.)
<b>1 Share Capital</b>		
Authorized:		
50,000 Equity Shares of Rs.10 each	500,000	500,000
Issued, subscribed and paid up:		
50,000 Equity Shares of Rs.10 each	500,000	500,000
[The entire paid-up Equity Shares are held by the holding company-Indiabulls Real Estate Limited and its nominees]		
	<u>500,000</u>	<u>500,000</u>
<b>2 Reserves and Surplus</b>		
Surplus as per Profit & Loss Account	1,681,995	-
	<u>1,681,995</u>	<u>-</u>
<b>3 Unsecured Loans</b>		
Short Term Loans		
Indiabulls Real Estate Limited (Holding Company)	75,843,000.00	195,000
Interest accrued and due thereon	6,342,890	-
Indiabulls Realty Company Limited (Subsidiary Company)	1,000,000,000	-
Interest accrued and due thereon	190,701	-
	<u>1,082,376,591</u>	<u>195,000</u>
<b>4 Inventories</b>		
(As taken Valued and Certified by the management)		
Land for Projects ( at cost or net realisable value whichever is lower)	102,330	102,330
	<u>102,330</u>	<u>102,330</u>
<b>5 Cash and Bank Balances</b>		
Cash on Hand	32,670	32,922
Balances with scheduled banks In current accounts	3,067,632	539,221
	<u>3,100,302</u>	<u>572,143</u>
<b>6 Other Current Assets</b>		
(Unsecured, considered good unless otherwise stated )		
Interest accrued on Inter Corporate Deposit	4,548,463	-
	<u>4,548,463</u>	<u>-</u>
<b>7 Loans and Advances (unsecured, considered good, unless otherwise stated)</b>		
Inter Corporate deposits	1,077,000,000	-
Tax deducted at source [net of provision for tax 748,500 (previous year nil)]	1,729,523	-
	<u>1,078,729,523</u>	<u>-</u>
<b>8 Current Liabilities</b>		
Sundry Creditors (Refer Note B10 with Schedule 12)		
(a) Due to Micro and Small Enterprises	-	-
(b) Due to others	-	-
Other Liabilities	1,925,508	11,224
	<u>1,925,508</u>	<u>11,224</u>

LUCINA INFRASTRUCTURE PRIVATE LIMITED

Schedule forming part of Profit & Loss account for the year ended March 31, 2008

	For the year ended March 31, 2008	For the period from July 20, 2006 to March 31, 2007
	Amount (Rs.)	Amount (Rs.)
<b>9 Other Income</b>		
Income from non trade, investments		
-Dividend on units of Mutual Funds	32,873	13,968
Interest on Inter Corporate Deposit - Gross (tax deducted at source of Rs.24,78,023/-)	10,934,193	-
	<u>10,967,066</u>	<u>13,968</u>
<b>10 Administrative and Other Expenses</b>		
Rates & Taxes	448	300
Legal & Professional Fees	11,236	500
Printing and Stationery	-	280
Auditor's Remuneration - Audit Fees (Including service tax)	44,944	22,448
Bank Charges	1,209	-
Preliminary Expenses	-	18,750
Miscellaneous Expenses	2,596	3,441
	<u>60,433</u>	<u>45,719</u>
<b>11 Finance Expenses</b>		
Interest on Inter Corporate Deposits	8,447,863	-
	<u>8,447,863</u>	<u>-</u>

LUCINA INFRASTRUCTURE PRIVATE LIMITED

Cash Flow Statement for the year ended March 31, 2008

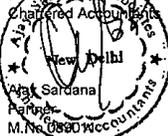
	For the year ended March 31, 2008	For the period from July 20, 2006 to March 31, 2007
	Amount (Rs.)	Amount (Rs.)
<b>A Cash flow from operating activities :</b>		
Net Profit/(Loss) before Tax	2,458,770	(31,751)
Adjustments for:		
Interest Income	(10,934,193)	-
Interest Expenses on Inter Corporate Deposit	8,447,863	-
Dividend on Units of Mutual Funds	(32,873)	(13,968)
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(60,433)</b>	<b>(45,719)</b>
Adjustments for:		
(Increase) / Decrease in Trade and other receivables	(4,548,463)	-
(Increase) / Decrease in Inventories	-	(102,330)
Increase / (Decrease) in Trade Payables and other liabilities	8,447,875	11,224
<b>Cash generated from/(used in) operating activities</b>	<b>3,838,979</b>	<b>(91,106)</b>
Direct Taxes Paid	(2,478,023)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>1,360,956</b>	<b>(136,825)</b>
<b>B Cash flow from investing activities</b>		
Investment in Units of Mutual Funds	(1,625,873)	(1,363,968)
Redemption of Units of Mutual Funds	1,625,873	1,363,968
Interest Income	10,934,193	-
Dividend on Units of Mutual Funds	32,873	13,968
Inter Corporate Deposit given	(1,077,000,000)	-
<b>Net cash generated from/(used in) Investing activities</b>	<b>(1,066,032,934)</b>	<b>13,968</b>
<b>C Cash flow from financing activities</b>		
Proceeds from Issue of Equity Shares	-	500,000
Inter Corporate Deposits Taken	2,197,020,000	195,000
Inter Corporate Deposits Repaid	(1,121,372,000)	-
Interest Expenses on Inter Corporate Deposit	(8,447,863)	-
<b>Net cash generated from/(used in) Financing activities</b>	<b>1,067,200,137</b>	<b>695,000</b>
<b>D Net Increase / (decrease) in cash and cash equivalents ( A+B+C )</b>	<b>2,528,159</b>	<b>572,143</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>572,143</b>	<b>-</b>
<b>F Cash and cash equivalents at the close of the year ( D+E )</b>	<b>3,100,302</b>	<b>572,143</b>

Note:

The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

For Anil Yadav & Associates



Place : New Delhi  
Date : April 28, 2008

For and on behalf of the Board

  
Anil Yadav  
Director

  
Harindra Kumar Chandra  
Director

Place : New Delhi  
Date : April 28, 2008

**Lucina Infrastructure Private Limited****SCHEDULE: 12****Significant Accounting Policies and Notes forming part of Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008.****A. Significant Accounting Policies****a. Basis of preparation of financial statements**

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 the accounting standards as notified under the Companies (Accounting Standards) Rules, 2006.

**b. Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses for the year, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**c. Revenue recognition**

Interest income from deposits and others is recognized on an accrual basis. Dividend income is recognized when the right to receive the dividend is unconditionally established at the balance sheet date.

**d. Investments**

Investments are classified into current and long term investments. Current investments are carried at the lower of cost and fair value, provision is made to recognize any decline in the carrying value. The comparison of cost and fair value is done separately in respect of each investment. Long term investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of such investments, determined separately for each individual investment.

**e. Earnings per share**

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

**f. Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities and or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that such assets can be realized in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets.

**g. Borrowing costs**

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a period of one year or more to get ready for intended use. All other borrowing costs are charged to revenue.

**Lucina Infrastructure Private Limited****h. Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognized where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

**i. 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.

**j. 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.

## Lucina Infrastructure Private Limited

### B. Notes to Accounts:

#### 1. Overview:

Lucina Infrastructure Private Limited ("the Company") was incorporated on July 20, 2006. The Company is in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct, acquire hold/sell properties, buildings, farms, land tenements and to act as real estate agent and all other related and ancillary objects.

#### 2. Employees Stock Options Scheme:

##### Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006

During the previous year, holding company, Indiabulls Real Estate Limited (IBREL) established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I"). Under the plan, IBREL has issued options that entitle IBREL to issue and the eligible employees of IBREL and its subsidiaries to subscribe, up to 9,000,000 equity shares of Rs. 2 each at exercise price of Rs. 60 per equity share. Employees covered by the plan are granted an option to purchase shares of IBREL subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2007, whereby 10% of the options vest on each vesting date as per the vesting schedule. The Company has adopted the Scheme in respect of its employees.

A summary of the movement in ESOS-I is given below:

	For the year ended March 31, 2008		
	Shares arising out of options	Exercise price Rs.	Remaining contractual life (months)
Outstanding at the beginning of the year	9,000,000	60	64
Granted during the year	--	--	--
Forfeited during the year	--	--	--
Exercised during the year	900,000	60	--
Expired during the year	--	--	--
Outstanding at the end of the year	8,100,000	60	58
Exercisable at the end of the year	--	--	--

##### Indiabulls Real Estate Limited Employees Stock Option Scheme – 2008:

On April 22, 2008 IBREL established the Indiabulls Employees Stock Option Plan -2008 ("IBREL ESOS 2008" or "Plan-II"). Under the plan IBREL is authorized to issue up to 1,500,000 Equity Shares of Rs. 2 each to eligible employees including employees of its Subsidiary Companies. Employees covered by the plan are granted an option to purchase shares of IBREL subject to the requirements of vesting. On April 22, 2008, IBREL granted 1,500,000 options at an exercise price of Rs.495.70 per share, the than market price of the shares on the grant date. These options vest uniformly over a period of 10 years, with effect from April 23, 2009, whereby 10% of the options vest on each vesting date as per the vesting

**Lucina Infrastructure Private Limited**

3. Disclosures in respect of Accounting Standard (As) – 18 Related Party Disclosures as notified under the Companies (Accounting Standards) Rules,2006:

(a) Related party where control exist:

Holding Company

Indiabulls Real Estate Limited

Fellow Subsidiary Companies

Name of Fellow Subsidiaries	Name of Fellow Subsidiaries
Airmid Aviation Services Private Limited	Indiabulls Projects Limited
Airmid Developers Limited	Indiabulls Property Builders Limited
Airmid Infrastructure Limited	Indiabulls Realcon Limited
Airmid Power Limited	Indiabulls Reatech Limited
Airmid Properties Limited	Indiabulls Realtors Limited
Airmid Real Estate Limited	Indiabulls Realty Company Limited
Albasta Constructions Limited	Indiabulls Resources Limited
Albasta Developers Limited	Indiabulls Thermal Energy Limited
Albasta Infrastructure Limited	Indiabulls Power Infrastructure Limited
Albasta Properties Limited	Indiabulls Thermal Power Limited
Albasta Real Estate Limited	Indiabulls Town Developers Limited
Albina Infrastructure Limited	Indiabulls Wholesale Services Limited
Albina Power Limited	Juventus Builders And Developers Private Limited
Albina Properties Limited	Juventus Buildwell Private Limited
Albina Real Estate Limited	Juventus Constructions Private Limited
Alexander Transport Solutions Limited	Juventus Estate Private Limited
Angina Properties Limited	Juventus Infrastructure Private Limited
Angina Real Estate Limited	Juventus Land Development Private Limited
Angles Constructions Limited	Juventus Properties Private Limited
Apesh Constructions Limited	Kailash Buildwell Private Limited
Apesh Properties Limited	Karakoram Buildwell Private Limited
Apesh Real Estate Limited	Karakoram Developers Private Limited
Aravali Land Development Private Limited	Karakoram Land Development Private Limited
Aravali Properties Private Limited	Karakoram Properties Private Limited
Ashkit Constructions Limited	Karakoram Real Estate Company Private Limited
Ashkit Developers Limited	Kaya Hydropower Projects Limited
Ashkit Infrastructure Limited	Kenneth Builders & Developers Private Limited
Ashkit Properties Limited	Lenus Constructions Limited
Ashkit Real Estate Limited	Lenus Developers Limited
Athena Builders And Developers Private Limited	Lenus Infrastructure Limited
Athena Buildwell Private Limited	Lenus Power Limited
Athena Infrastructure Private Limited	Lenus Properties Limited
Athena Land Development Private Limited	Lenus Real Estate Limited
Aurora Builders And Developers Private Limited	Lucina Builders And Developers Private Limited
Aurora Land Development Private Limited	Lucina Buildwell Private Limited
Bridget Builders And Developers Private Limited	Lucina Constructions Private Limited
Catherine Builders & Developers Private Limited	Lucina Estate Private Limited
Ceres Constructions Private Limited	Lucina Land Development Private Limited
Ceres Estate Private Limited	Lucina Properties Private Limited
Ceres Infrastructure Private Limited	Mabon Constructions Limited

**Lucina Infrastructure Private Limited**

Ceres Land Development Private Limited	Mabon Developers Limited
Ceres Properties Private Limited	Mabon Infrastructure Limited
Chloris Constructions Limited	Mabon Power Limited
Chloris Properties Limited	Mabon Properties Limited
Chloris Real Estate Limited	Mabon Real Estate Limited
Citra Developers Limited	Mariana Constructions Limited
Citra Infrastructure Limited	Mariana Developers Limited
Citra Properties Limited	Mariana Infrastructure Limited
Citra Real Estate Limited	Mariana Properties Limited
Citra Thermal Power And Infrastructure Limited	Mariana Real Estate Limited
Corus Real Estate Limited	Maximus Entertainments Limited
Devona Developers Limited	Nav Vahan Autotech Limited
Devona Infrastructure Limited	Nilgiri Buildwell Limited
Devona Properties Limited	Nilgiri Commercial Estate Limited
Devona Thermal Power And Infrastructure Limited	Nilgiri Infraestate Private Limited
Diana Buildwell Private Limited	Nilgiri Infrastructure Development Limited
Diana Power Limited	Nilgiri Infrastructure Limited
Diana Energy Limited	Nilgiri Infrastructure Projects Limited
Diana Infrastructure Private Limited	Nilgiri Land Development Private Limited
Diana Land Development Private Limited	Nilgiri Land Holdings Limited
Elena Constructions Limited	Nilgiri Lands Limited
Elena Properties Limited	Nilgiri Resources Limited
Elena Real Estate Limited	Noble Realtors Private Limited
Fama Builders And Developers Private Limited	Pachi Hydropower Projects Limited
Fama Buildwell Private Limited	Papu Hydropower Projects Limited
Fama Construction Private Limited	Selene Builders And Developers Private Limited
Fama Estate Private Limited	Selene Buildwell Private Limited
Fama Infrastructure Private Limited	Selene Constructions Private Limited
Fama Land Development Private Limited	Selene Estate Private Limited
Fama Power Company Limited	Selene Infrastructure Private Limited
Fama Properties Private Limited	Selene Land Development Private Limited
Flora Land Development Private Limited	Selene Power Company Limited
Fornax Constructions Limited	Selene Properties Private Limited
Fornax Properties Limited	Sentia Constructions Limited
Fornax Real Estate Limited	Sentia Developers Limited
Foundvest Limited	Sentia Infrastructure Limited
Hermes Builders And Developers Private Limited	Sentia Properties Limited
Hermes Properties Private Limited	Sentia Real Estate Limited
Indiabulls Buildcon Limited	Sentia Thermal Power And Infrastructure Limited
Indiabulls Builders And Developers Limited	Sepa Hydropower Projects Limited
Indiabulls Builders Limited	Sepset Constructions Limited
Indiabulls Buildwell Limited	Sepset Developers Limited
Indiabulls Commercial Developers Limited	Sepset Infrastructure Limited
Indiabulls Commercial Estate Limited	Sepset Properties Limited
Indiabulls Commercial Properties Limited	Sepset Real Estate Limited
Indiabulls Constructions Limited	Sepset Thermal Power And Infrastructure Limited
Indiabulls Developers And Infrastructure Limited	Serida Power Limited
Indiabulls Developers Limited	Serida Constructions Limited

### Lucina Infrastructure Private Limited

Indiabulls Electricity Company Limited	Serida Infrastructure Limited
Indiabulls Energy Limited	Serida Properties Limited
Indiabulls Engineering Limited	Serida Real Estate Limited
Indiabulls Estate Developers Limited	Shivalik Land Development Private Limited
Indiabulls Estate Limited	Shivalik Properties Private Limited
Indiabulls Greenfield Realities Private Limited	Shoxell Holdings Limited
Indiabulls Home Developers Limited	Sophia Constructions Limited
Indiabulls Hotel Properties Limited	Sophia Power Company Limited
Indiabulls Housing And Land Development Limited	Sophia Real Estate Limited
Indiabulls Housing Developers Limited	Sylvanus Builders And Developers Private Limited
Indiabulls Hydro Electric Power Limited	Sylvanus Properties Private Limited
Indiabulls Hydro Energy Limited	Tharang Warang Hydropower Projects Limited
Indiabulls Hydro Power Limited	Triton Builders And Developers Private Limited
Indiabulls Hydro Power Projects Limited	Triton Buildwell Private Limited
Indiabulls Industrial Infrastructure Limited	Triton Energy Limited
Indiabulls Infracon Limited	Triton Estate Private Limited
Indiabulls Infradevelopers Limited	Triton Infrastructure Private Limited
Indiabulls Infraestate Limited	Triton Land Development Private Limited
Indiabulls Infrastructure Development Limited	Triton Properties Private Limited
Indiabulls Infrastructure Limited	Varali Constructions Limited
Indiabulls Infrastructure Projects Limited	Varali Developers Limited
Indiabulls Infratech Limited	Varali Infrastructure Limited
Indiabulls Land Development Limited	Varali Properties Limited
Indiabulls Land Holdings Limited	Varali Real Estate Limited
Indiabulls Lands Limited	Vindhyachal Buildwell Private Limited
Indiabulls Malls Limited	Vindhyachal Developers Private Limited
Indiabulls Multiplex Services Limited	Vindhyachal Infrastructure Private Limited
Indiabulls Natural Resources Limited	Vindhyachal Land Development Private Limited
Indiabulls Property Developers Limited	Zeus Builders And Developers Private Limited
Indiabulls Power Distribution Limited	Zeus Buildwell Private Limited
Indiabulls Power Generation Limited	Zeus Energy Limited
Indiabulls Power Projects Limited	Zeus Estate Private Limited
Indiabulls Power Services Limited	Zeus Land Development Private Limited
Indiabulls Power Trading Limited	Zeus Properties Private Limited

(b) Related Party where significant influence exist

Others

Indiabulls Properties Private Limited  
Indiabulls Real Estate Company Private Limited

(c) Other related parties

Key Management Personnel:

Mr. Anil Yadav - Director  
Mr. Shashank Nirwan - Director  
Mr. Harendera Kumar Chandra - Director  
Mr. Sameer Gehlaut -Person Exercising Significant Influence  
Mr. Rajiv Rattan -Person Exercising Significant Influence  
Mr. Saurabh K Mittal -Person Exercising Significant Influence  
Mr. Narendra Gehlaut -Person Exercising Significant Influence  
Mr. Vipul D Bansal -Person Exercising Significant Influence

## Lucina Infrastructure Private Limited

(d) Significant Transactions with Related Parties:

(Amount in Rs.)

Nature of Transaction	Holding Company	Directors	Fellow Subsidiaries	Total
<b>Loan</b>				
Intercorporate Deposit taken*	1,045,843,000	--	1,000,000,000	2,045,843,000
	<i>195,000</i>	--	--	<i>195,000</i>
Intercorporate Deposit repaid	1,121,372,000	--	--	1,121,372,000
	--	--	--	--
<b>Equity Share Capital</b>				
Issue of Equity Shares			--	--
	<i>400,000</i>	<i>100,000</i>	--	<i>500,000</i>
<b>Expenses</b>				
Reimbursement of General expenses	224	--	--	224
	<i>3,273</i>	--	--	<i>3,273</i>
Reimbursement of Preliminary expenses	--	--	--	--
	<i>18,750</i>	--	--	<i>18,750</i>

*Previous Year figures are stated in italic*

\* Maximum Balance outstanding at any time during the period

**Outstanding as at March 31, 2008:**

Intercorporate Deposit taken	75,843,000	--	1,000,000,000	1,075,843,000
	<i>195,000</i>	--	--	<i>195,000</i>

*Previous Year figures are stated in italic*

## Lucina Infrastructure Private Limited

### (e) Statement of Material Transactions

Particulars	(Amount in Rs.)	
	For the Year ended March 31, 2008	For the Period from July 20, 2006 to March 31, 2007
<b>Loan taken</b>		
Intercorporate Deposit taken*		
- Holding Company	1,045,843,000	195,000
- Indiabulls Realty Company Limited	1,000,000,000	--
Intercorporate Deposit repaid		
- Holding Company	1,121,372,000	--
- Indiabulls Realty Company Limited	--	--
<b>Equity Share Capital</b>		
Issue of Equity Shares		
- Holding Company	--	400,000
- Anil Yadav	--	50,000
- Harendra Kumar Chandra	--	25,000
- Shashank Nirwan	--	25,000
<b>Expenses</b>		
Reimbursement of Expenses		
- Holding Company	224	22,023

\* Maximum Balance outstanding at any time during the period

#### 4. Earning per Share

The basic earnings per share are computed by dividing the net profit/ loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2008	For the period from July 20, 2006 to March 31, 2007
Profit/(Loss) available for equity Shareholders (Rs.)	1,708,647	(26,652)
Weighted average number of Shares used in computing Basic & Diluted earning per share	50,000	50,000
Nominal Value of equity Shares - (Rs.)	10.00	10.00
Basic Earnings Per Share - (Rs.)	34.17	(0.53)
Diluted Earnings Per Share - (Rs.)	34.17	(0.53)

## Lucina Infrastructure Private Limited

5. Deferred Tax:

As at the period end the Company has no liability towards current taxation. The timing difference relating mainly to preliminary expenses and depreciation under the Income Tax Act, 1961 results in a net deferred credit as per Accounting Standard – 22 "Accounting for Taxes on Income".

The breakup of deferred tax into major components as at March 31, 2008 is as under:

Particulars	(Amount in Rs.)	
	As at March 31, 2008	As at March 31, 2007
<b>Deferred Tax Asset</b>		
Preliminary expenses	3,476	5,099
<b>Net Deferred Tax Asset</b>	<b>3,476</b>	<b>5,099</b>

6. Details of Purchase and Redemption of Current, Non Trade, Investments during the period ended March 31, 2008:

In Mutual Funds	Type	Purchases		Redemptions	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
Reliance Liquidity Fund	Daily Dividend	106,666	1,625,873	106,666	1,625,873
		--	--	--	--

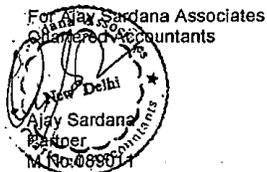
*Previous Year figures are stated in italic*

7. The Company operates in one reportable business segment namely – development of properties and one reportable geographical segment, i.e. "within India". Hence, no separate information for segment wise disclosure is required.
8. As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 29 as notified under the Companies (Accounting Standards) Rules 2006, 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.
9. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2008.
10. Disclosure 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.

## Lucina Infrastructure Private Limited

11. As per the information available with the Company, there were no transactions with micro, small and medium enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006.
12. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
13. As there are no employees in the company no provision has been made for provident fund, ESIC, Gratuity, Leave (Compensated absences) and superannuation (Pension & Medical coverage) benefits plans disclosures as per Accounting Standard AS-15 (Revised) - Employees Benefits as notified under the Companies (Accounting Standards) Rules, 2006.
14. There is no Contingent Liability to be reported as at March 31, 2008.
15. There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.
16. The results are not comparable with the previous year as the company was incorporated on July 20, 2006.
17. Previous figure's have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date attached



Place: New Delhi  
Date: April 28, 2008

For and on behalf of the Board

Anil Yadav  
Director

Harendra Kumar Chandra  
Director

Place: New Delhi  
Date: April 28, 2008

b) Year ended March 31, 2009



*Ajay Sardana Associates*  
CHARTERED ACCOUNTANTS

**Auditors' Report to the Members of Lucina Infrastructure Limited (formerly Lucina Infrastructure Private Limited)**

1. We have audited the attached Balance Sheet of Lucina Infrastructure Limited (formerly Lucina Infrastructure Private Limited) ("the Company") as at March 31, 2009 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2009. 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 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 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) 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,
  - (v) on the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act.



- (vi) 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, 2009;
  - (b) in the case of Profit and Loss Account, of the loss 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 period ended on that date.

 Ajay Sardana Associates  
Chartered Accountants  
*Ashwini Mishra*  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323  
New Delhi, May 29, 2009

**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Lucina Infrastructure Limited (formerly Lucina Infrastructure Private Limited) on the financial statements for the year ended March 31, 2009.**

- (i) 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(i), 4(ii), 4(vii), 4(viii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi) 4(xix) and 4(xx) of the order are not applicable to the Company.
- (ii) (a) According to the information and explanations given to us, inventory has 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 inventory 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 inventory and no discrepancies were noted on physical verification.
- (iii) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories. The activities of the Company do not involve purchase of fixed assets and the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (iv) 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.
- (v) 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.
- (vi) (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 account in respect of undisputed statutory dues including Income-tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty. 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, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at March 31, 2009 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 the records of the Company examined by us, as at March 31, 2009, there are no dues of income-tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.



- (vii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have, prime facie, been used for long-term investment by the Company.
- (viii) 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.
- (ix) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.



For Ajay Sardana Associates  
Chartered Accountants

*Ashwini Mishra*  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323  
New Delhi, May 29, 2009

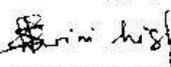
**LUCINA INFRASTRUCTURE LIMITED**  
(formerly Lucina Infrastructure Private Limited)  
**Balance Sheet as at March 31, 2009**

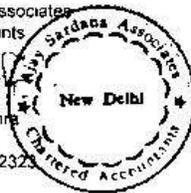
Amount in Rupees

	Schedule	As at March 31, 2009	As at March 31, 2008
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
Reserves and Surplus	2	-	1,681,995
<b>Loan Funds</b>			
Unsecured Loans	3	697,905,653	1,082,376,591
<b>Total</b>		<b>698,405,653</b>	<b>1,084,558,586</b>
<b>Application of Funds</b>			
<b>Deferred Tax Assets (Refer note B 6 of Schedule 12)</b>		2,318	3,476
<b>Current Assets, Loans and Advances</b>			
Inventories	4	132,330	102,330
Cash and Bank Balances	5	72,025,087	3,100,302
Other Current Assets	6	4,519,879	4,548,463
Loans and Advances	7	613,793,497	1,078,729,523
		<b>690,470,793</b>	<b>1,086,480,618</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	8	34,352	1,925,508
		<b>34,352</b>	<b>1,925,508</b>
<b>Net Current Assets</b>		<b>690,436,441</b>	<b>1,084,555,110</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>7,966,894</b>	-
<b>Total</b>		<b>698,405,653</b>	<b>1,084,558,586</b>
Significant Accounting Policies and Notes to Accounts	12		

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

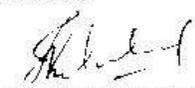
  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323



Place : New Delhi  
Date : May 29, 2009

For and on behalf of the Board

  
Anil Yadav  
Director

  
Harendra Kumar Chandra  
Director

Place : New Delhi  
Date : May 29, 2009

**LUCINA INFRASTRUCTURE LIMITED**  
(formerly Lucina Infrastructure Private Limited)  
**Profit and Loss Account for the year ended March 31, 2009**

				Amount in Rupees
	Schedule	For the year ended March 31, 2009	For the year ended March 31, 2008	
<b>INCOME</b>				
Other Income	9	31,173,735		10,967,066
		<b>31,173,735</b>		<b>10,967,066</b>
<b>EXPENDITURE</b>				
Cost of Real Estate Project under Development	4			
Opening Balance		102,330	102,330	
Additions during the year		30,000		
Closing Balance		(132,330)	(102,330)	
Administrative and Other Expenses	10	68,383		59,224
Interest and Finance Expenses	11	40,753,083		8,449,072
		<b>40,821,466</b>		<b>8,508,296</b>
<b>Profit / (Loss) Before Tax</b>		<b>(9,647,731)</b>		<b>2,458,770</b>
Provision for Tax				
- Current Tax				748,500
- Deferred Tax		1,158		1,623
- Fringe Benefits Tax				1,708,647
<b>Profit / (Loss) After Tax</b>		<b>(9,648,889)</b>		<b>1,708,647</b>
<b>Balance of Profit/ (Loss) Brought Forward</b>		1,681,995		(26,652)
<b>Balance of Profit/(Loss) Carried Forward</b>		<b>(7,966,894)</b>		<b>1,681,995</b>
Earnings Per Share (Refer note B 5 of Schedule 12)				
- Basic and Diluted (Rs.)		(192.98)		34.17
Face value Per Share (Rs.)		10.00		10.00

Significant Accounting Policies and Notes to Accounts 12

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

*Ashwini Kumar Mishra*  
Ashwini Kumar Mishra  
Partner  
Membership No: 062323



Place : New Delhi  
Date : May 29, 2009

For and on behalf of the Board

*Anil Yadav*  
Anil Yadav  
Director

*Harendra Kumar Chandra*  
Harendra Kumar Chandra  
Director

Place : New Delhi  
Date : May 29, 2009

**LUCINA INFRASTRUCTURE LIMITED**  
(formerly Lucina Infrastructure Private Limited)  
**Cash Flow Statement for the year ended March 31, 2009**

	<b>For the year ended March 31, 2009</b>	<b>Amount in Rupees For the year ended March 31, 2008</b>
<b>A Cash flow from Operating Activities</b>	(9,647,731)	2,458,770
Net Profit/(Loss) before Tax		
Adjustments for:		
Interest Income on intercorporate Deposits - Gross	(31,173,735)	(10,934,193)
Interest Expenses on Inter Corporate Deposit	40,590,054	8,447,863
Dividend on Units of Mutual Funds-Non Trade		(32,873)
	(231,412)	(80,433)
<b>Operating Profit/(Loss) before working capital changes</b>		
Adjustments for:		
(Increase) / Decrease in Loans and advances	472,000,000	(4,548,463)
(Increase)/Decrease in Inventories	(30,000)	
Increase / (Decrease) in Trade Payables and other liabilities	(1,891,156)	8,447,875
	469,847,432	3,838,979
<b>Cash Generated from/(used in) Operating Activities</b>		
Direct Taxes Paid	(7,063,974)	(2,478,023)
	462,783,458	1,360,956
<b>Net cash Generated from/(used in) Operating Activities</b>		
<b>B Cash Flow from Investing Activities</b>		
Interest Received on Intercorporate Deposit	31,202,319	10,934,193
Dividend on Units of Mutual Funds-Non Trade		32,873
Inter Corporate Deposits given		(1,077,000,000)
	31,202,319	(1,066,032,934)
<b>Net cash Generated from/(used in) Investing Activities</b>		
<b>C Cash Flow from Financing Activities</b>		
Inter Corporate Deposits Taken	6,817,869,892	2,197,020,000
Inter Corporate Deposits Repaid	(7,222,900,000)	(1,121,372,000)
Interest Paid on Inter Corporate Deposit	(20,030,884)	(8,447,863)
	(425,060,992)	1,067,200,137
<b>Net cash generated from/(used in) Financing activities</b>		
<b>D Net increase / (decrease) in cash and cash equivalents ( A+B+C )</b>	68,924,785	2,528,158
<b>E Cash and cash equivalents at the beginning of the year</b>	3,100,302	572,143
<b>F Cash and cash equivalents at the end of the year ( D+E )</b>	72,025,087	3,100,302

**Note**

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3(AS-3) Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 as amended.

2 Cash and cash equivalents as at the end of the year include:

Cash on Hand	2,670	32,670
Balances With Scheduled Banks		
In Current Accounts	72,022,417	3,067,632
<b>Total</b>	72,025,087	3,100,302

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

*Ashwini Kumar Mishra*  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323



Place New Delhi  
Date : May 29, 2009

For and on behalf of the Board

*Anil Yadav*  
Anil Yadav  
Director

*Harendra Kumar Chandra*  
Harendra Kumar Chandra  
Director

Place New Delhi  
Date : May 29, 2009

**LUCINA INFRASTRUCTURE LIMITED**  
(formerly Lucina Infrastructure Private Limited)  
**Schedule forming part of Balance Sheet as at March 31, 2009**

	Amount in Rupees	
	As at March 31, 2009	As at March 31, 2008
<b>1 Share Capital</b>		
Authorised:		
50,000 (Previous Year: 50,000) Equity Shares of Rs 10 each	500,000	500,000
Issued, subscribed and paid up:		
50,000 (Previous Year: 50,000) Equity Shares of Rs.10 each fully paid up	500,000	500,000
[The entire paid-up Equity Share Capital is held by the holding company- Indiabulls Real Estate Limited and its nominees]		
<b>As per Balance Sheet</b>	<b>500,000</b>	<b>500,000</b>
<b>2 Reserves and Surplus</b>		
Surplus as per Profit and Loss Account	-	1,681,995
<b>As per Balance Sheet</b>	<b>-</b>	<b>1,681,995</b>
<b>3 Unsecured Loans</b>		
Loans and Advances from Fellow Subsidiaries	-	1,000,000,000
Interest accrued and due thereon	3,860,749	190,701
Short Term Loans-others		
From Holding Company -Indiabulls Real Estate Limited	450,812,892	75,843,000
Interest accrued and due thereon	23,190,057	6,342,880
Other Loans and Advances- Others	220,000,000	-
Interest accrued and due thereon	41,955	-
<b>As per Balance Sheet</b>	<b>697,905,653</b>	<b>1,082,376,691</b>
<b>5 Cash and Bank Balances</b>		
Cash on Hand	2,670	32,670
Balances with Scheduled Banks		
In Current Accounts	72,022,417	3,067,632
<b>As per Balance Sheet</b>	<b>72,025,087</b>	<b>3,100,302</b>
<b>8 Other Current Assets</b>		
Interest accrued on Inter Corporate Deposits	4,519,870	4,548,463
<b>As per Balance Sheet</b>	<b>4,519,870</b>	<b>4,548,463</b>
<b>7 Loans and Advances</b> (unsecured, considered good, unless otherwise stated)		
Advance for Land	605,000,000	1,077,000,000
Advance Tax/Tax deducted at source [Net of Provision for tax Rs Nil (Previous year Rs. 748,500)]	8,793,497	1,729,523
<b>As per Balance Sheet</b>	<b>613,793,497</b>	<b>1,078,729,523</b>
<b>B Current Liabilities</b>		
Sundry Creditors (Refer Note B11 with Schedule 12)		
(a) Due to Micro, Small and Medium Enterprises	-	-
(b) Due to others	19,561	9,962
Other Liabilities (including expenses payable)	14,791	1,915,546
<b>As per Balance Sheet</b>	<b>34,352</b>	<b>1,925,508</b>

**LUCINA INFRASTRUCTURE LIMITED**  
 (formerly Lucina Infrastructure Private Limited)  
 Schedule forming part of Balance Sheet as at March 31, 2009

**Schedule - 4**

**Inventories**

(As taken, valued and certified by Management)

**Real Estate Projects Under Development (at cost)**

(Amount in Rupees)

Particular	Balance as at April 01, 2008	Additions During the Year	Balance as at March 31, 2009
Land	102,330	-	102,330
Levelling Charge	-	30,000	30,000
<b>Total</b>	<b>102,330</b>	<b>30,000</b>	<b>132,330</b>
Previous period	102,330	-	102,330

**LUCINA INFRASTRUCTURE LIMITED**  
(formerly Lucina Infrastructure Private Limited)  
**Schedule forming part of Profit and Loss account for the year ended March 31, 2009**

	Amount In Rupees	
	For the year ended March 31, 2009	For the year ended March 31, 2008
<b>9 Other Income</b>		32,873
Dividend on units of Mutual Funds- Non Trade	-	10,934,193
Interest on Inter Corporate Deposits - Gross	31,173,735	-
[Tax deducted at source Rs. 70,63,974 (Previous year Rs.2,478,023)]	-	-
<b>As per Profit and Loss Account</b>	<b>31,173,736</b>	<b>10,967,066</b>
<b>10 Administrative and Other Expenses</b>		448
Rates and Taxes	21,355	11,236
Legal and Professional Fees	-	44,944
Auditor's Remuneration - Audit Fees (including service tax)	44,532	-
Stamp Paper Expenses	300	-
Miscellaneous Expenses	2,196	2,696
<b>As per Profit and Loss Account</b>	<b>69,383</b>	<b>69,224</b>
<b>11 Interest and Finance Expenses</b>		1,209
Bank Charges	928	-
Interest On Taxation	162,101	-
Interest on Inter Corporate Deposits	40,590,054	8,447,883
<b>As per Profit and Loss Account</b>	<b>40,753,083</b>	<b>8,449,072</b>

**Lucina Infrastructure Limited**  
**(formerly Lucina Infrastructure Private Limited)**

**SCHEDULE: 12**

**Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2009.**

**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 sale of land and plots is recognised in the year in which the underlying sale deed is executed

(b) Revenue from real estate development projects is recognised 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.

(c) Interest income from deposits is recognized on accrual basis.

(d) Dividend income is recognized when the right to receive the dividend is unconditionally established.

**iv. 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.

**v. 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.

**vi. 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.

**Lucina Infrastructure Limited**  
**(formerly Lucina Infrastructure Private Limited)**

**vii. 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.

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 virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**viii. Fringe Benefits Tax:**

Fringe Benefits Tax is calculated in accordance with the provisions of the Income Tax Act, 1961.

**ix. Deferred Employee Stock Compensation Costs:**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the 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.

**x. 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:

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

ii) 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.

**xi. 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.

**xii. 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.

**xiii. 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.

**Lucina Infrastructure Limited  
(formerly Lucina Infrastructure Private Limited)**

**B. Notes to Accounts:**

**1 Overview:**

Lucina Infrastructure Limited ("the Company") was incorporated on July 20, 2006. The Company is engaged in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct, acquire hold/sell properties, buildings, farms, land tenements and to act as real estate agent and all other related and ancillary objects

2 In accordance with the provisions of Section 44 and other applicable provisions of the Companies Act, 1956, the members of the company at their Extraordinary General Meeting held on November 11, 2008, accorded their approval to change the status of the Company from a private limited company to a public limited company. The Company has since received a fresh certificate of incorporation consequent upon change of name on conversion to a public limited company from the Registrar of Companies, National Capital Territory of Delhi & Haryana dated December 15, 2008, in respect of the said change. Accordingly, the name of the Company was changed from Lucina Infrastructure Private Limited to Lucina Infrastructure Limited

**3 Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the holding company:**

Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006:

During the period ended March 31, 2007, IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I"). Under Plan-I, IBREL had issued 9,000,000 equity settled options to eligible employees which gave them a right to subscribe upto 9,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL at an exercise price of Rs. 60 per option, subject to the requirements of vesting. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. A Compensation Committee constituted by the Board of Directors of IBREL administers Plan-I.

IBREL follows the Intrinsic Value method of accounting as prescribed under the Guidance Note on Accounting for Employees Share based Payments issued by the Institute of Chartered Accountants of India. No Deferred Employee Stock Compensation Cost was initially recorded on the grant of options as the Intrinsic Value calculated by an independent valuer was lower than the exercise price. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I.

Indiabulls Real Estate Limited Employees Stock Options Scheme – 2008:

During the year ended March 31, 2009 IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 ("IBREL ESOS 2008"). Under IBREL ESOS 2008, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 1,500,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL at an exercise price of Rs. 495.70 per option, being the closing market price on the National Stock Exchange of India Limited, as at April 21, 2008.

The stock options so granted, were to vest in the eligible employees in equal slabs of 10% per year, over a period of 10 years beginning from April 23, 2009, the first vesting date. The options granted under each of the slabs, were to be exercised by the grantees within a period of ninety days from the relevant vesting date.

During the year ended March 31, 2009 all eligible employees voluntarily surrendered the options granted to them under IBREL ESOS 2008 and the Compensation Committee constituted by the board of directors of IBREL decided not to re-grant these options and pursuant to its shareholders' approval by way of Postal Ballot on December 12, 2008, IBREL cancelled and withdrew IBREL ESOS 2008

**Lucina Infrastructure Limited  
(formerly Lucina Infrastructure Private Limited)**

Indiabulls Real Estate Limited Employees Stock Options Scheme 2008 (II)

During the year ended March 31, 2009 IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") Under Plan II, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 2,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL at an exercise price of Rs. 110.50 per option, being the closing market price on the National Stock Exchange of India Limited, as at January 29, 2009.

The stock options so granted, shall vest in the eligible employees within 10 years beginning from January 31, 2010, the first vesting date. The stock options granted under each of the slabs, are exercisable by the option holders within a period of five years from the relevant vesting date.

IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no deferred employee stock compensation cost has been recorded in the financial statements. The fair value of the options under Plan II using the Black-Scholes model, based on the following parameters, is Rs62.79 per option, as certified by an independent firm of chartered accountants.

Particulars	Plan - II
Fair value of option at grant date (Rs. per option)	Rs. 62.79
Exercise price (Rs. per option)	Rs. 110.50
Expected volatility	86%
Expected forfeiture percentage on each vesting date	Nil
Option Life (Weighted Average)	10.5 Years
Expected Dividend yield	3.92%
Risk Free rate of Interest	6.50%

The expected volatility was determined based on historical volatility data of IBREL's shares listed on the National Stock Exchange of India Limited.

There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-II.

A summary of the movement, during the year, in various IBREL ESOS Plans is as below:

Particulars	IBREL ESOS-I	IBREL ESOS 2008	IBREL ESOS-II
Number of options outstanding as at April 1, 2008	8,100,000	--	--
Number of options granted during the year	--	1,500,000	2,000,000
Number of options forfeited/canceled during the year	--	1,500,000	--
Number of options exercised during the year	--	--	--
Number of options expired during the year	--	--	--
Number of options outstanding as at March 31, 2009	8,100,000	--	2,000,000
Number of options exercisable as at March 31, 2009	900,000	--	--
Exercise Price (Rs. per option)	60	495.70	110.50
Remaining Contractual Life (Months)	103	--	124

**Lucina Infrastructure Limited  
(formerly Lucina Infrastructure Private Limited)**

4. Disclosures in respect of Accounting Standard (As) – 18 Related Party Disclosures as notified under the Companies (Accounting Standards) Rules, 2006 as amended:

(a) Related parties

a. Where control exists

Holding Company

Indiabulls Real Estate Limited

Fellow Subsidiaries Companies \*

Indiabulls Infrastructure Development Limited

Indiabulls Realty Company Limited

Sophia Power Company Limited

\*with whom transactions have been entered during the year

b. Key Management Personnel:

Mr. Sameer Gehlaut

(Director and Chairman of Holding Company)

Mr. Rajiv Rattan

(Director and Vice Chairman of Holding Company)

Mr. Saurabh K Mittal

(Director of Holding Company)

Mr. Narendra Gehlaut

(Joint Managing Director of Holding Company)

Mr. Vipul D Bansal

(Joint Managing Director of Holding Company)

(b) Summary of Significant Transactions with Related Parties:

(Amount in Rs.)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Total
<b>Finance</b>			
Intercompany Deposit taken*	2,811,319,891 <i>1,045,843,000</i>	2,839,800,000 <i>1,000,000,000</i>	5,651,119,891 <i>2,045,843,000</i>
<b>Expenses</b>			
Interest expenses on Intercompany Deposits taken	29,984,558 <i>8,201,288</i>	10,551,248 <i>246,575</i>	40,535,806 <i>8,447,863</i>
Reimbursement of General expenses	9,955 <i>224</i>	-- <i>--</i>	9,955 <i>224</i>
<b>Outstanding as at March 31, 2009:</b>			
Intercompany Deposit taken	450,812,891 <i>75,843,000</i>	-- <i>1,000,000,000</i>	450,812,891 <i>1,075,843,000</i>
Interest Accrued on Inter Company Deposits	23,190,057 <i>6,342,890</i>	3,860,749 <i>190,701</i>	27,050,806 <i>6,533,591</i>

\*Maximum amount outstanding at any time during the year  
Figures in respect of Previous Year are stated in Italics

**Lucina Infrastructure Limited**  
(formerly Lucina Infrastructure Private Limited)

(c) Statement of Material Transactions with Related Parties

(Amount in Rs.)

Particulars	For the Year ended March 31, 2009	For the Year ended March 31, 2008
<b>Finance</b>		
Intercorporate Deposit taken*		
- Indiabulls Infrastructure Development Limited	690,000,000	--
- Indiabulls Real Estate Limited	2,811,319,891	1,045,843,000
- Indiabulls Realty Company Limited	1,000,000,000	1,000,000,000
- Sophia Power Company Limited	1,149,800,000	--
<b>Expenses</b>		
<b>Interest Expense</b>		
- Indiabulls Infrastructure Development Limited	2,381,917	8201288
- Indiabulls Realty Company Limited	2,363,425	246,575
- Indiabulls Real Estate Limited	29,984,558	--
- Sophia Power Company Limited	5,805,905	--
<b>Reimbursement of Expenses</b>		
- Indiabulls Real Estate Limited	9,955	224
<b>Outstanding as at March 31, 2009:</b>		
<b>Intercorporate Deposit taken</b>		
- Indiabulls Real Estate Limited	450,812,892	--
<b>Interest Accrued on Inter Corporate Deposits taken</b>		
- Indiabulls Infrastructure Development Limited	1,842,175	--
- Indiabulls Realty Company Limited	2,018,574	190,701
- Indiabulls Real Estate Limited	23,190,057	6,342,890

\*Maximum amount outstanding at any time during the year

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

5. Earnings per Share

The basic earnings per share are computed by dividing the net profit/ loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

**Lucina Infrastructure Limited**  
(formerly Lucina Infrastructure Private Limited)

(Amount in Rs.)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Profit/(Loss) available for equity Shareholders (Rs.)	(9,648,889)	1,708,647
Weighted average number of Shares used in computing Basic and Diluted earning per share	50,000	50,000
Nominal Value per equity Share - (Rs.)	10.00	10.00
Basic Earnings Per Share - (Rs.)	(192.98)	34.17
Diluted Earnings Per Share - (Rs.)	(192.98)	34.17

6. Deferred Tax:

In compliance with Accounting Standard 22 (AS 22) - Accounting for Taxes on Income, as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company has recognized deferred tax debit of Rs. 1,158 in the Profit and Loss Account during the year ended March 31, 2009.

The breakup of deferred tax assets as at March 31, 2009 into major components is as under:

( Amount in Rs.)

Particulars	As at March 31, 2009	As at March 31, 2008
<b>Deferred Tax Asset</b>		
Arising on account of temporary differences due to:		
Preliminary expenses	2,318	3,476
<b>Deferred Tax Asset</b>	<b>2,318</b>	<b>3,476</b>

7. Details of Purchase and Redemption of Current, Non Trade, Unquoted Investments during the year ended March 31, 2009:

In Mutual Funds	Type	Purchases		Redemptions	
		No of units	Amount (Rs.)	No of units	Amount (Rs.)
Reliance Liquidity Fund	Daily Dividend	106,666	1,625,873	106,666	1,625,873
<b>Total</b>		<b>106,666</b>	<b>1,625,873</b>	<b>106,666</b>	<b>1,625,873</b>

Figures in respect of Previous Year are stated in Italics

8. Considering the nature of Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 (AS-17) – Segment Reporting. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.

9. 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

**Lucina Infrastructure Limited  
(formerly Lucina Infrastructure Private Limited)**

result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

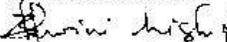
10. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2009.
11. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 :
  - a) There is no payment due to suppliers as at the end of the accounting year on account of Principal and Interest.
  - b) 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.
  - c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
  - d) No amount of interest was accrued and unpaid at the end of the accounting year.

The above information and that given in Schedule 8 "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.

12. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
13. In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2009 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.
14. There is no Contingent Liability to be reported as at March 31, 2009.
15. There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.
16. Previous year's figures have been regrouped and / or re-arranged wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date

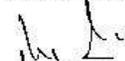
For Ajay Sardana Associates  
Chartered Accountants

  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323



Place: New Delhi  
Date: May 29, 2009

For and on behalf of the Board:

  
Anil Yadav  
Director

  
Hatendra Kumar Chandra  
Director

Place: New Delhi  
Date: May 29, 2009

c) Year ended March 31, 2010

**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS**Auditors' Report to the Members of Lucina Infrastructure Limited**

- 1 We have audited the attached Balance Sheet of Lucina Infrastructure Limited ("the Company") as at March 31, 2010 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2010. 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 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 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 purposes 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) 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 Companies Act, 1956;
  - (v) on the basis of written representations received from directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 the balance sheet, of the state of affairs of the Company as at March 31, 2010;
    - (b) in the case of the profit and loss account, of the loss for the year ended on March 31, 2010; and

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E-MAIL: anur.mittal@sgcservices.com



(c) in the case of the cash flow statement, of the cash flows for the year ended on March 31, 2010

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

Subodh Kaur  
Partner  
Membership No. 084883  
Place. New Delhi  
Date: April 23, 2010



Lucina Infrastructure Limited

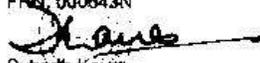
**ANNEXURE TO THE AUDITORS' REPORT**  
(Referred to in paragraph 3 of our report of even date)

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities for the year ended March 31, 2010, is such that paragraphs 4(i), 4(vi), 4(vii), 4(viii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xix) and 4(xx) of Order are not applicable to the Company.
2. (a) According to the information and explanations given to us, inventory has been physically verified by the management during the year.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no discrepancies were noticed on physical verification.
3. The company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Also, 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.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory however the activity of the company do not involve in purchase of fixed assets and in the sale of goods & services. We have not observed any major weakness in the internal control system during the course of the audit.
5. 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.
6. (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, 2010 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, Customs duty and Excise duty which have not been deposited on account of any dispute.
7. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for the long-term investment by the Company.

Y-59, HAUZ KHAS, NEW DELHI-110 016 INDIA  
MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365  
E-MAIL: amar.mittal@sgcservices.com

8. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
9. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

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

  
Subodh Kaushal  
Partner  
Membership No. 084883  
Place: New Delhi  
Date: April 23, 2010

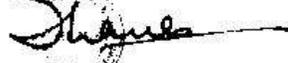
Lucina Infrastructure Limited

Balance Sheet as at March 31, 2010

		Amount in Rupees	
	Schedule	As at March 31, 2010	As at March 31, 2009
<b>I. Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
<b>Loan Funds</b>			
Unsecured Loans	2	590,570,100	697,905,653
<b>Total</b>		<b>591,070,100</b>	<b>698,405,653</b>
<b>II. Application of Funds</b>			
<b>Deferred Tax Assets</b> (Refer Note B-5 of Schedule 11)		1,159	2,318
<b>Current Assets, Loans and Advances</b>			
Inventories	3	132,330	132,330
Cash and Bank Balances	4	32,024	72,025,087
Other Current Assets	5	4,519,879	4,519,879
Loans and Advances	6	508,801,864	613,793,497
		<b>513,486,097</b>	<b>690,470,793</b>
<b>Less: Current Liabilities and Provisions</b> - Current Liabilities	7	58,459	34,352
		<b>58,459</b>	<b>34,352</b>
<b>Net Current Assets</b>		<b>513,427,638</b>	<b>690,436,441</b>
<b>Profit and Loss Account (Debit Balance)</b>		77,641,303	7,966,894
<b>Total</b>		<b>591,070,100</b>	<b>698,405,653</b>
Significant Accounting Policies and Notes to Accounts	11		

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN 100643N



Subodh Kumar  
Partner  
Membership No. 084883

Place New Delhi  
Date April 23, 2010

For and on behalf of the Board



Anil Yadav      Harendra Kumar Chandra  
Director          Director

Place New Delhi  
Date April 23, 2010

**Lucina Infrastructure Limited**  
**Profit and Loss Account for the year ended March 31, 2010**

	Amount in Rupees	
Schedule	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>INCOME</b>		
Other Income	8,367	31,173,735
<b>Total</b>	<b>8,367</b>	<b>31,173,735</b>
<b>EXPENDITURE</b>		
<b>Real Estate Projects Under Development</b>		
Opening Balance	132,330	102,330
Add Additions during the year	-	30,000
Less Closing Balance	132,330	1,32,330
Administrative and Other Expenses	149,116	58,383
Interest and Finance Expenses	69,532,501	40,753,083
<b>Total</b>	<b>69,681,617</b>	<b>40,821,466</b>
<b>Profit / (Loss) Before Tax</b>	<b>(68,673,250)</b>	<b>(9,647,731)</b>
Provis on for Tax		
- Current Tax		
- Deferred Tax	1,158	1,158
<b>Profit / (Loss) After Tax</b>	<b>(69,674,409)</b>	<b>(9,648,889)</b>
<b>Balance of Profit/ (Loss) Brought Forward</b>	<b>(7,966,894)</b>	<b>1,681,993</b>
<b>Balance of Profit/(Loss) Carried Forward</b>	<b>(77,641,303)</b>	<b>(7,966,894)</b>
<b>Earnings Per Share (Refer Note B-4 of Schedule 11):</b>		
Basic and Diluted (Rs)	11,393.491	(152.96)
Face Value per equity share (Rs)	10.00	10.00

Significant Accounting Policies and Notes to Accounts 11

As per our report of even date

For Sharma Goel & Co  
 Chartered Accountants  
 FRN 1000433P

Subodh Kalia  
 Partner  
 Membership No: 084883

Place: New Delhi  
 Date: Apr. 23, 2010

For and on behalf of the Board

Anil Yadav  
 Director

Harendra Kumar Chandra  
 Director

Place: New Delhi  
 Date: Apr. 23, 2010

Lucina Infrastructure Limited  
Cash Flow Statement for the year ended March 31, 2010

	Amount in Rupees	
	For the year ended March 31, 2009	For the year ended March 31, 2010
<b>A Cash flow from Operating Activities :</b>		
Net Profit/(Loss) before Tax	(69,673,250)	19,647,731
Adjustments for		
Interest income		(31,173,735)
Interest Expenses		40,590,054
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(69,673,250)</b>	<b>(231,412)</b>
Adjustments for		
(Increase) / Decrease in Loans and Advances	105,000,001	472,000,000
(Increase)/Decrease in Inventories		(30,000)
Increase / (Decrease) in Trade Payables and Other Liabilities	24,107	(1,891,156)
<b>Cash Generated from/(used in) Operating Activities</b>	<b>35,350,858</b>	<b>469,847,432</b>
Direct Taxes Paid	(8,367)	(7,063,974)
<b>Net cash Generated from/(used in) Operating Activities</b>	<b>35,342,491</b>	<b>462,783,458</b>
<b>B Cash Flow from Investing Activities</b>		
Interest Income	-	31,202,319
<b>Net cash Generated from/(used in) Investing Activities</b>	<b>-</b>	<b>31,202,319</b>
<b>C Cash Flow from Financing Activities</b>		
Inter Corporate Deposits Taken/(Repaid) (Net)	(80,242,790)	(405,030,108)
Interest Expenses on Inter Corporate Deposit	(27,092,764)	(20,030,884)
<b>Net cash generated from/(used in) Financing activities</b>	<b>(107,335,554)</b>	<b>(425,060,992)</b>
<b>D Net Increase / (decrease) in cash and cash equivalents ( A+B+C )</b>	<b>(71,993,063)</b>	<b>68,924,785</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>72,025,087</b>	<b>3,100,302</b>
<b>F Cash and cash equivalents at the end of the year ( D+E )</b>	<b>32,024</b>	<b>72,025,087</b>

Note:

- The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard 3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 as amended.
- Cash and cash equivalents as at the end of the year include

Cash on Hand	2,670	2,670
Balances With Scheduled Banks		
-In Current Accounts	29,354	72,022,417
<b>Total</b>	<b>32,024</b>	<b>72,025,087</b>

As per our report of even date

For Sharma, Goel & Co  
Chartered Accountants  
FRN 000000

Subodh Kaur  
Partner  
Membership No. 084883

Place: New Delhi  
Date: April 23, 2010

For and on behalf of the Board

Anil Yadav  
Director

Place: New Delhi  
Date: April 23, 2010

Harendra Kumar Chandra  
Director

Lucina Infrastructure Limited

Schedules forming part of Balance Sheet as at March 31, 2010

	Amount in Rupees	
	As at March 31, 2010	As at March 31, 2009
<b>1 Share Capital</b>		
<b>Authorised:</b>		
50,000 (Previous Year: 50,000) Equity Shares of Rs. 10 each	500,000	500,000
<b>Issued, subscribed and paid up:</b>		
<b>Equity Share Capital</b>		
50,000 (Previous Year: 50,000) Equity Shares of Rs. 10 each fully paid up	500,000	500,000
(The entire paid up Equity Share Capital is held by the Holding Company Indiabulls Wholesale Services Limited and its nominees (Previous year Indiabulls Real Estate Limited and its nominees))		
<b>As per Balance Sheet</b>	<u>500,000</u>	<u>500,000</u>
<b>2 Unsecured Loans</b>		
<b>Other Loans and Advances</b>		
<b>From Others</b>		
Inter Corporate Deposit from Ultimate Holding Company		450,812,892
Interest accrued and due thereon		23,190,057
Inter Corporate Deposit from Holding Company	590,570,100	
Inter Corporate Deposit from other company		220,000,000
Interest accrued and due to others		3,902,704
<b>As per Balance Sheet</b>	<u>590,570,100</u>	<u>697,905,653</u>
<b>4 Cash and Bank Balances</b>		
Cash on Hand	2,670	2,670
Balances with Scheduled Banks		
In Current Accounts	29,354	72,022,417
<b>As per Balance Sheet</b>	<u>32,024</u>	<u>72,025,087</u>
<b>5 Other Current Assets</b>		
(Unsecured, considered good unless otherwise stated)		
Interest Accrued on Inter Corporate Deposit	4,519,879	4,519,879
<b>As per Balance Sheet</b>	<u>4,519,879</u>	<u>4,519,879</u>
<b>6 Loans and Advances</b>		
(Unsecured, considered good, unless otherwise stated)		
Advance for Land	500,000,000	505,000,000
Advance Tax/ Tax deducted at source (Net of Provision for tax Nil (Previous year: 748,500))	8,801,864	8,793,497
<b>As per Balance Sheet</b>	<u>508,801,864</u>	<u>513,793,497</u>
<b>7 Current Liabilities</b>		
Sundry Creditors (Refer Note B 9 with Schedule 11)		
(a) Due to Micro and Small Enterprises	49,635	19,561
(b) Due to others	8,824	14,791
Other Liabilities		
<b>As per Balance Sheet</b>	<u>58,459</u>	<u>34,352</u>

Lucina Infrastructure Limited

Schedule forming part of Balance Sheet as at March 31, 2010

Schedule - 3

**Inventories**

(As taken valued and certified by Management)

**Real Estate Projects Under Development (at cost)**

Particulars	Amount in Rupees		
	As At April 01, 2009	Addition During the Year	As At March 31, 2010
Land	102,330	-	102,330
Expenditure During Construction and Development	30,000	-	30,000
<b>As per Balance Sheet</b>	<b>132,330</b>	-	<b>132,330</b>
Previous year	102,330	30,000	132,330

Lucina Infrastructure Limited

Schedules forming part of Profit and Loss account for the year ended March 31, 2010

	Amount in Rupees	
	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>8 Other Income</b>		
Interest on Inter Corporate Deposit - Gross	-	31,173,735
(Tax deducted at source Rs. Nil/Previous year Rs 7,063,974)		
Miscellaneous income	8,367	
<b>As per Profit and Loss Account</b>	<b>8,367</b>	<b>31,173,735</b>
<b>9 Administrative and Other Expenses</b>		
Rates and Taxes	1,856	21,355
Legal and Professional Fees	42,455	-
Auditor's Remuneration - Audit Fees (including service tax)	104,785	44,532
Stamp Paper Expenses		300
Miscellaneous Expenses		2,196
<b>As per Profit and Loss Account</b>	<b>149,115</b>	<b>68,383</b>
<b>10 Interest and Finance Expenses</b>		
Interest on Inter Corporate Deposits	69,532,501	40,596,054
Interest on Tax		162,101
Bank Charges		928
<b>As per Profit and Loss Account</b>	<b>69,532,501</b>	<b>40,759,083</b>



**Lucina Infrastructure Limited****SCHEDULE: 11****Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2010.****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) Interest income from deposits is recognized on accrual basis.
- b) Revenue from real estate development projects is recognised 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.
- c) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- d) Revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed.

**iv. 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.

**v. 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.



**Lucina Infrastructure Limited****vi. 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.

**vii. 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.

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 virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**viii. 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.

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

ii) 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.

**ix. 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.

**x. 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.

**xi. 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.

**Lucina Infrastructure Limited****xii. Deferred Employee Stock Compensation Costs**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the 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.



## Lucina Infrastructure Limited

### B. Notes to Accounts:

#### 1. Overview:

Lucina Infrastructure Limited ("the Company") was incorporated on July 20, 2006. The Company is in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct, acquire hold/sell properties, buildings and to act as real estate agent and all other related and ancillary objects.

#### 2. Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company:

Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

#### 3. Disclosures in respect of Accounting Standard (As) – 18 Related Party Disclosures as notified under the Companies (Accounting Standards) Rules, 2006 as amended:

##### a) Related Parties

##### (i) Where Control exists - Holding Company\*

Indiabulls Wholesale Services Limited  
\*(Indiabulls Real Estate Limited till December 07, 2009)  
\*(Lucina Land Development Limited from December 08, 2009 to December 31, 2009)

##### - Ultimate Holding Company

Indiabulls Real Estate Limited

##### (ii) Other Related Parties - Key Management Personnel

Mr. Sameer Gehlaut  
(Director and Chairman of Ultimate Holding Company)  
Mr. Rajiv Rattan  
(Director and Vice Chairman of Ultimate Holding Company)  
Mr. Saurabh K. Mittal  
(Director of Ultimate Holding Company)  
Mr. Narendra Gehlaut  
(Joint Managing Director of Ultimate Holding Company)  
Mr. Vipul D. Bansal  
(Joint Managing Director of Ultimate Holding Company)

##### (iii) Subsidiaries of Ultimate Holding Company \*\*

Albasta Properties Limited  
Indiabulls Infrastructure Development Limited  
Indiabulls Realty Company Limited  
Indiabulls Power Limited  
(Formerly Sophia Power Company Limited)

\* With whom transaction are entered during the year/previous year

## Lucina Infrastructure Limited

b) Summary of Significant Transactions with Related Parties for the year ended March 31, 2010  
(Amount in Rs.)

Nature of Transaction	Holding Company	Ultimate Holding Company	Subsidiaries of Ultimate Holding Company	Total
<b>Finance</b>				
Inter Corporate Deposit taken*	590,570,100	605,527,892	630,404,000	1,826,501,992
		2,811,319,891	2,839,800,000	5,651,119,891
<b>Expenses</b>				
Interest expenses on Inter Corporate Deposits taken		57,825,524	5,094,922	62,920,446
		29,984,558	10,551,248	40,535,806
Reimbursement of General expenses		180		180
		9,955		9,955

\*Maximum amount outstanding at any time during the year  
Previous year figures are stated in Italics

c) Balance Outstanding as at March 31, 2010: (Amount in Rs.)

Nature of Transaction	Holding Company	Ultimate Holding Company	Subsidiaries of Ultimate Holding Company	Total
Inter Corporate Deposit taken	590,570,100			590,570,100
		450,812,891		450,812,891
Interest Accrued on Inter Corporate Deposits taken		23,190,057	3,860,749	27,050,806

Previous year figures stated in Italics

d) Statement of Material Transactions with Related Parties

Particulars	(Amount in Rs.)	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
<b>Finance</b>		
Inter Corporate Deposit taken*		
- Indiabulls Infrastructure Development Limited		690,000,000
- Indiabulls Real Estate Limited	605,527,892	2,811,319,891
- Indiabulls Realty Company Limited		1,000,000,000
- Sophia Power Company Limited		1,149,800,000
- Lucina Land Development Limited	630,404,000	
- Indiabulls Wholesale Service Limited	590,570,100	
<b>Expenses</b>		
<b>Interest Expense</b>		
- Indiabulls Infrastructure Development Limited		2,381,917
- Indiabulls Realty Company Limited		2,363,425
- Indiabulls Real Estate Limited	57,825,524	29,984,558
- Lucina Land Development Limited	5,094,922	



## Lucina Infrastructure Limited

Particulars	For the Year ended March 31, 2010	For the Year ended March 31, 2009
<b>Reimbursement of Expenses</b>		
- Indiabulls Real Estate Limited	180	9,955
- Lucina Land Development Limited		
*Maximum amount outstanding at any time during the year		
	<b>As At March 31, 2010</b>	<b>As At March 31, 2009</b>
<b>e) Balance Outstanding:</b>		
<b>Inter Corporate Deposit taken</b>		
- Indiabulls Real Estate Limited		450,812,892
- Indiabulls Wholesale Services Limited	590,570,100	
<b>Interest Accrued on Inter Corporate Deposits taken</b>		
- Indiabulls Infrastructure Development Limited		1,842,175
- Indiabulls Realty Company Limited		2,018,574
- Indiabulls Real Estate Limited		23,190,057

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

#### 4 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 are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of equity shares and potential diluted equity share are adjusted for the stock split, bonus shares and the potential dilutive effect of Employee Stock Option Plans as appropriate.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit/(Loss) available for equity Shareholders (Rs.)	(69,674,409)	(96,48,889)
Weighted average number of Shares used in computing Basic and Diluted earnings per share	50,000	50,000
Nominal Value per Equity Share - (Rs.)	10.00	10.00
Basic Earnings per Equity Share - (Rs.)	(1,393.49)	(192.98)
Diluted Earnings per Equity Share - (Rs.)	(1,393.49)	(192.98)

## Lucina Infrastructure Limited

### 5 Deferred Tax:

In Compliance with accounting standard 22 (AS 22) – Accounting for taxes on Income, as notified under the companies (Accounting Standards) Rules, 2006, as amended, the company has charged deferred tax of Rs. 1,59 in the Profit and Loss Account during the year ended March 31, 2010

The breakup of deferred tax into major components as at March 31, 2010 is as under

Particulars	(Amount in Rs.)	
	As at March 31, 2010	As at March 31, 2009
<b>Deferred Tax Asset arising on account of temporary difference due to:</b>		
Preliminary expenses	1,159	2,318
<b>Deferred Tax Asset</b>	<b>1,159</b>	<b>2,318</b>

- 6 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 AS 17 Accounting Standard 17 - "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006, other than those already provided in the financial statements.
7. 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.
- 8 In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2010.
- 9 Disclosure 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 7 "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.
10. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
11. There is no Contingent Liability to be reported as at March 31, 2010

## Lucina Infrastructure Limited

12. In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2010 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. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of these balances.
13. There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.
14. Previous year figures have been regrouped and / or re-arranged wherever necessary to conform to current year groupings and classifications.

As per our report of even date

For Sharma Goel & Company  
Chartered Accountants  
FRN. 000643N

  
Subodh Kaura  
Partner  
Membership No. 084883

Place: New Delhi  
Date: April 23, 2010

For and on behalf of the Board

  
Anil Yadav  
Director

  
Harendra Kumar Chandra  
Director

Place: New Delhi  
Date: April 23, 2010

**d) Nine month period ended December 31, 2010**SHARMA GOEL & CO.  
Chartered Accountants**Auditor's Report****To the Board of Directors of Lucina Infrastructure Limited**

1. We have audited the attached Balance Sheet of Lucina Infrastructure Limited ("the Company") as at December 31, 2010, the Profit and Loss account for the nine months period ended December 31, 2010 and also the Cash-flow statement for the nine months period ended December 31, 2010, annexed thereto. These Interim 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 interim financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the interim financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall interim financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in a 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 the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> December 2010;
  - b. In the case of the Profit and Loss Account, of the loss for the nine months period ended on that date, and
  - c. In the case of the Cash flow statement, of the cash flows for the nine months period ended on that date

For Sharma Goel & Co.  
Chartered Accountants  
ERN: 000643N  
Subodh Kaura  
Partner  
Membership No. 084883

New Delhi, February 28, 2011

**Lucina Infrastructure Limited**  
Balance Sheet as at December 31, 2010

		Amount in Rupees	
	Schedule	As at December 31, 2010	As at March 31, 2010
<b>I. Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
<b>Loan Funds</b>			
Unsecured Loans	2	240,620,100	590,570,100
<b>Total</b>		<u>241,120,100</u>	<u>591,070,100</u>
<b>II. Application of Funds</b>			
Deferred Tax Assets (Refer Note B-5 of Schedule 11)			1,159
<b>Current Assets, Loans and Advances</b>			
Inventories	3	132,330	132,330
Cash and Bank Balances	4	22,095	32,024
Other Current Assets	5	4,519,879	4,519,879
Loans and Advances	6	158,801,864	508,801,864
		<u>163,476,168</u>	<u>513,486,097</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	7	41,363	58,459
		<u>41,363</u>	<u>58,459</u>
<b>Net Current Assets</b>		<b>163,434,806</b>	<b>513,427,638</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>77,685,294</b>	<b>77,641,303</b>
<b>Total</b>		<u>241,120,100</u>	<u>591,070,100</u>

Significant Accounting Policies and Notes to Accounts 11

As per our report of even date

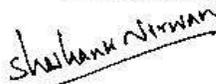
For Sharma Goel & Co  
Chartered Accountants  
FRN: 000643N



Subodh Kaura  
Partner  
Membership No. 084883

Place : New Delhi  
Date : February 28, 2011

For and on behalf of the Board



Shashank Nirwan  
Director

Place : New Delhi  
Date : February 28, 2011



Harendra Kumar Chandra  
Director

Lucina Infrastructure Limited

Profit and Loss Account for the period from April 01, 2010 to December 31, 2010

Amount in Rupees

	Schedule	For the period from April 01, 2010 to December 31, 2010	For the year ended March 31, 2010
<b>Income</b>			
Other Income	8	-	8,367
<b>Total</b>		<u>-</u>	<u>8,367</u>
<b>Expenditure</b>			
Real Estate Projects Under Development			
Opening Balance	132,330	132,330	-
Add: Additions during the period			
Less: Closing Balance	<u>132,330</u>	<u>132,330</u>	-
Administrative and Other Expenses	9	42,833	149,116
Interest and Finance Expenses	10	-	69,532,501
<b>Total</b>		<u>42,833</u>	<u>69,681,617</u>
<b>Profit / (Loss) Before Tax</b>		<b>(42,833)</b>	<b>(69,673,250)</b>
Provision for Tax			
- Current Tax		-	-
- Deferred Tax		1,159	1,159
<b>Profit / (Loss) After Tax</b>		<u><b>(43,992)</b></u>	<u><b>(69,674,409)</b></u>
<b>Balance of Profit/ (Loss) Brought Forward</b>		<b>(77,641,303)</b>	<b>(7,966,894)</b>
<b>Balance of Profit/(Loss) Carried Forward</b>		<u><b>(77,685,294)</b></u>	<u><b>(77,641,303)</b></u>
<b>Earnings Per Share (Refer Note B-4 of Schedule 11)</b>			
- Basic and Diluted (Rs.)		0.88	(1,393.49)
Face Value per equity share (Rs.)		10.00	10.00
<b>Significant Accounting Policies and Notes to Accounts</b>			
	11		

As per our report of even date

For Sharma Goel & Co  
Chartered Accountants  
FRN: 000643N

Subodh Kaura  
Partner  
Membership No. 084883

Place: New Delhi  
Date: February 28, 2011

For and on behalf of the Board

*Shashank Nirwan*

Shashank Nirwan  
Director

Place: New Delhi  
Date: February 28, 2011

*Harendra Kumar Chandra*

Harendra Kumar Chandra  
Director

Lucina Infrastructure Limited

Cash Flow Statement for the period from April 01, 2010 to December 31, 2010

	Amount in Rupees	
	For the period from April 01, 2010 to December 31, 2010	For the year ended March 31, 2010
<b>A Cash flow from Operating Activities :</b>		
Net Profit/(Loss) before Tax	(42,833)	(69,673,250)
Adjustments for:		
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(42,833)</b>	<b>(69,673,250)</b>
Adjustments for:		
(Increase) / Decrease in Loans and Advances	350,000,000	105,000,001
Increase / (Decrease) in Trade Payables and Other Liabilities	(17,097)	24,107
<b>Cash Generated from/(used in) Operating Activities</b>	<b>349,940,071</b>	<b>35,350,858</b>
Direct Taxes Paid	-	(8,367)
<b>Net cash Generated from/(used In) Operating Activities</b>	<b>349,940,071</b>	<b>35,342,491</b>
<b>B Cash Flow from Investing Activities</b>		
<b>Net cash Generated from/(used in) Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C Cash Flow from Financing Activities</b>		
Inter Corporate Deposits Taken/(Repaid) (Net)	(349,950,000)	(80,242,790)
Interest Expenses on Inter Corporate Deposit	-	(27,092,764)
<b>Net cash generated from/(used in) Financing activities</b>	<b>(349,950,000)</b>	<b>(107,335,554)</b>
<b>D Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(9,929)</b>	<b>(71,993,063)</b>
<b>E Cash and cash equivalents at the beginning of the period</b>	<b>32,024</b>	<b>72,025,087</b>
<b>F Cash and cash equivalents at the end of the period (D+E)</b>	<b>22,095</b>	<b>32,024</b>

Note :

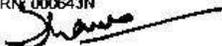
1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006 as amended.

2 Cash and cash equivalents as at the end of the period include

Cash on Hand	2,760	2,670
Balances With Scheduled Banks:		
-In Current Accounts	19,335	29,354
<b>Total</b>	<b>22,095</b>	<b>32,024</b>

As per our report of even date

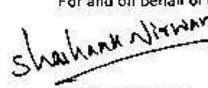
For Sharma Goel & Co  
Chartered Accountants  
FRN: 00643N



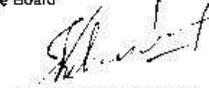
Subodh Kaura  
Partner  
Membership No. 084883

Place : New Delhi  
Date : February 28, 2011

For and on behalf of the Board



Shashank Nirwan  
Director



Harendra Kumar Chandra  
Director

Place : New Delhi  
Date : February 28, 2011

Lucina Infrastructure Limited

Schedules forming part of Balance Sheet as at December 31, 2010

	Amount in Rupees	
	As at December 31, 2010	As at March 31, 2010
<b>1 Share Capital</b>		
<b>Authorised:</b>		
50,000 (Previous Year: 50,000) Equity Shares of Rs 10 each	500,000	500,000
<b>Issued, subscribed and paid up:</b>		
<b>Equity Share Capital</b>		
50,000 (Previous Year : 50,000) Equity Shares of Rs 10 each fully paid up (The entire paid-up Equity Share Capital is held by the Holding Company -Indiabulls Wholesale Services Limited and its nominees (Previous year Indiabulls Wholesale Services Limited and its nominees))	500,000	500,000
<b>As per Balance Sheet</b>	<b>500,000</b>	<b>500,000</b>
<b>2 Unsecured Loans</b>		
<b>Other Loans and Advances</b>		
<b>From Others</b>		
Inter Corporate Deposit from Holding Company	240,620,100	590,570,100
<b>As per Balance Sheet</b>	<b>240,620,100</b>	<b>590,570,100</b>
<b>4 Cash and Bank Balances</b>		
Cash on Hand	2,760	2,670
Balances with Scheduled Banks -In Current Accounts	19,335	29,354
<b>As per Balance Sheet</b>	<b>22,095</b>	<b>32,024</b>
<b>5 Other Current Assets</b>		
(Unsecured, considered good unless otherwise stated )		
Interest Accrued on Inter Corporate Deposits	4,519,879	4,519,879
<b>As per Balance Sheet</b>	<b>4,519,879</b>	<b>4,519,879</b>
<b>6 Loans and Advances</b>		
(Unsecured, considered good, unless otherwise stated )		
Advance for Land	150,000,000	500,000,000
Advance Tax/Tax deducted at source (Net of Provision for Tax 748,500 (Previous year 748,500))	8,801,864	8,801,864
<b>As per Balance Sheet</b>	<b>158,801,864</b>	<b>508,801,864</b>
<b>7 Current Liabilities</b>		
Sundry Creditors (Refer Note B-9 with Schedule 11)		
(a) Due to Micro and Small Enterprises	-	-
(b) Due to others	41,363	49,635
Other Liabilities	-	8,824
<b>As per Balance Sheet</b>	<b>41,363</b>	<b>58,459</b>

*Shree*

Lucina Infrastructure Limited

Schedule forming part of Balance Sheet as at December 31, 2010

Schedule - 3

Inventories

(As taken, valued and certified by Management)

Real Estate Projects Under Development (at cost)

Particulars	Amount in Rupees		
	As at April 1, 2010	Addition from April 01, 2010 to December 31, 2010	As at December 31, 2010
Land	102,330	-	102,330
Expenditure During Construction and Development	30,000	-	30,000
<b>As per Balance Sheet</b>	<b>132,330</b>	<b>-</b>	<b>132,330</b>
Previous year	132,330	-	132,330



Lucina Infrastructure Limited

Schedules forming part of Profit and Loss account for the period from April 01, 2010 to December 31, 2010

		Amount in Rupees	
		For the period from April 01, 2010 to December 31, 2010	For the year ended March 31, 2010
<b>8</b>	<b>Other Income</b>		
	Miscellaneous Income	-	8,367
	<b>As per Profit and Loss Account</b>	<u>-</u>	<u>8,367</u>
<b>9</b>	<b>Administrative and Other Expenses</b>		
	Rates and Taxes	1,470	1,866
	Legal and Professional Fees	-	42,455
	Auditor's Remuneration - Audit Fees (Including Service Tax)	41,363	104,785
	<b>As per Profit and Loss Account</b>	<u>42,833</u>	<u>149,116</u>
<b>10</b>	<b>Interest and Finance Expenses</b>		
	Interest on Inter Corporate Deposits	-	69,532,501
	<b>As per Profit and Loss Account</b>	<u>-</u>	<u>69,532,501</u>



**Lucina Infrastructure Limited****SCHEDULE: 11**

**Significant Accounting Policies and Notes forming part of the Balance Sheet as at December 31, 2010 and Profit and Loss Account for the period from April 01, 2010 to December 31, 2010**

**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) Dividend income is recognized when the right to receive the dividend is unconditionally established
- d) Interest income from deposits is recognized on accrual basis.

**iv. 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.



## Lucina Infrastructure Limited

### v. 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.

### vi. 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.

### vii. 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.

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 virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### viii. 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:

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

ii) 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.

### ix. 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.

### x. 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.



**Lucina Infrastructure Limited****xi. 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.

**xii. Deferred Employee Stock Compensation Costs**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured based on the 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.



## Lucina Infrastructure Limited

### B. Notes to Accounts:

#### 1 Overview:

Lucina Infrastructure Limited ("the Company") was incorporated on July 20, 2006. The Company is in the business of purchasing, selling, developing, constructing, hiring or otherwise acquire and deal in all real or personal estate / properties and construct, acquire hold/sell properties, buildings and to act as real estate agent and all other related and ancillary objects.

#### 2. Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company:

Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS-I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS-II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

During the period, pursuant to the approval accorded at an Extra Ordinary General Meeting of the members of the Company held on September 30, 2010, the "Indiabulls Employees' Welfare Trust" (Trust) has been formed on October 04, 2010 with an initial corpus of Rs. 50,000, contributed equally by the Company and four other listed settlor entities, to administer and implement the Company's current un granted Employee Stock Option Schemes ("ESOP") and any future ESOP / Employee Stock Purchase Schemes of the settlor entities. IBREL being one of the Settlor entity, has contributed its share of Rs. 10,000 as its initial contribution towards the corpus of the said Trust. The Trust is administered by independent Trustees.

#### 3. Disclosures in respect of Accounting Standard (As) – 18 Related Party Disclosures as notified under the Companies (Accounting Standards) Rules, 2006 as amended:

##### a) Related Parties

##### (i) Where Control exists - Holding Company\*

Indiabulls Wholesale Services Limited  
(from January 01, 2010)  
\*(Indiabulls Real Estate Limited till December 07, 2009)  
\*(Lucina Land Development Limited from December 08, 2009 to December 31, 2009)

##### - Ultimate Holding Company

Indiabulls Real Estate Limited (from December 08, 2009)

##### (ii) Other Related Parties

##### - Key Management Personnel

Mr. Sameer Gehlaut  
(Director and Chairman of Ultimate Holding Company)  
Mr. Rajiv Rattan  
(Director and Vice Chairman of Ultimate Holding Company)  
Mr. Saurabh K. Mittal  
(Director of Ultimate Holding Company)  
Mr. Narendra Gehlaut  
(Joint Managing Director of Ultimate Holding Company)  
Mr. Vipul D. Bansal  
(Joint Managing Director of Ultimate Holding Company)



## Lucina Infrastructure Limited

(iii) Subsidiaries of Ultimate Holding Company \*\* Lucina Land Development Limited

\*\*With whom transaction are entered during the period/previous year

b) Summary of Significant Transactions with Related Parties for the period from April 01, 2010 to December 31, 2010:

(Amount in Rs.)

Nature of Transaction	Holding Company	Ultimate Holding Company	Subsidiaries of Ultimate Holding Company	Total
<b>Finance</b>				
Inter Corporate Deposit taken*	590,620,100 <i>590,570,100</i>	-- <i>605,527,892</i>	-- <i>630,404,000</i>	590,620,100 <i>1,826,501,992</i>
<b>Expenses</b>				
Interest expenses on Inter Corporate Deposits taken	--	-- <i>57,825,524</i>	-- <i>5,094,922</i>	-- <i>62,920,446</i>
Reimbursement of General expenses	--	-- <i>180</i>	--	-- <i>180</i>

\*Maximum amount outstanding at any time during the period  
Previous year figures are stated in italics

c) Balance Outstanding as at December 31, 2010:

(Amount in Rs.)

Nature of Transaction	Holding Company	Ultimate Holding Company	Subsidiaries of Ultimate Holding Company	Total
Inter Corporate Deposit taken	240,620,100 <i>590,570,100</i>	--	--	240,620,100 <i>590,570,100</i>

Previous year figures are stated in italics

d) Statement of Material Transactions with Related Parties:

(Amount in Rs.)

Particulars	For the period from April 01, 2010 to December 31, 2010	For the Year ended March 31, 2010
<b>Finance</b>		
Inter Corporate Deposit taken*		
- Indiabulls Real Estate Limited	--	605,527,892
- Lucina Land Development Limited	--	630,404,000
- Indiabulls Wholesale Services Limited	590,620,100	590,570,100
<b>Expenses</b>		
<b>Interest Expense</b>		
- Indiabulls Real Estate Limited	--	57,825,524
- Lucina Land Development Limited	--	5,094,922
<b>Reimbursement of Expenses</b>		
- Indiabulls Real Estate Limited	--	180

\*Maximum amount outstanding at any time during the period

## Lucina Infrastructure Limited

e) Balance Outstanding: (Amount in Rs.)

Particulars	As At December 31, 2010	As At March 31, 2010
<b>Inter Corporate Deposit taken</b>		
- Indiabulls Real Estate Limited		
- Indiabulls Wholesale Services Limited	240,620,100	590,570,100

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

#### 4. Earnings per Share

Basic earnings per share is computed by dividing the net profit/(loss) attributable to equity shareholders, for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The number of equity shares and potential diluted equity share are adjusted for the stock split, bonus shares and the potential dilutive effect of Employee Stock Option Plans as appropriate.

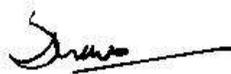
Particulars	For the period from April 01, 2010 to December 31, 2010	For the year ended March 31, 2010
Profit/(Loss) available for equity Shareholders (Rs.)	(43,992)	(69,674,409)
Weighted average number of Shares used in computing Basic and Diluted earnings per share	50,000	50,000
Nominal Value per Equity Share - (Rs.)	10.00	10.00
Basic Earnings per Equity Share - (Rs.)	(0.88)	(1,393.49)
Diluted Earnings per Equity Share - (Rs.)	(0.88)	(1,393.49)

#### 5. Deferred Tax:

In Compliance with accounting standard 22 (AS 22) – Accounting for taxes on Income, as notified under the companies (Accounting Standards) Rules, 2006, as amended, the company has charged deferred tax of Rs.1159 in the Profit and Loss Account during the period from April 01, 2010 to December 31, 2010.

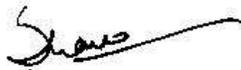
The breakup of deferred tax into major components as at December 31, 2010 is as under:

Particulars	(Amount in Rs.)	
	As at December 31, 2010	As at March 31, 2010
<b>Deferred Tax Asset arising on account of temporary difference due to:</b>		
Preliminary expenses	--	1,159
<b>Deferred Tax Asset</b>	--	<b>1,159</b>



**Lucina Infrastructure Limited**

6. 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, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 (AS-17) – Segment Reporting. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.
  7. 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.
  8. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at December 31, 2010.
  9. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 :
    - a) There is no payment due to suppliers as at the end of the accounting period on account of Principal and Interest.
    - b) No interest was paid during the period 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
    - c) No interest is payable at the end of the period other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
    - d) No amount of interest was accrued and unpaid at the end of the accounting period.
- The above information and that given in Schedule 7 "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.
10. The Company has not entered into any derivative instrument during the period. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.
  11. There is no Contingent Liability to be reported as at December 31, 2010.
  12. In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at December 31, 2010 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. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of these balances.
  13. There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956

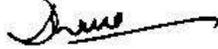


## Lucina Infrastructure Limited

14. Previous year figure have been regrouped and / or re-arranged wherever necessary to confirm to current period groupings and classifications.

As per our report of even date

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



Subodh Kaura  
Partner  
Membership No: 084883

Place: New Delhi  
Date: February 28, 2011

For and on behalf of the Board



Shashank Nirwan  
Director



Harendra Kumar Chandra  
Director

Place: New Delhi  
Date: February 28, 2011

## 2. (iv) Financial Information of subsidiary companies- Albasta Power Limited a) Year ended March 31, 2009



*Ajay Sardana Associates*  
CHARTERED ACCOUNTANTS

### Auditors' Report to the Members of Albasta Power Limited

1. We have audited the attached Balance Sheet of Albasta Power Limited ("the Company") as at March 31, 2009 and the annexed Profit and Loss Account and the Cash Flow Statement for the period from April 25, 2008 to March 31, 2009. 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 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure, a statement on the matters specified in paragraphs 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) 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;
  - (v) on the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



- (vi) 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, 2009;
  - (b) in the case of Profit and Loss Account, of the loss of the Company for the period from April 25, 2008 to March 31, 2009; and
  - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the period from April 25, 2008 to March 31, 2009

 For Ajay Sardana Associates  
Chartered Accountants  
*Ashwini Mishra*  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323  
New Delhi, June 2, 2009

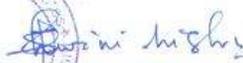
**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Albasta Power Limited on the financial statements for the period from April 25, 2008 to March 31, 2009**

- (i) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the period is such that paragraphs 4 (i),4(ii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) 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 Act, according to the information and explanations given to us:
  - (a) The Company has not granted any loan to parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) The Company has taken unsecured loans from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved in the transactions during the period aggregated to Rs. 3,502,500,000 from one company and the balance outstanding at period end is Rs. 3,496,285,000 from one company.
  - (c) According to the information and explanations given to us, the rate of interest and other terms and conditions of such loans, are not, prima facie, prejudicial to the interest of the Company.
  - (d) The payment of principal amounts in respect of such loans has been regular. The loan taken is interest free.
- (iii) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and nature of its business. The activities of the Company do not involve purchase of inventories and fixed assets and the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (iv) 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.
- (v) 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.
- (vi) The Central Government of India, pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2001 ("The Rules") has prescribed maintenance of cost records prescribed under clause (d) of sub-section (1) of Section 209 of the Act to the Company. However, the Rules are not applicable to the Company, as the Company has not started commercial operations.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.



- (viii) (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 account in respect of undisputed statutory dues including Income-tax and other material statutory dues have generally been regularly deposited during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth tax, Service tax, Customs duty and Excise duty. 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, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at March 31, 2009 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 the records of the Company examined by us, as at March 31, 2009, there are no dues of income-tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (ix) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have, prima facie, been used for long-term investment by the Company.
- (x) 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.
- (xi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For Ajay Sardana Associates  
Chartered Accountants



Ashwini Kumar Mishra  
Partner  
Membership No. 062323  
New Delhi, June 2, 2009



**Albasta Power Limited**  
Balance Sheet as at March 31, 2009

	Schedule	Amount in Rupees As at March 31, 2009
<b>Sources of Funds</b>		
<b>Shareholders' Funds</b>		
Share Capital	A	1,300,500,000
<b>Loan Funds</b>		
Unsecured Loans	B	3,496,285,000
<b>TOTAL</b>		<b>4,796,785,000</b>
<b>Application of Funds</b>		
<b>Investments</b>	C	4,784,930,000
<b>Current Assets, Loans and Advances</b>		
Cash and Bank Balances	D	29,524
		<u>29,524</u>
<b>Less: Current Liabilities and Provisions</b>		
Current Liabilities	E	63,629
		<u>63,629</u>
<b>Net Current Assets</b>		<b>(34,105)</b>
<b>Debit Balance in Profit and Loss Account</b>		11,889,105
<b>TOTAL</b>		<b>4,796,785,000</b>
Significant Accounting Policies and Notes to Accounts	H	

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

  
Ashwini Kumar Mishra  
Partner  
Membership No. 062323  
Place : New Delhi  
Date: June 2, 2009

For and on behalf of the Board

  
Alok Kumar  
Whole Time Director

Place : New Delhi  
Date: June 2, 2009

  
Ranjit Gupta  
Director

  
Varun Kwatra  
Company Secretary

**Albasta Power Limited**  
**Profit and Loss Account for the period from April 25, 2008 to March 31, 2009**

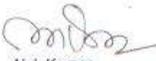
	Schedule	Amount in Rupees For the Period from April 25, 2008 to March 31, 2009
<b>INCOME</b>		
Other Income	F	798,354
<b>TOTAL</b>		<u>798,354</u>
<b>EXPENDITURE</b>		
Administrative and Other Expenses	G	12,687,459
<b>TOTAL</b>		<u>12,687,459</u>
<b>(Loss) Before Tax</b>		(11,889,105)
Provision for Tax		-
-Current Tax		-
-Deferred Tax		-
-Fringe Benefits Tax		-
<b>(Loss) After Tax</b>		<u>(11,889,105)</u>
<b>Balance of Profit /(Loss) Brought Forward</b>		-
<b>Balance of (Loss) Carried Forward</b>		<u>(11,889,105)</u>
<b>Earnings Per Share ( Refer Note II (v) of Schedule H)</b>		
- Basic (Rs.)		(0.40)
- Diluted (Rs.)		(0.40)
Face value per share (Rs.)		10.00
<b>Significant Accounting Policies and Notes to Accounts</b>	H	

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

  
 Ashwini Kumar Mishra  
 Partner  
 Membership No 062323  
 Place : New Delhi  
 Date: June 2, 2009

For and on behalf of the Board

  
 Alok Kumar  
 Whole Time Director  
 Place : New Delhi  
 Date: June 2, 2009

  
 Ranjit Gupta  
 Director

  
 Varun Kwatra  
 Company Secretary

**Albasta Power Limited**  
Cash Flow Statement for the period from April 25, 2008 to March 31, 2009

	Amount in Rupees For the Period from April 25, 2008 to March 31, 2009
<b>A Cash Flow From Operating Activities:</b>	
(Loss) before Tax	(11,889,105)
<b>Adjustment for:</b>	
Dividend on Units of Mutual Funds - Non Trade	(798,354)
<b>Operating Profit/(Loss) before working capital changes</b>	(12,687,459)
<b>Adjustments for:</b>	
Increase/(Decrease) in Trade Payables and other liabilities	63,629
<b>Net cash Generated From/(Used in) Operating Activities</b>	(12,623,830)
<b>B Cash Flow From Investing Activities</b>	
Investment in Equity Shares of Subsidiary Company	(4,784,930,000)
Dividend received on Units of Mutual Funds - Non Trade	798,354
<b>Net Cash Generated From/(Used in) Investing Activities</b>	(4,784,131,646)
<b>C Cash Flow From Financing Activities</b>	
Proceeds from Issue of Equity Shares	1,000,500,000
Proceeds from Issue of Preference Shares	300,000,000
Loan / Inter Corporate Deposits taken from Holding Company	3,502,500,000
Loan / Inter Corporate Deposits repaid to Holding Company	(6,215,000)
<b>Net Cash Generated From/(Used in) Financing Activities</b>	4,796,785,000
<b>D Net increase / (decrease) in Cash and Cash equivalents ( A+B+C )</b>	29,524
<b>E Cash and Cash equivalents at the beginning of the period</b>	-
<b>F Cash and Cash equivalents at the close of the period ( D+E )</b>	29,524

**Notes:-**

The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statements as notified under the Companies ( Accounting Standards) Rules, 2006, as amended.  
Cash and cash equivalents as at the close of the period include :-  
Cash on Hand  
Balance with scheduled banks  
On Current Accounts

	29,524
	29,524

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

  
Ashwini Kumar Mishra  
Partner

Membership No 062323  
Place : New Delhi  
Date: June 2, 2009

For and on behalf of the Board

  
Alok Kumar  
Whole Time Director

Place : New Delhi  
Date: June 2, 2009

  
Ranjit Gupta  
Director

  
Varun Kwatra  
Company Secretary

**Albasta Power Limited**  
Schedules forming part of Balance Sheet As At March 31, 2009

	Amount in Rupees
	As at March 31, 2009
<b>A Share Capital</b>	
<b>Authorised:</b>	
150,000,000 Equity Shares of Rs. 10 each	1,500,000,000
50,000,000 Preference Shares of Rs. 10 each	<u>500,000,000</u>
<b>Issued, subscribed and paid up:</b>	
<b>Equity Share Capital</b>	
100,050,000 Equity Shares of Rs. 10 each fully paid up	1,000,500,000
[The entire paid-up Equity Share Capital is held by the Holding Company - Elena Power And Infrastructure Limited (formerly Elena Power Limited) and its nominees]	
<b>Preference Share Capital</b>	
30,000,000 0.0001% Cumulative Non-Convertible, redeemable Preference Shares of face value of Rs. 10 each fully paid up	300,000,000
(The entire paid-up Preference Share Capital is held by the Holding Company - Elena Power And Infrastructure Limited) (formerly Elena Power Limited)) (Refer Note II (i) of Schedule H)	
<b>As Per Balance Sheet</b>	<u><u>1,300,500,000</u></u>
<b>B Unsecured Loans</b>	
<b>Long Term Loans</b>	
From Holding Company-Elena Power And Infrastructure Limited (formerly Elena Power Limited)	3,496,285,000
<b>As Per Balance Sheet</b>	<u><u>3,496,285,000</u></u>
<b>C Investments</b>	
(Refer Note II (vi) (a) of Schedule H)	
<b>Long Term (At Cost)</b>	
Trade, Unquoted - Fully Paid Up in Subsidiary Company	
100,000,000 Ordinary Shares of Face Value of US Dollar 1 each in Galactic Ventures Limited	4,784,930,000
<b>As Per Balance Sheet</b>	<u><u>4,784,930,000</u></u>
Aggregate Book Value of Unquoted Investments	4,784,930,000
Aggregate Book Value of Quoted Investments	-
Aggregate Market Value of Quoted Investments	-
<b>D Cash and Bank Balances</b>	
Cash On Hand	-
Balances with Scheduled Banks On Current Accounts	29,524
<b>As Per Balance Sheet</b>	<u><u>29,524</u></u>
<b>E Current Liabilities</b>	
Sundry Creditors (Refer Note II (xii) of Schedule H)	
(a) Due to Micro, Small and Medium Enterprises	56,420
(b) Due to Others	7,209
Other Liabilities	7,209
<b>As Per Balance Sheet</b>	<u><u>63,629</u></u>

Albasta Power Limited  
Schedules forming part of Profit and Loss Account for the period  
from April 25, 2008 to March 31, 2009

	Amount in Rupees
	For the Period from April 25, 2008 to March 31, 2009
<b>F Other Income</b>	
Dividend on units of Mutual Funds - Non Trade	798,354
<b>As Per Profit and Loss Account</b>	<u>798,354</u>
<b>G Administrative and Other Expenses</b>	
Rates and Taxes	12,599,953
Legal and Professional Charges	41,363
Printing and Stationery	3,614
Auditors' Remuneration (Audit Fees - including Service Tax)	22,266
Preliminary Expenses	20,263
<b>As Per Profit and Loss Account</b>	<u>12,687,459</u>

## Albasta Power Limited

Schedule forming part of Financial Statements for the period from April 25, 2008 to March 31, 2009

### H. Significant Accounting Policies and Notes to Accounts

#### I. 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 ("GAAP") 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 GAAP 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 period. Differences between the actual results and estimates are recognized in the reporting period in which the results are known / materialized.
- iii. **Fixed Assets**  
Tangible fixed assets are stated at cost, net of tax/duty credits availed, less accumulated depreciation and impairment losses, if any. Cost includes original cost of acquisition or installation, including incidental expenses related to such acquisition.  
  
Intangible assets are stated at cost, net of tax/duty credits availed less accumulated amortization and impairment losses, if any. Cost includes original cost of acquisition or construction, including incidental expenses related to such acquisition or construction.
- iv. **Depreciation/Amortization**  
Depreciation on fixed assets is provided on the straight-line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.  
  
Depreciation on additions / deletions to fixed assets is provided on pro-rata basis from/upto the date the asset is put to use/discarded. Individual assets costing less than Rs. 5,000 are fully depreciated in the period of purchase.  
  
Intangible assets are amortized over the expected useful life from the date the assets are available for use, as mentioned below:
 

Description of asset	Estimated useful life
Software	Four years
- v. **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.
- vi. **Borrowing Costs**  
Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such 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.
- vii. **Investments**  
Investments are classified as long term and current investments. Long term investments are stated at cost less any provision for diminution in their value, other than temporary. Current investments are stated at lower of cost or fair value.

**Schedule: H Cont...)****viii. Revenue Recognition**

Dividend income is recognized when the right to receive the dividend is unconditionally established. Profit/loss on sale of investments is recognized on the date of the transaction of sale and is computed with reference to the original cost of the investment sold.

**ix. Foreign Currency Transactions****(1) Initial Recognition**

Foreign currency transactions are recorded at the exchange rate as of the date of the respective transactions.

**(2) Conversion**

Foreign currency monetary items are converted at the period end to the reporting currency using the closing rates at the reporting date. Non monetary items which are carried at historical cost denominated in foreign currency are reported at cost using the exchange rate as 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.

**(3) 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 period in which they arise except those arising from non-integral operations.

Exchange differences arising on a monetary item that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expense.

**x. Taxes on Income**

Current tax is determined as the tax payable in respect of taxable income for the reporting period and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits 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 of realization supported by convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**xi. Fringe Benefits Tax**

Fringe Benefits Tax is calculated in accordance with the provisions of the Income tax Act, 1961.

**xii. Earnings Per Share**

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

**xiii. 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 19 - Leases, as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

**Schedule: H Cont...)****xiv. 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:

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

(2) 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 can not 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.

**xv. Preliminary Expenses**

Preliminary expenses are adjusted (net of tax) 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.

**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. Deferred Employee Stock Compensation Costs**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on "Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. The Company has elected to apply the intrinsic value method of accounting. Accordingly, employee stock compensation costs are measured by the difference between the estimated intrinsic value of the company's shares on stock options on the grant date and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting period of the options. The fair value of options is measured on the basis of an independent valuation performed in respect of stock options granted.

## Schedule: H Cont...)

### II. Notes to Accounts:

#### i). Overview:

Albasta Power Limited ("the Company") was incorporated on April 25, 2008 as a wholly owned subsidiary of the erstwhile Indiabulls Power Services Limited ("IPSL") with an authorized capital of Rs. 500,000 divided into 50,000 equity shares of Rs.10 each. As a result of the Scheme of Amalgamation of IPSL with Sophia Power Company Limited ("SPCL") with effect from April 1, 2008 as approved by the Hon'ble High Court of Delhi, SPCL became the holding company of the Company. On December 9, 2008 Elena Power And Infrastructure Limited (Formerly Elena Power Limited) ("EPIL") acquired the entire issued share capital of the Company from SPCL and consequently, the Company became a wholly owned subsidiary company of EPIL. (Refer Note II (ii) of Schedule H)

The authorized capital was increased to Rs. 2,000,000,000 (Rupees Two Hundred Crore Only) divided into 150,000,000 equity shares of Rs. 10 each and 50,000,000 Preference shares of Rs. 10 each with effect from December 18, 2008. The main objects of the Company include inter alia carrying on the business of power generation, distribution, trading and transmission directly of all forms of power and ancillary and incidental activities.

On December 19, 2008 the Company issued and allotted 30,000,000 fully paid up 0.0001% Cumulative Non-Convertible, Redeemable Preference Shares of face value Rs. 10 each to its holding company, EPIL. These shares are redeemable at par any time at the option of EPIL or on the expiry of twenty years from the date of issuance, whichever is earlier.

#### ii). Restructuring of IPSL with SPCL

- The Hon'ble High Court of Delhi at New Delhi, vide its order dated September 01, 2008, received on November 04, 2008, sanctioned the Scheme of Amalgamation ("the Scheme of Amalgamation") of IPSL with SPCL. A Certified Copy of the Court Order approving the Scheme of Amalgamation was duly filed on December 03, 2008 ("the Effective Date"), with the office of the Registrar of Companies, National Capital Territory of Delhi and Haryana, thereby bringing the Scheme of Amalgamation into effect. As a result, IPSL was wound up and SPCL issued and allotted 197,500,000 equity shares of face value of Rs. 10 each amounting to Rs. 1,975,000,000 to the shareholders of erstwhile IPSL, in the exchange ratio of one fully paid Equity Share of SPCL of Rs. 10 each for every one fully paid Equity share of IPSL of Rs. 10 each.

#### Terms of Amalgamation of IPSL with SPCL

As per the Scheme of Amalgamation, with effect from the appointed date on April 01, 2008 ("the Appointed Date"):

- All business activities of IPSL carried out on or after the Appointed Date were deemed to have been carried out by IPSL on behalf of SPCL on a going concern basis and consequently, all profits and losses of IPSL and related taxes paid, were deemed to be the profits, losses and taxes of SPCL. The Scheme had accordingly been given effect from the Appointed Date.
- The authorized share capital of SPCL was increased to Rs. 11,980,000,000 divided into 1,198,000,000 equity shares of face value of Rs. 10 per share.
- SPCL issued and allotted 197,500,000 shares of face value of Rs. 10 each amounting to Rs. 1,975,000,000 to the shareholders of the erstwhile IPSL, in the exchange ratio of one fully paid Equity Share of SPCL of Rs. 10 each for every one fully paid Equity share of IPSL of Rs. 10 each.
- The Scheme of Amalgamation has been accounted for by SPCL under the Pooling of Interests method as sanctioned by the Hon'ble High Court of Delhi, at New Delhi and in accordance with Accounting Standard - 14 (AS 14) – Accounting for Amalgamations, notified under the Companies (Accounting Standards) Rules, 2006, as amended. Accordingly, all assets, liabilities and reserves of the erstwhile IPSL were recorded in SPCL's books of account at their respective book values as at the start of the Appointed Date, as set out below:

Schedule: H Cont...)

Particulars	Amount (in Rupees) As at the start of April 1, 2008
Fixed Assets (net of accumulated depreciation)	782,585
Expenditure Pending Allocation/Capitalization	8,842,748
Investments	251,140,000
Current Assets	1,718,348,967
Less: - Liabilities acquired	2,559,691
Less: - Accumulated Reserves taken over Surplus as per Profit and Loss Account	1,554,609
Net Assets as at the start of April 1, 2008	1,975,000,000
Less:- Value of Equity Share Capital issued to equity shareholders' of Indiabulls Power Services Limited	1,975,000,000

- All incomes and expenses from the Appointed Date relating to IPSL were incorporated in the accounts of SPCL.
- The surplus in the Profit and Loss Account of IPSL amounting to Rs. 1,554,609, as on the start of the Appointed Date was transferred and credited to Profit and Loss Account of SPCL.
- All tax assets and liabilities of IPSL as on the start of the Appointed Date have been incorporated in the books of accounts of SPCL.
- All the erstwhile property, rights and powers of IPSL was transferred without further act or deed to SPCL.
- All the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, claims, leases, tenancy rights, special status and other benefits or privileges of IPSL were transferred in favour of SPCL.
- All suits, actions and proceedings pending by or against IPSL, to be pursued by SPCL.
- All contracts, deeds, bonds, agreements, MOUs, bids, tenders, bidding rights, expressions of interest, approvals, development rights (whether vested or potential and whether under agreements or otherwise), letters of intent, arrangements, any municipal / regulatory approvals / sanctions and other Instruments ( including all tenancies, leases, licenses and all other assurances in favour of IPSL, without any further act, instrument or deed, to be in full force and effect against or in favour of SPCL.
- All the employees of IPSL in service on the effective date became the employees of SPCL.
- On January 10, 2008 IPSL had established the Employees Stock Options Scheme ("IPSL ESOS Plan"). Pursuant to the Scheme of Amalgamation and with effect from the Appointed Date and effective from the Effective date, the IPSL ESOS Plan was terminated and in lieu, in terms of Clause 14(c) of the Scheme, the SPCL – IPSL Employees Stock Option Plan 2008 ("SPCL – IPSL ESOP, 2008") was established for the outstanding, unvested options, for the benefit of the erstwhile IPSL option holders, on terms and conditions not less favourable than those provided in the erstwhile IPSL ESOS Plan and taking into account the share exchange ratio i.e. one equity share of SPCL of face value Rs. 10 each for every one equity share of IPSL of face value Rs. 10 each. All the option holders under the IPSL ESOS Plan on the Effective Date were granted the new options under SPCL – IPSL ESOP, 2008 in lieu of their cancelled options under IPSL ESOS Plan. The SPCL – IPSL ESOP, 2008 was treated as continuation of IPSL ESOS Plan and all such options were treated outstanding from their respective date of grant under IPSL ESOS Plan, accordingly, no compensation expense was recognised. No adjustment is required in respect of the number and exercise price of options as the share exchange ratio is one equity share of face value Rs. 10 each of SPCL for every one equity share of face value Rs. 10 each of IPSL.

**Schedule: H Cont...)**

**iii). Employees Stock Option Schemes**

**I Stock Option Schemes of Indiabulls Real Estate Limited:**

**1) Indiabulls Real Estate Limited Employees Stock Options Scheme – 2006:**

During the period ended March 31, 2007, Indiabulls Real Estate Limited (“IBREL”) the ultimate Holding Company established the Indiabulls Real Estate Limited Employees Stock Options Scheme (“IBREL ESOS-I” or “Plan-I”). Under the Plan- I, IBREL issued 9,000,000 equity settled options to eligible employees which gave them a right to subscribe upto 9,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL at an exercise price of Rs. 60 per option, subject to the requirements of vesting. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. A Compensation Committee constituted by the Board of Directors of IBREL administers the Plan- I.

IBREL follows the Intrinsic Value method of accounting as prescribed under the Guidance Note on “Accounting for Employees Share based Payments” issued by the Institute of Chartered Accountants of India. No Deferred Employee Stock Compensation Cost was initially recorded on the grant of options as the Intrinsic Value calculated by an independent valuer was lower than the exercise price. There is no impact on the Company’s Profits after taxes and Basic and Diluted earnings per share on account of Plan I.

**2) Indiabulls Real Estate Limited Employees Stock Options Scheme – 2008:**

During the year, IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (“IBREL ESOS 2008”). Under IBREL ESOS 2008, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 1,500,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL, at an exercise price of Rs. 495.70 per option, being the closing market price on the National Stock Exchange of India Limited, as at April 21, 2008.

The stock options so granted, were to vest in the eligible employees in equal slabs of 10% per year, over a period of 10 years beginning from April 23, 2009, the first vesting date. The options granted under each of the slabs, were to be exercised by the grantees within a period of ninety days from the relevant vesting date.

During the year ended March 31, 2009, all eligible employees voluntarily surrendered the options granted to them under IBREL ESOS 2008 and the Compensation Committee decided not to re-grant these options. Pursuant to the shareholders’ approval by way of Postal Ballot on December 12, 2008, IBREL cancelled and withdrew IBREL ESOS 2008.

**3) Indiabulls Real Estate Limited Employees Stock Options Scheme 2008 (II):**

During the year ended March 31, 2009, IBREL established the Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) (“IBREL ESOS-II” or “Plan-II”). Under Plan II, IBREL issued equity settled options to its eligible employees and of its subsidiary companies to subscribe upto 2,000,000 stock options representing an equal number of equity shares of face value of Rs. 2 each in IBREL, at an exercise price of Rs. 110.50 per option, being the closing market price on the National Stock Exchange of India Limited, as at January 29, 2009.

The stock options so granted, shall vest in the eligible employees within 10 years beginning from January 31, 2010, the first vesting date. The stock options granted under each of the slabs, are exercisable by the option holders within a period of five years from the relevant vesting date.

IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments (“Guidance Note”), issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no deferred employee stock compensation cost has been recorded in the financial statements. The fair value of the options under Plan II using the Black-Scholes model, based on the following parameters, is Rs.62.79 per option, as certified by an independent firm of chartered accountants.

Schedule: H Cont...)

Particulars	Plan – II
Fair value of option at grant date (Rs. per option)	Rs. 62.79
Exercise price (Rs. per option)	Rs. 110.50
Expected volatility	86%
Expected forfeiture percentage on each vesting date	Nil
Option Life (Weighted Average)	10.5 Years
Expected Dividend yield	3.92%
Risk Free rate of Interest	6.50%

The expected volatility was determined based on historical volatility data of IBREL shares listed on the National Stock Exchange of India Limited.

There is no impact on the Company's profit after taxes and basic and diluted earnings per share on account of Plan II.

A summary of the movement, during the year, in various IBREL ESOS Plans is as below:

Particulars	IBREL ESOS-I	IBREL ESOS 2008	IBREL ESOS-II
Number of options outstanding as at April 1, 2008	8,100,000	--	--
Number of options granted during the year	--	1,500,000	2,000,000
Number of options forfeited/canceled during the year	--	1,500,000	--
Number of options exercised during the year	--	--	--
Number of options expired during the year	--	--	--
Number of options outstanding as at March 31, 2009	8,100,000	--	2,000,000
Number of options exercisable as at March 31, 2009	900,000	--	--
Exercise Price (Rs. per option)	60	495.70	110.50
Remaining Contractual Life (Months)	103	--	124

**II Stock Option Schemes of Sophia Power Company Limited:**

On January 10, 2008 the erstwhile IPSL, had established the IPSL ESOS Plan, under which, IPSL was authorised to issue upto 20,000,000 equity settled options at an exercise price of Rs. 10 per option to eligible employees. Employees covered by the plan were granted an option to purchase equity shares of IPSL subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of IPSL administered the plan. All these options were outstanding as at April 01, 2008.

Pursuant to the Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, duly approved by the Hon'ble High Court of Delhi at New Delhi vide its order dated September 1, 2008 IPSL was amalgamated with SPCL. With effect from the Appointed Date the IPSL ESOS Plan was terminated and in lieu, in terms of Clause 14 (c) of the Scheme of Amalgamation SPCL – IPSL Employees Stock Option Plan 2008 ("SPCL – IPSL ESOP, 2008") was established in SPCL for the outstanding, unvested options, for the benefit of the erstwhile IPSL option holders, on terms and conditions not less favorable than those provided in the erstwhile IPSL ESOS Plan and taking into account the share exchange ratio i.e. one equity share of SPCL of face value Rs. 10 each for every one equity share of IPSL of face value Rs. 10 each. All the option holders under the IPSL ESOS Plan on the Effective date were granted options under the SPCL – IPSL ESOP, 2008 in lieu of their cancelled options under IPSL ESOS Plan. The SPCL – IPSL ESOP, 2008 was treated as continuation of IPSL ESOS Plan and all such options were treated outstanding from their respective date of grant under IPSL ESOS Plan, accordingly, no compensation expense was recognised. No adjustment is required in respect of the number and exercise price of options as the share exchange ratio is one equity share of face value Rs. 10 each of SPCL for every one equity share of face value Rs. 10 each of IPSL.

Schedule: H Cont...)

The other disclosures in respect of the SPCL – IPSL ESOP, 2008 are as under:

Particulars	SPCL – IPSL ESOP, 2008 Year ended March 31, 2009
Total Options granted under the Scheme of Amalgamation under IPSL ESOS Plan	20,000,000
Options outstanding as at April 1, 2008 (Nos.)	20,000,000
Options surrendered during the year (No.)	3,800,000
Options granted during the year (Nos.)*	3,800,000
Exercise price for options granted on January 10, 2008	Rs 10 per option
Exercise price for options granted on September 15, 2008	Rs 26 per option
Options vested during the year (Nos.)	1,620,000
Exercised during the year (Nos.)	Nil
Vesting period and Percentage**	Ten Years, 10% each year
Options expired during the year (Nos.)	Nil
Options outstanding as at March 31, 2009 (Nos.)	20,000,000
Options exercisable as at March 31, 2009 (Nos.)	1,620,000
Options which are yet to be granted (Nos.)	Nil
Remaining contractual Life (Months)	114

\* These were granted under IPSL ESOS Plan

\*\*First vesting date of the options granted on January 10, 2008 occurred on March 1, 2009. In respect of all subsequent grants, the first vesting commences at the expiry of 12 months after the respective date of grant.

The exercise price of options under the SPCL – IPSL ESOP, 2008 is higher than the intrinsic value and the fair value of the options on the respective dates of grant. SPCL follows the intrinsic value method of accounting as prescribed in the Guidance Note. Had SPCL followed the fair value method of accounting, on the date of grant there would have been no impact on the profit after taxes and on the Basic and Diluted Earnings per share of SPCL for the year, as the fair value of the options is lower than the exercise price. The values on the date of grant under the intrinsic value and fair value method have been calculated by an independent valuer.

The Fair values of the options under the plan using the binomial pricing model based on the following parameters are as under:

S. No	Particulars	Original Grant on January 10, 2008	Subsequent Grant on September 15, 2008
1	Fair value per option at grant date	Rs. 9.60	Rs. 25.60
2	Exercise price per option	Rs. 10.00	Rs. 26.00
3	Expected volatility	0%	0%
4	Expected forfeiture percentage on each vesting date	5%	5%
5	Option Life	1through10years	1through10years
6	Expected Dividend Yield	8%	8%
7	Risk Free rate of Interest	8%	8%

There is no impact on profits after taxes and the basic and diluted earnings per share of the Company on account of SPCL – IPSL ESOP, 2008.

## Schedule: H Cont...)

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

<u>Nature of relationship</u>	<u>Related party</u>
I. <b>Ultimate Holding Company</b>	Indiabulls Real Estate Limited
II. <b>Parent of Holding Company</b>	Sophia Power Company Limited (Holding Company upto December 8, 2008) (Refer Note II (ii) of Schedule H)
III. <b>Holding Company</b>	Elena Power And Infrastructure Limited (formerly Elena Power Limited) (w.e.f. December 9, 2008)
IV. <b>Subsidiary Company</b>	Galactic Ventures Limited
V. <b>Fellow Subsidiaries of Holding Company*</b>	

<u>Name of Company</u>	<u>Name of Company</u>
Airmid Power Limited	Indiabulls Power Generation Limited
Albina Power Limited	Indiabulls Power Infrastructure Limited (formerly Indiabulls Thermal Power Infrastructure Limited)
Angina Power Limited	Indiabulls Power Management Limited
Apesh Power Limited	Indiabulls Power Projects Development Limited
Aravali Properties Limited	Indiabulls Power Projects Limited
Ashkit Power Limited	Indiabulls Power Solutions Limited
Bracond Limited	Indiabulls Power Supply Limited
Chloris Power Limited	Indiabulls Power Systems Limited
Citra Thermal Power and Infrastructure Limited	Indiabulls Power Trading Limited
Corus Power Limited	Indiabulls Power Transmission Limited
Devona Thermal Power and Infrastructure Limited	Indiabulls Power Utility Limited
Diana Energy Limited	Indiabulls Powergen Limited
Diana Power Limited(formerly Indiabulls Power Limited)	Indiabulls Realtech Limited
Fama Power Company Limited	Indiabulls Thermal Energy Limited
Fornax Power Limited	Indiabulls Thermal Power Limited
Genorformus Limited	Indiabulls Thermal Power Management Limited
Hecate Electric Limited	Indiabulls Thermal Power Projects Limited
Hecate Energy Limited	Indiabulls Thermal Projects Limited
Hecate Energy Trading Limited	Kaya Hydropower Projects Limited
Hecate Hydro Electric Power Limited	Lenus Power Limited
Hecate Power and Energy Resources Limited	Lucina Power And Infrastructure Limited (formerly Aravali Land Development Private Limited)
Hecate Power Company Limited	Mabon Power Limited
Hecate Power Development Limited	Mariana Power Limited
Hecate Power Distributors Limited	Pachi Hydropower Projects Limited
Hecate Power Generation Limited	Papu Hydropower Projects Limited
Hecate Power Limited	Poana Power Systems Limited
Hecate Power Management Limited	Poena Hydro Power Projects Limited
Hecate Power Projects Limited	Poena Power Company Limited
Hecate Power Services Limited	Poena Power Development Limited
Hecate Power Solutions Limited	Poena Power Distributors Limited
Hecate Power Supply Limited	Poena Power Generation Limited
Hecate Power Systems Limited	Poena Power Limited

Schedule: H Cont...)

Name of Company	Name of Company
Hecate Power Transmission Limited	Poena Power Management Limited
Hecate Power Utility Limited	Poena Power Projects Limited
Hecate Powergen Limited	Poena Power Services Limited
Hecate Thermal Power And Infrastructure Limited	Poena Power Solutions Limited
Indiabulls CSEB Bhaiyathan Power Limited (Formerly Indiabulls Bhaiyathan Power Limited)	Poena Power Supply Limited
Indiabulls Electric Company Limited	Poena Power Trading Limited
Indiabulls Electric Energy Limited	Poena Power Transmission Limited
Indiabulls Electric Limited	Poena Power Utility Limited
Indiabulls Electric Power Limited	Poena Thermal Power Limited
Indiabulls Electricity Company Limited	Renemark Limited
Indiabulls Electricity Generation Limited	Selene Power Company Limited
Indiabulls Energy Limited (till April 28, 2008)	Sentia Thermal Power and Infrastructure Limited
Indiabulls Hydro Electric Power Limited	Sepla Hydropower Projects Limited
Indiabulls Hydro Energy Limited	Sepset Thermal Power and Infrastructure Limited
Indiabulls Hydro Power Limited	Serida Power Limited
Indiabulls Hydro Power Projects Limited	Tharang Warang Hydropower Projects Limited
Indiabulls Power Development Limited	Triton Energy Limited
Indiabulls Power Distribution Limited	Varali Power Limited
Indiabulls Power Generation Company Limited	Zeus Energy Limited

\* These companies are also Subsidiary Companies (including step down Subsidiary Companies) of Sophia Power Company Limited, parent of the holding company.

VI. Key Management Personnel

Name	Designation
Mr. Sameer Gehlaut	Additional Director and Chairman of the Parent of the Holding Company and Director of Ultimate Holding Company
Mr. Rajiv Rattan	Director of the Parent of Holding Company and Director of Ultimate Holding Company
Mr. Saurabh K. Mittal	Additional Director and Vice Chairman of the Parent of Holding Company and Director of Ultimate Holding Company
Mr. Narendra Gehlaut	Joint Managing Director of Ultimate Holding Company
Mr. Vipul D. Bansal	Joint Managing Director of Ultimate Holding Company
Mr. Alok Kumar	Whole Time Director of the Company

Summary of significant Transactions with Related Parties for the period from April 25, 2008 to March 31, 2009:  
Amount in Rupees

Nature of Transactions	Parent of Holding Company	Holding Company	Subsidiary Company	Total
<b>Finance</b>				
Issue of Equity Share Capital	500,000	1,000,000,000	-	1,000,500,000
Issue of Preference Share Capital	-	300,000,000	-	300,000,000
Investment in Equity Shares	-	-	4,784,930,000	4,784,930,000
Loan Taken / Inter Corporate Deposit Received*	-	3,502,500,000	-	3,502,500,000
<b>Expenses</b>				
Reimbursement of Preliminary expenses made	20,263	-	-	20,263
Reimbursement of General expenses made	15,137	-	-	15,137

\* Maximum amount outstanding at any time during the period.

## Albasta Power Limited

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

### a) Outstanding balances as at March 31, 2009

Nature of Transactions	Amount in Rupees	
	Holding Company	Total
Loan Taken / Inter Corporate Deposit Received	3,496,285,000	3,496,285,000

### b) Statement of Significant Transactions for the period from April 25, 2008 to March 31, 2009

Name	Equity Share Capital	Preference Share Capital	Investment in Ordinary Shares	Loan Taken / Inter Corporate Deposit Received*	Outstanding Balances of Loan Taken / Inter Corporate Deposit Received	Amount in Rupees		
						Reimbursement of Preliminary expenses made	Reimbursement of General expenses made	Total
<b>Parent of Holding Company</b>								
Sophia Power Company Limited	500,000	-	-	-	-	20,263	15,137	
<b>Holding Company</b>								
Elena Power And Infrastructure Limited	1,000,000,000	300,000,000	-	3,502,500,000	3,496,285,000	-	-	
<b>Subsidiary Company</b>								
Galactic Ventures Limited	-	-	4,784,930,000	-	-	-	-	
<b>Total</b>	<b>1,000,500,000</b>	<b>300,000,000</b>	<b>4,784,930,000</b>	<b>3,502,500,000</b>	<b>3,496,285,000</b>	<b>20,263</b>	<b>15,137</b>	

\*Maximum amount outstanding at any time during the period.

## Albasta Power Limited

### v). Earnings per Share:

Basic earnings per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the period, by the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are considered as converted to equity shares at the beginning of the period, unless they have been issued during the period. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares, share warrants and the potential dilutive effect of Employee Stock Options Plan as appropriate.

Amount in Rupees except number of Shares	
For the Period from April 25, 2008 to March 31, 2009	
(Loss) After Tax	(11,889,105)
Weighted average number of Shares used in computing Basic earnings per share	30,050,000
Weighted average number of Shares used in computing Diluted earnings per share	30,050,000
Nominal Value Per Equity Share – (Rs.)	10
Basic Earnings Per Share – (Rs.)	(0.40)
Diluted Earnings Per Share – (Rs.)	(0.40)

### vi). Particulars relating to purchase and sale of Investments during the period from April 25, 2008 to March 31, 2009 :

(a) Statement of acquisition of long term, trade investments during the period from April 25, 2008 to March 31, 2009:

Particulars	Investments made during the period	
	No. of shares	Amount in Rupees
Investment in Ordinary Shares of Galactic Ventures Limited	100,000,000	4,784,930,000
<b>Total</b>		<b>4,784,930,000</b>

(b) Details of Purchase and Sale/Redemption of Current, Non Trade, Unquoted investments during the period from April 25, 2008 to March 31, 2009:

In Mutual Funds	Type	Purchase		Sale/Redemption	
		No of units	Amount in Rupees	No of units	Amount in Rupees
Reliance Liquid Fund	Daily Dividend	57,491	876,311	57,491	876,311
Reliance Liquidity Fund	Daily Dividend	130,038,692	1,300,790,043	130,038,692	1,300,790,043
<b>TOTAL</b>		<b>130,096,183</b>	<b>1,301,666,354</b>	<b>130,096,183</b>	<b>1,301,666,354</b>

vii). In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2009 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.

**Schedule: H Cont...)**

- viii). Considering the nature of the Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting'. Hence, no further disclosures are required in respect of reportable segments, under Accounting Standard 17, other than those already provided in the financial statements.
- ix). As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 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.
- x). No borrowing costs have been capitalized during the period.
- xi). In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2009.
- xii). Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 :
  - a) There is no payment due to suppliers as at the end of the accounting period on account of Principal and Interest.
  - b) No interest was paid during the period 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.
  - c) No interest is payable at the end of the period other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
  - d) No amount of interest was accrued and unpaid at the end of the accounting period.

The above information and that given in Schedule E - "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.
- xiii). Disclosures pursuant to Part II of Schedule VI of the Companies Act, 1956, to the extent applicable Managerial Remuneration under Section 198 of the Companies Act, 1956: Rs. Nil.
- xiv). There is no contingent liability to be reported as at March 31, 2009.
- xv). The Company has not entered into any derivative instruments during the period. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instruments.
- xvi). No provision is made towards diminution in value of Long Term Investment where the decline in value is temporary in nature.
- xvii). The Company's first accounting period is from April 25, 2008 to March 31, 2009. As this is the first reporting period since incorporation of the Company, no figures in respect of the previous accounting period have been presented.
- xviii). There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.

As per our report of even date

For Ajay Sardana Associates  
Chartered Accountants

  
Ashwini Kumar Mishra  
Partner  
Membership No 062323  
Place: New Delhi  
Date: June 2, 2009

For and on behalf of the Board

  
Alok Kumar  
Whole Time Director

Place: New Delhi  
Date: June 2, 2009

  
Ranjit Gupta  
Director

  
Varun Kwatra  
Company Secretary

**b) Year ended March 31, 2010****SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS**Auditors' Report to the Members of Albasta Power Limited**

1. We have audited the attached Balance Sheet of Albasta Power Limited ("the Company") as at March 31, 2010 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2010. 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) 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;
  - (v) on the basis of written representation received from the directors, as at March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



Y-59, HAUZ KHAS, NEW DELHI-110 016 INDIA  
MOB: 9811078005, TEL.: 91-11-26967048 Fax: 91-11-26967365  
E-MAIL: amar.mittal@sgcservices.com



**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

- (vi) 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, 2010;
  - (b) in the case of Profit and Loss Account, of the loss of the Company for the year ended on March 31, 2010; and
  - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on March 31, 2010.

For Sharma Goel & Co.  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Subodh Kaura', written over a circular blue stamp.

Subodh Kaura  
Partner

Membership No84883  
FRN000643N  
New Delhi, April 7, 2010



**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

**Annexure referred to in paragraph 3 of the Auditor's Report of even date to the  
Members of Albasta Power Limited on the financial statements for the year ended  
March 31, 2010**

- (i) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the period is such that paragraphs 4 (i), 4 (ii), 4(iii), 4(vii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi) 4(xix) and 4(xx) of the Order are not applicable to the Company.
- (ii) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and nature of its business. The activities of the Company do not involve purchase of inventories and fixed assets and the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (iii) 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.
- (iv) 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.
- (v) The Central Government of India, pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2001 ("The Rules") has prescribed maintenance of cost records prescribed under clause (d) of sub-section (1) of Section 209 of the Act to the Company. However, the Rules are not applicable to the Company, as the Company has not started commercial operations.
- (vi) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any dues on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues. There were no dues on account of Cess under Section 441A of the Companies



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**SHARMA GOEL & CO.**  
CHARTERED ACCOUNTANTS

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 Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at March 31, 2010 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, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- (vii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (viii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (ix) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Sharma Goel & Co.  
Chartered Accountants

Subodh Kaura  
Partner

Membership No84883  
FRN000643N  
New Delhi, April 7, 2010

**Albasta Power Limited**  
Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010	Amount In Rupees As at March 31, 2009
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	1,300,500,000	1,300,500,000
<b>Loan Funds</b>			
Unsecured Loans	B	3,496,445,000	3,496,285,000
<b>TOTAL</b>		<b>4,796,945,000</b>	<b>4,796,785,000</b>
<b>Application of Funds</b>			
Investments	C	4,784,930,000	4,784,930,000
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	D	2,076	29,524
		<u>2,076</u>	<u>29,524</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	E	1,161,459	63,629
		<u>1,161,459</u>	<u>63,629</u>
<b>Net Current Assets</b>		<b>(1,159,383)</b>	<b>(34,105)</b>
<b>Debit Balance In Profit &amp; Loss Account</b>		<b>13,174,383</b>	<b>11,889,105</b>
<b>TOTAL</b>		<b>4,796,945,000</b>	<b>4,796,785,000</b>

Significant Accounting Policies and  
Notes to Accounts

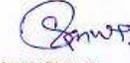
As per our report of even date

For Sharma Goel & Co.  
Chartered Accountants

  
Subodh Kaura  
Partner  
Membership No.: 084883  
ICAI Reg. No. 000643N

Place : New Delhi  
Date : April 07, 2010

For and on behalf of the Board

    
Alok Kumar      Ranjit Gupta      Sudha Panwar  
Whole Time Director      Director      Company Secretary

Place : New Delhi  
Date : April 07, 2010

**Albasta Power Limited**  
**Profit and Loss Account for the year ended March 31, 2010**

	Schedule	For the year ended March 31, 2010	Amount in Rupees For the period ended March 31, 2009
<b>INCOME</b>			
Other Income	F	11,236	798,354
<b>TOTAL</b>		<u>11,236</u>	<u>798,354</u>
<b>EXPENDITURE</b>			
Administrative and Other expenses	G	1,296,459	12,687,459
Interest and Finance Charges	H	55	-
<b>TOTAL</b>		<u>1,296,514</u>	<u>12,687,459</u>
<b>(Loss) Before Tax</b>		<u>(1,285,278)</u>	<u>(11,889,105)</u>
Provision for Tax			
- Current Tax		-	-
- Deferred Tax		-	-
- Fringe Benefits Tax		-	-
<b>(Loss) After Tax</b>		<u>(1,285,278)</u>	<u>(11,889,105)</u>
<b>Balance of (Loss) Brought Forward</b>		<u>(11,889,105)</u>	-
<b>Balance of (Loss) Carried Forward</b>		<u>(13,174,383)</u>	<u>(11,889,105)</u>

**Earnings Per Share ( Refer Note II (v) of Schedule I)**

- Basic (Rs.)	(0.01)	(0.40)
- Diluted (Rs.)	(0.01)	(0.40)
Face value per share (Rs.)	10	10

Significant Accounting Policies and  
Notes to Accounts

I

As per our report of even date

For Sharma Goel & Co.  
Chartered Accountants

Subodh Kaura  
Partner  
Membership No.: 084883  
ICAI Reg. No. 000643N

Place : New Delhi  
Date: April 07, 2010

For and on behalf of the Board

  
Alok Kumar  
Whole Time Director

  
Ranjit Gupta  
Director

  
Sudha Panwar  
Company Secretary

Place : New Delhi  
Date: April 07, 2010

**Albasta Power Limited**  
Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010	Amount In Rupees For the period ended March 31, 2009
<b>A Cash Flow From Operating Activities :</b>		
(Loss) Before Tax	(1,285,278)	(11,889,105)
<b>Adjustments for:</b>		
Dividend on Units of Mutual Funds - Non Trade	-	(798,354)
<b>Operating (Loss) before working capital changes</b>	<u>(1,285,278)</u>	<u>(12,687,459)</u>
<b>Adjustments for:</b>		
Increase/(Decrease) in Trade Payables and other liabilities	1,097,830	63,629
<b>Net Cash Generated From/(Used in) Operating Activities</b>	<u>(187,448)</u>	<u>(12,623,830)</u>
<b>B Cash Flow From Investing Activities</b>		
Investment in Equity Shares of Subsidiary Company	-	(4,784,930,000)
Dividend received on Units of Mutual Funds - Non Trade	-	798,354
<b>Net Cash Generated From/(Used in) Investing Activities</b>	<u>-</u>	<u>(4,784,131,646)</u>
<b>C Cash flow from Financing Activities</b>		
Proceeds from Issue of Equity Shares	-	1,000,500,000
Proceeds from Issue of Preference Shares	-	300,000,000
Inter Corporate Deposits taken / repaid from Holding Company	160,000	3,496,285,000
<b>Net Cash Generated From/(Used in) Financing Activities</b>	<u>160,000</u>	<u>4,796,785,000</u>
<b>D Net Increase / (Decrease) in Cash and Cash equivalents ( A+B+C)</b>	<u>(27,448)</u>	<u>29,524</u>
<b>E Cash and Cash equivalents at the beginning of the year</b>	<u>29,524</u>	<u>-</u>
<b>F Cash and Cash equivalents at the end of the year ( D+E)</b>	<u>2,076</u>	<u>29,524</u>

**Note :**

1 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statements as notified under the Companies ( Accounting Standards) Rules, 2006 as amended .

2 Cash and cash equivalents as at the end of the year include :

Balance with Scheduled Banks	2,076	29,524
On Current Accounts	<u>2,076</u>	<u>29,524</u>

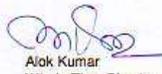
As per our report of even date

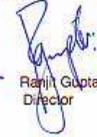
For Sharma Goel & Co.  
Chartered Accountants

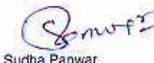
  
Subodh Kaura  
Partner  
Membership No.: 084883  
ICAI Reg. No. 000643N

Place : New Delhi  
Date : April 07, 2010

For and on behalf of the Board

  
Alok Kumar  
Whole Time Director

  
Ranjit Gupta  
Director

  
Sudha Panwar  
Company Secretary

Place : New Delhi  
Date : April 07, 2010

**Albasta Power Limited**  
Schedules forming part of Balance Sheet as at March 31, 2010

	Amount in Rupees	
	As at March 31, 2010	As at March 31, 2009
<b>A Share Capital</b>		
<b>Authorised:</b>		
150,000,000 (Previous Period 150,000,000) Equity Shares of Rs. 10 each	1,500,000,000	1,500,000,000
50,000,000 (Previous Period 50,000,000) Preference Shares of Rs. 10 each	500,000,000	500,000,000
<b>Issued, subscribed and paid up:</b>		
<b>Equity Share Capital</b>		
100,050,000 (Previous Period 100,050,000) Equity Shares of Rs 10 each fully paid up [The entire paid-up Equity Share Capital is held by the Holding Company - Elena Power and Infrastructure Limited (formerly Elena Power Limited) and its nominees (Previous Period, the entire paid-up Equity Share Capital was held by the Holding Company - Elena Power and Infrastructure Limited (formerly Elena Power Limited) and its nominees)]	1,000,500,000	1,000,500,000
<b>Preference Share Capital</b>		
30,000,000 (Previous Year 30,000,000) 0.0001% Cumulative Non-Convertible, redeemable Preference Shares of face value of Rs. 10 each fully paid up [The entire paid-up Preference Share Capital is held by the Holding Company - Elena Power and Infrastructure Limited (formerly Elena Power Limited) and its nominees (Previous Period, the entire paid-up Preference Share Capital was held by the Holding Company - Elena Power and Infrastructure Limited (formerly Elena Power Limited) and its nominees)] ( Refer Note II (i) of Schedule I)	300,000,000	300,000,000
<b>As Per Balance Sheet</b>	<u>1,300,500,000</u>	<u>1,300,500,000</u>
<b>B Unsecured Loans</b>		
<b>Long Term Loans - Others</b>		
From Holding Company-Elena Power And Infrastructure Limited	3,496,445,000	3,496,285,000
<b>As Per Balance Sheet</b>	<u>3,496,445,000</u>	<u>3,496,285,000</u>
<b>C Investments</b>		
<b>Long Term (At Cost)</b>		
Trade, Unquoted - Fully Paid Up in Subsidiary Company 100,000,000 Ordinary Shares of Face Value of US Dollar 1 each in Galactic Ventures Limited	4,784,930,000	4,784,930,000
<b>As Per Balance Sheet</b>	<u>4,784,930,000</u>	<u>4,784,930,000</u>
Aggregate Book Value of Unquoted Investments	4,784,930,000	4,784,930,000
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market Value of Quoted Investments	-	-
<b>D Cash and Bank Balances</b>		
Balances with Scheduled Banks:		
On Current Accounts	2,076	29,524
<b>As Per Balance Sheet</b>	<u>2,076</u>	<u>29,524</u>
<b>E Current Liabilities</b>		
<b>Sundry Creditors (Refer Note II (xii) of Schedule I)</b>		
(a) Due to Micro, Small and Medium Enterprises	-	-
(b) Due to Others	1,042,335	56,420
Other Liabilities	119,124	7,209
<b>As Per Balance Sheet</b>	<u>1,161,459</u>	<u>63,629</u>



**Albasta Power Limited**  
Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

	Amount in Rupees	
	For the year ended March 31, 2010	For the period ended March 31, 2009
<b>F Other Income</b>		
Dividend on units of Mutual Funds - Non Trade	-	798,354
Miscellaneous Income	11,236	-
<b>As Per Profit and Loss Account</b>	<u>11,236</u>	<u>798,354</u>
<b>G Administrative and Other Expenses</b>		
Rates and Taxes	3,510	12,599,953
Legal and Professional Charges	1,130,575	41,363
Travelling and Conveyance	74,000	-
Printing and Stationery	-	3,614
Auditors' Remuneration (Audit Fees - Inclusive of Service Tax)	88,240	22,266
Preliminary Expenses	-	20,263
Miscellaneous Expenses	134	-
<b>As Per Profit and Loss Account</b>	<u>1,296,459</u>	<u>12,687,459</u>
<b>H Interest and Finance Charges</b>		
Bank Charges	55	-
<b>As per Profit and Loss Account</b>	<u>55</u>	<u>-</u>



## Albasta Power Limited

Schedule forming part of Financial Statements for the year ended March 31, 2010

### I. Significant Accounting Policies and Notes to Accounts

#### 1. 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 ("GAAP") 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 GAAP 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 reporting year in which the results are known / materialized.

##### iii. Fixed Assets

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

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

##### iv. Depreciation/Amortization

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

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

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

Description of asset	Estimated useful life
Software	Four years

##### v. 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.

##### vi. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial year of time to get ready for its intended use. All other borrowing costs are charged to revenue.

##### vii. Investments

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



**Schedule: I Cont...)**

**viii. Revenue Recognition**

Dividend income is recognized when the right to receive the dividend is unconditionally established. Profit/loss on sale of investments is recognized on the date of the transaction of sale and is computed with reference to the original cost of the investment sold.

**ix. Foreign Currency Transactions**

**(1) Initial Recognition**

Foreign currency transactions are recorded at the exchange rate as of the date of the respective transactions.

**(2) Conversion**

Foreign currency monetary items are converted at the year end to the reporting currency using the closing rates at the reporting date. Non monetary items which are carried at historical cost denominated in foreign currency are reported at cost using the exchange rate as 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.

**(3) 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 non-integral operations.

Exchange differences arising on a monetary item that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expense.

**x. Taxes on Income**

Current tax is determined as the tax payable in respect of taxable income for the reporting year and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits 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 of realization supported by convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**xi. Earnings Per Share**

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

**xii. 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 19 - Leases, as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

**xiii. 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:

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

(2) 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 can not be made.



**Schedule: I Cont...)**

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

**xiv. Preliminary Expenses**

Preliminary expenses are adjusted (net of tax) 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.

**xv. 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.

**xvi. Deferred Employee Stock Compensation Costs**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on "Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. The Company has elected to apply the intrinsic value method of accounting. Accordingly, employee stock compensation costs are measured by the difference between the estimated intrinsic value of the company's shares on stock options on the grant date and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting years of the options. The fair value of options is measured on the basis of an independent valuation performed in respect of stock options granted.



## Schedule: I Cont...)

### II. Notes to Accounts:

#### i). **Overview:**

Albasta Power Limited ("the Company") was incorporated on April 25, 2008 as a wholly owned subsidiary of the erstwhile Indiabulls Power Services Limited ("IPSL") with an authorized share capital of Rs. 5,00,000 divided in to 50,000 equity share capital of Rs. 10 each. As a result of the Scheme of Amalgamation of IPSL with Indiabulls Power Limited. ("IPL") (formerly Sophia Power Company Limited, name changed to Indiabulls Power Limited. with effect from July 7, 2009 ) as approved by the Hon'ble High Court of Delhi, IPL became the holding company of the Company with effect from April 1, 2008. On December 9, 2008 Elena Power And Infrastructure Limited (Formerly Elena Power Limited) ("EPIL") acquired the entire issued share capital of the Company from IPL and consequently, the Company became a wholly owned subsidiary company of EPIL. (Refer Note II (ii) of Schedule I)

The authorized capital was increased to Rs. 2,000,000,000 (Rupees Two Hundred Crore Only) divided into 150,000,000 equity shares of Rs. 10 each and 50,000,000 Preference shares of Rs. 10 each with effect from December 18, 2008. The main objects of the Company include inter alia carrying on the business of power generation, distribution, trading and transmission directly of all forms of power and ancillary and incidental activities.

On December 19, 2008 the Company issued and allotted 30,000,000 fully paid up 0.0001% Cumulative Non-Convertible, Redeemable Preference Shares of face value Rs. 10 each to its holding company, EPIL. These shares are redeemable at par any time at the option of Elena Power And Infrastructure or on the expiry of twenty years from the date of issuance, whichever is earlier.

The Company's accounting year is for a year on twelve months commencing from April 1, 2009 to March 31, 2010.

#### ii). **Scheme of Amalgamation of IPSL with IPL**

In accordance with Sections 391-394 of the Companies Act, 1956, and pursuant to the approval of the Board of Directors in their meeting held on March 27, 2008 and the sanction of the Hon'ble High Court of Delhi to the Scheme of Amalgamation ("the Scheme") dated September 1, 2008, and upon coming into effect of the Scheme on December 3, 2008 and with effect from the Appointed date on April 1, 2008, IPSL was amalgamated with IPL and was dissolved without undergoing the process of winding up.

#### **Terms of the Scheme of Amalgamation**

As per the Scheme, with effect from Appointed date on April 1, 2008:

- All business activities of IPSL carried out on or after the Appointed Date were deemed to have been carried out by IPSL on behalf of IPL on a going concern basis and consequently, all profits and losses of IPSL and related taxes paid, were deemed to be the profits, losses and taxes of IPL. The Scheme were accordingly been given effect from the Appointed date i.e. April 1, 2008, when the Court Order sanctioning the Scheme was filed by IPL, with the Registrar of Companies, Delhi & Haryana on December 3, 2008 ("Effective date").
- The authorized share capital of IPL was increased to Rs.11,980,000,000 divided into 1,198,000,000 equity shares of face value of Rs. 10 per share.
- IPL has issued and allotted 197,500,000 shares of face value of Rs. 10 each amounting to Rs. 1,975,000,000 to the equity shareholders of IPSL, in share exchange ratio of one fully paid Equity Shares of Rs 10 each of IPL for every one fully paid Equity shares of Rs 10 each held by the Equity Shareholders of the IPSL.
- The Scheme of Amalgamation was accounted for under the Pooling of Interest method as sanctioned by the Hon'ble High Court of Delhi, and in accordance with Accounting Standard -14 (AS-14) – Accounting for Amalgamations, notified under the Companies (Accounting Standards) Rules, 2006, as amended. Accordingly, all assets, liabilities and reserves of the erstwhile IPSL were recorded in IPL's books of account at their book value as at the start of the Appointed, as set out below:



Schedule: I Cont...)

Particulars	Amount (in Rupees) As at the start of April 1, 2008
Fixed Assets (net of accumulated depreciation)	782,585
Expenditure Pending Allocation/Capitalization	8,842,748
Investments	251,140,000
Current Assets	1,718,348,967
Less: - Liability acquired	2,559,691
Less: - Accumulated Reserve taken over	
Surplus as per Profit and Loss Account	1,554,609
Net Assets as on April 1, 2008	1,975,000,000
Less: - Value of Equity Shares issued to equity shareholders' of Indiabulls Power Services Limited	1,975,000,000

- All incomes and expenses from the Appointed Date relating to IPSL were incorporated in the accounts of IPL.
- The surplus in the Profit and Loss Account of IPSL amounting to Rs. 1,554,609, as on the start of the Appointed Date were transferred and credited to Profit and Loss Account of IPL.
- All tax assets and liabilities of IPSL as on the start of the Appointed Date were incorporated in the books of accounts of IPL.
- All the erstwhile property, rights and powers of IPSL were transferred without further act or deed to IPL.
- All the Licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, claims, leases, tenancy rights, special status and other benefits or privileges of IPSL were transferred in favour of IPL.
- All the suits, actions and proceedings now pending by or against IPSL, to be pursued by IPL.
- All contracts, deeds, bonds, agreements, MOUs, bids, tenders, bidding rights, expressions of interest, approvals, development rights ( whether vested or potential and whether under agreements or otherwise), letters of intent, arrangements, any municipal / regulatory approvals / sanctions and other Instruments ( including all tenancies, leases, licenses and all other assurances in favour of IPSL , were without any further act, instrument or deed, be in full force and effect against or in favour of IPL.
- All the employees of the IPSL in service on the effective date were became the employees of IPL.
- Pursuant to the Scheme and with effect from the Appointed Date i.e. April 1, 2008 and effective from the Effective date, Indiabulls Power Services Limited Employee Stock Options Scheme ("IPSL ESOS") was terminated and in lieu, in terms of Clause 14(c) of the Scheme, the SPCL – IPSL Employees Stock Option Plan 2008 ("SPCL – IPSL ESOP, 2008") was created for the outstanding, unvested options, for the benefit of the erstwhile IPSL option holders, on terms and conditions not less favourable than those provided in the erstwhile IPSL ESOS and taking into account the share exchange ratio i.e. one equity share of face value Rs. 10 each of IPL for every one equity share of face value Rs. 10 each of IPSL. All the option holders under the IPSL ESOS on the Effective date were granted the new options under SPCL– IPSL ESOP, 2008 in lieu of their cancelled options under IPSL ESOS. No compensation expense was recognised on granting of options on Effective Date as SPCL – IPSL ESOP, 2008 was treated as continuation of IPSL ESOS and all such options have been treated outstanding from their respective date of grant under IPSL ESOS. No adjustment was required in respect of the number and exercise price of options. (Also refer Note (iii) (II) of Schedule I)



Schedule: I Cont...)

iii). **Employees Stock Options Schemes:**

**I Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company:**

Indiabulls Real Estate Limited ("IBREL"), the holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

**II Stock Option Schemes of Indiabulls Power Limited("IPL"), the holding company:**

On January 10, 2008 the erstwhile IPSL, had established the IPSL ESOS Plan, under which, IPSL was authorised to issue upto 20,000,000 equity settled options at an exercise price of Rs. 10 per option to eligible employees. Employees covered by the plan were granted an option to purchase equity shares of IPSL subject to the requirements of vesting. A Compensation Committee constituted by the Board of Directors of IPSL administered the plan. All these options were outstanding as at April 01, 2008.

Pursuant to the Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, duly approved by the Hon'ble High Court of Delhi at New Delhi vide its order dated September 1, 2008 IPSL was amalgamated with SPCL. With effect from the Appointed Date the IPSL ESOS Plan was terminated and in lieu, in terms of Clause 14 (c) of the Scheme of Amalgamation SPCL - IPSL Employees Stock Option Plan 2008 ("SPCL - IPSL ESOP, 2008") was established in SPCL for the outstanding, unvested options, for the benefit of the erstwhile IPSL option holders, on terms and conditions not less favorable than those provided in the erstwhile IPSL ESOS Plan and taking into account the share exchange ratio i.e. one equity share of SPCL of face value Rs. 10 each for every one equity share of IPSL of face value Rs. 10 each. All the option holders under the IPSL ESOS Plan on the Effective date were granted options under the SPCL - IPSL ESOP, 2008 in lieu of their cancelled options under IPSL ESOS Plan. The SPCL - IPSL ESOP, 2008 was treated as continuation of IPSL ESOS Plan and all such options were treated outstanding from their respective date of grant under IPSL ESOS Plan, accordingly, no compensation expense was recognised. No adjustment is required in respect of the number and exercise price of options as the share exchange ratio is one equity share of face value Rs. 10 each of SPCL for every one equity share of face value Rs. 10 each of IPSL.

Under SPCL - IPSL ESOP, IPL 2008 has issued 16,200,000 and 3,800,000 options at an exercise price of Rs 10 and Rs 26 per option on January 10, 2008 and September 15, 2008 respectively.

These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IPL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of SPCL - IPSL ESOP, 2008.

Indiabulls Power Limited ("IPL"), the holding company had established the Indiabulls Power Limited Employees' Stock Option Scheme - 2009 ("IPL-ESOP- 2009") during the financial year ending March 31, 2010. IPL had issued 20,000,000 equity settled options at an exercise price of Rs 14 per option under the IPL-ESOP- 2009 to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 10 each of IPL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IPL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IPL-ESOP- 2009.



Schedule: I Cont...)

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

<u>Nature of relationship</u>	<u>Related party</u>
I. <b>Ultimate Holding Company</b>	Indiabulls Real Estate Limited
II. <b>Parent of Holding Company</b>	Indiabulls Power Limited. (formerly Sophia Power Company Limited) (Holding Company upto December 8, 2008) (Refer Note II (ii) of Schedule I)
III. <b>Holding Company</b>	Elena Power And Infrastructure Limited (formerly Elena Power Limited) (w.e.f. December 9, 2008)
IV. <b>Subsidiary Company</b>	Galactic Ventures Limited
V. <b>Fellow Subsidiaries of Holding Company*</b>	

<u>Name of Company</u>	<u>Name of Company</u>
Airmid Power Limited	Indiabulls Power Generation Limited
Albina Power Limited	Indiabulls Power Infrastructure Limited (formerly Indiabulls Thermal Power Infrastructure Limited)
Angina Power Limited	Indiabulls Power Management Limited
Apesh Power Limited	Indiabulls Power Projects Development Limited
Aravali Properties Limited	Indiabulls Power Projects Limited
Ashkit Power Limited	Indiabulls Power Solutions Limited
Bracond Limited	Indiabulls Power Supply Limited
Chloris Power Limited	Indiabulls Power Systems Limited
Citra Thermal Power and Infrastructure Limited	Indiabulls Power Trading Limited
Corus Power Limited	Indiabulls Power Transmission Limited
Devona Thermal Power and Infrastructure Limited	Indiabulls Power Utility Limited
Diana Energy Limited	Indiabulls Powergen Limited
Diana Power Limited(formerly Indiabulls Power Limited)	Indiabulls Realtech Limited
Fama Power Company Limited	Indiabulls Thermal Energy Limited
Fornax Power Limited	Indiabulls Thermal Power Limited
Genorformus Limited	Indiabulls Thermal Power Management Limited
Hecate Electric Limited	Indiabulls Thermal Power Projects Limited
Hecate Energy Private Limited (formerly Hecate Energy Limited)	Indiabulls Thermal Projects Limited
Hecate Energy Trading Limited	Kaya Hydropower Projects Limited
Hecate Hydro Electric Power Limited	Lenus Power Limited
Hecate Power and Energy Resources Limited	Lucina Power And Infrastructure Limited (formerly Aravali Land Development Private Limited)
Hecate Power Company Limited	Mabon Power Limited
Hecate Power Development Limited	Mariana Power Limited
Hecate Power Distributors Limited	Pachi Hydropower Projects Limited
Hecate Power Generation Limited	Papu Hydropower Projects Limited
Hecate Power Limited	Poana Power Systems Limited
Hecate Power Management Limited	Poena Hydro Power Projects Limited
Hecate Power Projects Limited	Poena Power Company Limited
Hecate Power Services Limited	Poena Power Development Limited
Hecate Power Solutions Limited	Poena Power Distributors Limited
Hecate Power Supply Limited	Poena Power Generation Limited
Hecate Power Systems Limited	Poena Power Limited
Hecate Power Transmission Limited	Poena Power Management Limited
Hecate Power Utility Limited	Poena Power Projects Limited
Hecate Powergen Limited	Poena Power Services Limited
Hecate Thermal Power And Infrastructure Limited	Poena Power Solutions Limited



Schedule: I Cont...)

Name of Company	Name of Company
Indiabulls CSEB Bhaiyathan Power Limited (Formerly Indiabulls Bhaiyathan Power Limited)	Poena Power Supply Limited
Indiabulls Electric Company Limited	Poena Power Trading Limited
Indiabulls Electric Energy Limited	Poena Power Transmission Limited
Indiabulls Electric Limited	Poena Power Utility Limited
Indiabulls Electric Power Limited	Poena Thermal Power Limited
Indiabulls Electricity Company Limited	Renemark Limited
Indiabulls Electricity Generation Limited	Selena Power Company Limited
Indiabulls Energy Limited (till April 28, 2008)	Sentia Thermal Power and Infrastructure Limited
Indiabulls Hydro Electric Power Limited	Sepla Hydropower Projects Limited
Indiabulls Hydro Energy Limited	Sepset Thermal Power and Infrastructure Limited
Indiabulls Hydro Power Limited	Serida Power Limited
Indiabulls Hydro Power Projects Limited	Tharang Warang Hydropower Projects Limited
Indiabulls Power Development Limited	Triton Energy Limited
Indiabulls Power Distribution Limited	Varali Power Limited
Indiabulls Power Generation Company Limited	Zeus Energy Limited

\* These companies are also Subsidiary Companies (including step down Subsidiary Companies) of Indiabulls Power Limited. (formerly Sophia Power Company Limited), parent of the holding company.

VI. Key Management Personnel

Name	Designation
Mr. Sameer Gehlaut	Director and Chairman of Holding Company and Director of Ultimate Holding Company
Mr. Rajiv Rattan*	Whole time director and Vice Chairman of Holding Company and Director of Ultimate Holding Company
Mr. Saurabh K. Mittal	Director of the Holding Company and Director of Ultimate Holding Company
Mr. Narendra Gehlaut	Joint Managing Director of Ultimate Holding Company
Mr. Vipul D. Bansal	Joint Managing Director of Ultimate Holding Company
Mr. Sameer Gehlaut	Director and Chairman of Holding Company and Director of Ultimate Holding Company

\* Whole time Director of the Parent of Holding Company with effect from July 1, 2009

Summary of significant Transactions with Related Parties for the year ended March 31, 2010:

Amount in Rupees

Nature of Transactions	Year	Parent of Holding Company	Holding Company	Subsidiary Company	Total
<b>Finance</b>					
Issue of Equity Share Capital	March 31, 2010	-	-	-	-
	March 31, 2009	500,000	1,000,000,000	-	1,000,500,000
Issue of Preference Share Capital	March 31, 2010	-	-	-	-
	March 31, 2009	-	300,000,000	-	300,000,000
Investment in Equity Shares	March 31, 2010	-	-	-	-
	March 31, 2009	-	-	4,784,930,000	4,784,930,000
Loan Taken / Inter Corporate Deposit Received*	March 31, 2010	-	3,496,445,000	-	3,496,445,000
	March 31, 2009	-	3,502,500,000	-	3,502,500,000
<b>Expenses</b>					
Advisory Services	March 31, 2010	1,103,000	-	-	1,103,000
	March 31, 2009	-	-	-	-
Reimbursement of Preliminary expenses made	March 31, 2010	-	-	-	-
	March 31, 2009	20,263	-	-	20,263
Reimbursement of General expenses made	March 31, 2010	92,082	-	-	92,082
	March 31, 2009	15,137	-	-	15,137

\* Maximum amount outstanding at any time during the year.



**Albasta Power Limited**

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

**a) Outstanding balances as at March 31, 2010**

Nature of Transactions	Amount in Rupees		
	Year	Holding Company	Total
Loan Taken / Inter Corporate Deposit Received	March 31, 2010	3,496,445,000	3,496,445,000
	March 31, 2009	3,496,285,000	3,496,285,000

**b) Statement of Significant Transactions for the year ended March 31, 2010**

Name	Year	Amount in Rupees											
		Equity Share Capital	Preference Share Capital	Investment in Ordinary Shares	Loan Taken / Inter Corporate Deposit Received*	Outstanding Balances of Loan Taken / Inter Corporate Deposit Received	Professional Services	Reimbursement of Preliminary expenses made	Reimbursement of General expenses made				
<b>Parent of Holding Company</b>													
Indiabulls Power Limited (formerly Sophia Power Company Limited)	March 31, 2010										1,103,000		92,082
	March 31, 2009	500,000										20,263	15,137
<b>Holding Company</b>													
Elena Power And Infrastructure Limited (formerly Elena Power Limited)	March 31, 2010						3,496,445,000						
	March 31, 2009	1,000,000,000	300,000,000				3,502,500,000	3,496,445,000					
<b>Subsidiary Company</b>													
Galactic Ventures Limited	March 31, 2010												
	March 31, 2009			4,784,930,000									
<b>Total</b>	<b>March 31, 2009</b>	<b>1,000,500,000</b>	<b>300,000,000</b>	<b>4,784,930,000</b>			<b>3,502,500,000</b>	<b>3,496,445,000</b>			<b>1,103,000</b>		<b>92,082</b>
	<b>March 31, 2010</b>						<b>3,496,445,000</b>	<b>3,496,285,000</b>				<b>20,263</b>	<b>15,137</b>

\*Maximum amount outstanding at any time during the year.

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.



## Albasta Power Limited

### v). 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 are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are considered as converted to equity shares at the beginning of the year, unless they have been issued during the year. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares, share warrants and the potential dilutive effect of Employee Stock Options Plan as appropriate.

Amount in Rupees except number of Shares		
	For the Year ended March 31, 2010	For the period ended March 31, 2010
(Loss) After Tax	(1,285,278)	(11,889,105)
Weighted average number of Shares used in computing Basic earnings per share	100,050,000	30,050,000
Weighted average number of Shares used in computing Diluted earnings per share	100,050,000	30,050,000
Nominal Value Per Equity Share – (Rs.)	10	10
Basic Earnings Per Share – (Rs.)	(0.01)	(0.40)
Diluted Earnings Per Share – (Rs.)	(0.01)	(0.40)

### vi). Particulars relating to purchase and sale of Investments during the year ended March 31, 2010:

#### (a) Statement of acquisition of long term, trade investments

Particulars	Year	Investments made during the year	
		No. of shares	Amount in Rupees
Investment in Ordinary Shares of Galactic Ventures Limited	March 31, 2010	-	-
	March 31, 2009	100,000,000	4,784,930,000

#### (b) Details of Purchase and Sale/Redemption of Current, Non Trade, Unquoted investments

In Mutual Funds	Year	Type	Purchase / Dividend Reinvestment		Redemption	
			No of units	Amount in Rupees	No of units	Amount in Rupees
Reliance Liquid Fund	March 31, 2010	Daily	-	-	-	-
	March 31, 2009	Dividend	57,491	876,311	57,491	876,311
Reliance Liquidity Fund	March 31, 2010	Daily	-	-	-	-
	March 31, 2009	Dividend	130,038,692	1,300,790,043	130,038,692	1,300,790,043
<b>TOTAL</b>			<b>130,096,183</b>	<b>1,301,666,354</b>	<b>130,096,183</b>	<b>1,301,666,354</b>

- vii). In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2010 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.
- viii). Considering the nature of the Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting'. Hence, no further disclosures are required in respect of reportable segments, under Accounting Standard 17, other than those already provided in the financial statements.



**Schedule: I Cont...)**

- ix). As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 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.
- x). No borrowing costs have been capitalized during the year (Previous year Nil).
- xi). In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2010.
- xii). Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 :
  - a) There is no payment due to suppliers as at the end of the accounting year on account of Principal and Interest.
  - b) 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.
  - c) No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
  - d) No amount of interest was accrued and unpaid at the end of the accounting year.

The above information and that given in Schedule E - "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.

- xiii). Disclosures pursuant to Part II of Schedule VI of the Companies Act, 1956, to the extent applicable Managerial Remuneration under Section 198 of the Companies Act, 1956: Rs. Nil.
- xiv). There is no contingent liability to be reported as at March 31, 2010 (Previous year Nil).
- xv). The Company has not entered into any derivative instruments during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instruments.
- xvi). No provision is made towards diminution in value of Long Term Investment where the decline in value is temporary in nature.
- xvii). Previous year's figures have been regrouped and/or rearranged whenever necessary to conform to current year's grouping and classification.
- xviii). There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.

As per our report of even date

For Sharma Goel & Co.  
Chartered Accountants



Subodh Kaura  
Partner  
Membership No.: 084883  
ICAI Reg. No. 000643N

Place: New Delhi  
Date: April 07, 2010

For and on behalf of the Board



Alok Kumar  
Whole Time Director

Rajit Gupta  
Director

Sudha Panwar  
Company Secretary

Place: New Delhi  
Date: April 07, 2010

## c) Nine month period ended December 31, 2010



SHARMA GOEL & CO.  
CHARTERED ACCOUNTANTS

### Auditor's Report

To the Board of Directors of Albasta Power Limited

1. We have audited the attached Balance Sheet of Albasta Power Limited ("the Company") as at December 31, 2010, the Profit and Loss account for the nine months period ended December 31, 2010 and also the Cash-flow statement for the nine months period ended December 31, 2010, annexed thereto. These Interim 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 interim financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the interim financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall interim financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in a 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 the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> December 2010;
  - b. In the case of the Profit and Loss Account, of the loss for the nine months period ended on that date; and
  - c. In the case of the Cash flow statement, of the cash flows for the nine months period ended on that date.

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

  
Subodh Kaura  
Partner  
Membership No. 084883  
New Delhi, February 28, 2011

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C-43, SECTOR-8  
NOIDA-201301  
TEL : 0120-4049100

A-47, LOWER GROUND FLOOR  
HAUZ KHAS, NEW DELHI-110016  
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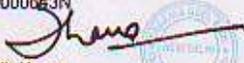
**Albasta Power Limited**  
**Balance Sheet as at December 31, 2010**

Amount In Rupees

	Schedule	As at December 31, 2010	As at March 31, 2010
<b>I Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	1,300,500,000	1,300,500,000
<b>Loan Funds</b>			
Unsecured Loans	B	-	3,496,445,000
<b>TOTAL</b>		<u>1,300,500,000</u>	<u>4,796,945,000</u>
<b>II Application of Funds</b>			
Investments	C	131,201,068	4,784,930,000
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	D	226,502	2,076
Loans and Advances	E	823,565,535	-
Other Current Assets	F	32,269,807	-
		<u>856,081,844</u>	<u>2,076</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	G	66,330	1,161,459
		<u>66,330</u>	<u>1,161,459</u>
<b>Net Current Assets</b>		856,016,514	(1,169,383)
<b>Profit &amp; Loss Account (Debit Balance)</b>		313,283,418	13,174,383
<b>TOTAL</b>		<u>1,300,500,000</u>	<u>4,796,945,000</u>
Significant Accounting Policies and Notes to Accounts	K		

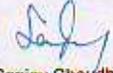
As per our report of even date

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

  
Subodh Kaura  
Partner  
Membership No.: 084663

Place : New Delhi  
Date: February 28, 2011

For and on behalf of the Board

    
Alok Kumar      Sanjay Choudhary      Ajay Khadwal  
Whole Time Director      Director      Company Secretary

Place : New Delhi  
Date: February 28, 2011

**Albasta Power Limited**  
**Profit and Loss Account for the period ended December 31, 2010**

Amount in Rupees

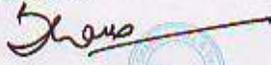
	Schedule	For the Period ended December 31, 2010	For the Year ended March 31, 2010
<b>INCOME</b>			
Other Income	H	54,182,661	11,236
<b>TOTAL</b>		<b>54,182,661</b>	<b>11,236</b>
<b>EXPENDITURE</b>			
Administrative and Other expenses	I	354,291,330	1,296,459
Interest and Finance Charges	J	366	55
<b>TOTAL</b>		<b>354,291,696</b>	<b>1,296,514</b>
<b>Loss Before Tax</b>		<b>(300,109,035)</b>	<b>(1,285,278)</b>
Provision for Tax			
- Current Tax		-	-
- Deferred Tax			
<b>Loss After Tax</b>		<b>(300,109,035)</b>	<b>(1,285,278)</b>
<b>Balance of Loss Brought Forward</b>		<b>(13,174,383)</b>	<b>(11,889,105)</b>
<b>Balance of Loss Carried Forward</b>		<b>(313,283,418)</b>	<b>(13,174,383)</b>
<b>Earnings Per Share ( Refer Note II (iv) of Schedule K)</b>			
- Basic Earnings Per Share (Rs.)		(3.00)	(0.01)
- Diluted Earnings Per Share (Rs.)		(3.00)	(0.01)
Face value per Equity Share (Rs.)		10	10

Significant Accounting Policies and  
Notes to Accounts

K

As per our report of even date

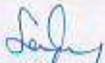
For Sharma Goel & Co.  
Chartered Accountants  
FRN: 000643N


Subodh Kaura  
Partner  
Membership No.: 084883

For and on behalf of the Board

  
Alok Kumar  
Whole Time Director

  
Sanjay Choudhary  
Director

  
Ajay Khanna  
Company Secretary

Place : New Delhi  
Date: February 28, 2011

Place : New Delhi  
Date: February 28, 2011

**Albasta Power Limited**  
Schedules forming part of Balance Sheet as at December 31, 2010

Amount in Rupees

	As at December 31, 2010	As at March 31, 2010
<b>A Share Capital</b>		
<b>Authorised:</b>		
150,000,000 (Previous Year 150,000,000) Equity Shares of Rs. 10 each	1,500,000,000	1,500,000,000
50,000,000 (Previous Year 50,000,000) Preference Shares of Rs. 10 each	500,000,000	500,000,000
<b>Issued, subscribed and paid up:</b>		
<b>Equity Share Capital</b>		
100,050,000 (Previous Year 100,050,000) Equity Shares of Rs. 10 each fully paid up (The entire paid-up Equity Share Capital is held by the Holding Company - Store One Retail India Limited (formerly Indiabulls Retail Services Limited) and its nominees (Previous Year, the entire paid-up Equity Share Capital was held by the Holding Company - Elena Power and Infrastructure Limited (formerly Elena Power Limited) and its nominees))	1,000,500,000	1,000,500,000
<b>Preference Share Capital</b>		
30,000,000 (Previous Year 30,000,000) 0.0001% Cumulative Non-Convertible, redeemable Preference Shares of face value of Rs. 10 each fully paid up (The entire paid-up Preference Share Capital is held by the Holding Company - Store One Retail India Limited (formerly Indiabulls Retail Services Limited) and its nominees (Previous Year, the entire paid-up Preference Share Capital was held by the Holding Company - Elena Power and Infrastructure Limited (formerly Elena Power Limited) and its nominees)) ( Refer Note II (i) of Schedule K)	300,000,000	300,000,000
<b>As Per Balance Sheet</b>	<u>1,300,500,000</u>	<u>1,300,500,000</u>
<b>B Unsecured Loans</b>		
<b>Long Term Loans - Others</b>		
From Lifestyle Holding Company-Elena Power and Infrastructure Limited	-	3,496,445,000
<b>As Per Balance Sheet</b>	<u>-</u>	<u>3,496,445,000</u>
<b>C Investments</b>		
<b>Long Term (At Cost) Trade, Unquoted - Fully Paid Up in Subsidiary Company</b>		
100,000,000 Ordinary Shares of Face Value of US \$ 1 each in Galactic Ventures Limited (Refer Note II (v) (a) of Schedule K)	-	4,784,930,000
<b>Non Trade, Unquoted - Fully Paid Up in Units of Mutual Funds (Fixed Maturity Plan)</b>		
12,500,000 Units of Reliance Fixed Horizon Fund (Previous Year Nil) (Dividend plan at NAV of Rs. 10 Per Unit)	125,000,000	-
<b>Current Investments (At cost or fair value whichever is lower)</b>		
619,700,801 Units of Reliance Liquid Mutual Fund (Previous Year Nil) (Reinvestment plan at NAV of Rs. 10.0081 Per Unit) (Refer Note II (v) (b) of Schedule K)	6,201,068	-
<b>As Per Balance Sheet</b>	<u>131,201,068</u>	<u>4,784,930,000</u>
Aggregate Book Value of Unquoted Investments	131,201,068	4,784,930,000
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market Value of Quoted Investments	-	-
<b>D Cash and Bank Balances</b>		
<b>Balances with Scheduled Bank</b>		
On Current Accounts	226,502	2,076
<b>As Per Balance Sheet</b>	<u>226,502</u>	<u>2,076</u>
<b>E Loans and Advances</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
Inter Corporate Deposits	820,000,000	-
Advance Income Tax/Tax Deducted At Source (Net of provision for tax Rs. Nil) (Previous Year Rs. Nil)	3,685,535	-
<b>As Per Balance Sheet</b>	<u>823,685,535</u>	<u>-</u>
<b>F Other Current Assets</b>		
Accrued Interest on Inter Corporate Deposits	32,259,657	-
<b>As Per Balance Sheet</b>	<u>32,259,657</u>	<u>-</u>
<b>G Current Liabilities</b>		
<b>Sundry Creditors (Refer Note II (x)) of Schedule K</b>		
(a) Due to Micro, Small and Medium Enterprises	-	1,042,335
(b) Due to Others	66,330	119,124
Other Liabilities	-	-
<b>As Per Balance Sheet</b>	<u>66,330</u>	<u>1,161,459</u>



**Albasta Power Limited**  
Schedules forming part of Profit and Loss Account for the period ended December 31, 2010

		Amount In Rupees	
		For the Period ended December 31, 2010	For the Year ended March 31, 2010
<b>H. Other Income</b>			
	Dividend on units of Mutual Funds - Non Trade	11,001,254	-
	Interest on Inter Corporate Deposits - Gross ( TDS Rs.3,585,535/- ( P.Y-NH))	35,855,342	-
	Profit on sale of Investments - Non Trade	6,645,005	-
	Miscellaneous Income	-	11,236
	<b>As Per Profit and Loss Account</b>	<u>54,182,661</u>	<u>11,236</u>
<b>I. Administrative and Other Expenses</b>			
	Rates and Taxes	6,150	3,510
	Legal and Professional Charges	-	1,130,575
	Traveling and Conveyance	-	74,000
	Printing and Stationery	-	-
	Auditors' Remuneration(Audit Fee-Including Service Tax)	68,100	60,240
	Preliminary Expenses	-	-
	Miscellaneous Expenses	-	134
	Realised Loss on Foreign Exchange	354,220,000	-
	<b>As Per Profit and Loss Account</b>	<u>354,291,350</u>	<u>1,298,459</u>
<b>J. Interest and Finance Charges</b>			
	Bank Charges	368	55
	<b>As per Profit and Loss Account</b>	<u>368</u>	<u>55</u>

**Albasta Power Limited**  
Cash Flow Statement for the period ended December 31, 2010

	For the Period ended December 31, 2010	Amount in Rupees For the Year ended March 31, 2010
<b>A Cash Flow From Operating Activities :</b>		
Loss Before Tax	(300,109,035)	(1,285,278)
<b>Adjustments for:</b>		
Interest on Inter Corporate Deposits	(35,855,342)	-
Dividend on Units of Mutual Funds - Non Trade	(11,081,254)	-
(Profit)/Loss on sale of Investments	(5,646,055)	-
<b>Operating (Loss) before working capital changes</b>	<b>(354,291,696)</b>	<b>(1,285,278)</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Other Receivables	3,585,535	-
Increase/(Decrease) in Trade Payables and other liabilities	(1,055,129)	1,097,830
<b>Cash generated from operations</b>	<b>(351,801,290)</b>	<b>(187,448)</b>
Taxes (Paid) / Received (Net of TDS)	(3,585,535)	-
<b>Net Cash Generated From/(Used In) Operating Activities</b>	<b>(355,386,825)</b>	<b>(187,448)</b>
<b>B Cash Flow From Investing Activities</b>		
Sale of investments	4,784,930,000	-
Purchase of Investment	(131,201,058)	-
Profit on Sale of Investments	5,846,055	-
Loans/ICDs given	(820,000,000)	-
Dividend received on Units of Mutual Funds - Non Trade	11,881,254	-
<b>Net Cash Generated From/(Used In) Investing Activities</b>	<b>3,852,056,251</b>	<b>-</b>
<b>C Cash flow from Financing Activities</b>		
Inter Corporate Deposits taken / (repaid) from Holding Company	(3,495,445,000)	160,000
<b>Net Cash Generated From/(Used In) Financing Activities</b>	<b>(3,495,445,000)</b>	<b>160,000</b>
<b>D Net Increase / (Decrease) in Cash and Cash equivalents ( A+B+C )</b>	<b>224,426</b>	<b>(27,448)</b>
<b>E Cash and Cash equivalents at the beginning of the year</b>	<b>2,076</b>	<b>29,524</b>
<b>F Cash and Cash equivalents at the end of the year ( D+E )</b>	<b>226,502</b>	<b>2,076</b>

**Note:**

1 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard - 3 on Cash Flow Statements as notified under the Companies ( Accounting Standards) Rules, 2006 as amended .

2 Cash and cash equivalents as at the end of the year include :

Balance with Scheduled Banks	226,502	2,076
On Current Accounts	226,502	2,076

As per our report of even date

For Sharma Goyal & Co.  
Chartered Accountants  
FRN: 000643H

Subodh Kaur  
Partner  
Membership No.: 064893

For and on behalf of the Board

Alok Kumar  
Whole Time Director

Sanjay Choudhary  
Director

Ajay Khosla  
Company Secretary

Place : New Delhi  
Date: February 28, 2011

Place : New Delhi  
Date: February 28, 2011

Albasta Power Limited

Schedule K: Schedule forming part of Financial Statements for the period ended December 31, 2010

Significant Accounting Policies and Notes to Accounts forming Part of the Balance Sheet as at December 31, 2010 and Profit and Loss Account for the Period from April 1, 2010 to December 31, 2010.

**i. 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 ("GAAP") 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 GAAP 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 reporting year in which the results are known / materialized.

**iii. Fixed Assets**

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

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

**iv. Depreciation/Amortization**

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

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

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

Description of asset	Estimated useful life
Software	Four years

**v. 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.

**vi. Borrowing Costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial year of time to get ready for its intended use. All other borrowing costs are charged to revenue.



## Albasta Power Limited

### vii. Investments

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

### viii. Revenue Recognition

Dividend income is recognized when the right to receive the dividend is unconditionally established. Profit/loss on sale of investments is recognized on the date of the transaction of sale and is computed with reference to the original cost of the investment sold.

Interest income on inter corporate deposits is recognized on accrual basis.

### ix. Foreign Currency Transactions

#### (1) Initial Recognition

Foreign currency transactions are recorded at the exchange rate as of the date of the respective transactions.

#### (2) Conversion

Foreign currency monetary items are converted at the year end to the reporting currency using the closing rates at the reporting date. Non monetary items which are carried at historical cost denominated in foreign currency are reported at cost using the exchange rate as 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.

#### (3) 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 non-integral operations.

Exchange differences arising on a monetary item that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expense.

### x. Taxes on Income

Current tax is determined as the tax payable in respect of taxable income for the reporting year and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits 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 of realization supported by convincing evidence. 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 19 - Leases, as notified by the Companies (Accounting Standards) Rules, 2006, as amended.

### xii. 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:

**Albasta Power Limited**

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

(2) 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 can not 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.

**xiii. Preliminary Expenses**

Preliminary expenses are adjusted (net of tax) 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.

**xiv. 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.

**xv. Deferred Employee Stock Compensation Costs**

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on 'Accounting for Employee Share Based Payments' issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. The Company has elected to apply the intrinsic value method of accounting. Accordingly, employee stock compensation costs are measured by the difference between the estimated intrinsic value of the company's shares on stock options on the grant date and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting years of the options. The fair value of options is measured on the basis of an independent valuation performed in respect of stock options granted.

**xvi. 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.



## Albasta Power Limited

### II. Notes to Accounts:

#### i). Overview:

Albasta Power Limited ("the Company") was incorporated on April 25, 2008 as a wholly owned subsidiary of the erstwhile Indiabulls Power Services Limited ("IPSL") with an authorized share capital of Rs. 5,00,000 divided in to 50,000 equity share capital of Rs. 10 each. As a result of the Scheme of Amalgamation of IPSL with Indiabulls Power Limited. ("IPL") as approved by the Hon'ble High Court of Delhi, IPL became the holding company of the Company with effect from April 1, 2008. On December 9, 2008 Elena Power and Infrastructure Limited (Formerly Elena Power Limited) ("EPIL") acquired the entire issued share capital of the Company from IPL and consequently, the Company became a wholly owned subsidiary company of EPIL. (Refer Note II (ii) of Schedule K).

On April 1, 2010, Store One Retail India Limited (Formerly Indiabulls Retail Services Limited) acquired 100,050,000 equity shares of Rs. 10 each i.e. the entire issued share capital of the Company from EPIL and consequently the company became a wholly owned subsidiary company of Store One Retail India Limited (Formerly Indiabulls Retail Services Limited).

The authorized capital was increased to Rs. 2,000,000,000 (Rupees Two Hundred Crore Only) divided into 150,000,000 equity shares of Rs. 10 each and 50,000,000 Preference shares of Rs. 10 each with effect from December 18, 2008. The main objects of the Company include inter alia carrying on the business of power generation, distribution, trading and transmission directly of all forms of power and ancillary and incidental activities.

On December 19, 2008 the Company issued and allotted 30,000,000 fully paid up 0.0001% Cumulative Non-Convertible, Redeemable Preference Shares of face value Rs. 10 each to its holding company, EPIL. Erstwhile these shares were redeemable at par any time at the option of Elena Power and Infrastructure or on the expiry of twenty years from the date of issuance, whichever is earlier.

On April 1, 2010, EPIL has sold 30,000,000 fully paid up 0.0001% Cumulative Non-Convertible, Redeemable Preference Shares of face value Rs. 10 each to Store One Retail India Limited (Formerly Indiabulls Retail Services Limited).

#### ii). Employees Stock Options Schemes:

##### I Stock Option Schemes of Indiabulls Real Estate Limited ("IBREL"), the Ultimate holding company:

Indiabulls Real Estate Limited ("IBREL"), the holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme - 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.



## Albasta Power Limited

iii). **Disclosures in respect of Accounting Standard – 18, Related Party Disclosures, as notified under the Companies (Accounting Standards) Rules, 2006, as amended:**

<u>Nature of relationship</u>	<u>Related party</u>
I. <b>Ultimate Holding Company</b>	Indiabulls Real Estate Limited
II. <b>Parent of Holding Company</b>	Indiabulls Wholesale Services Limited (w.e.f. April 1,2010) Indiabulls Power Limited. (till March 31,2010)
III. <b>Holding Company</b>	Store One Retail India Limited (w.e.f. 1 <sup>st</sup> April 2010) (formerly Indiabulls Retail Services Limited) Elena Power and Infrastructure Limited (till March 31, 2010)

IV. **Key Management Personnel**

<u>Name</u>	<u>Designation</u>
Mr. Sameer Gehlaut	Director and Chairman of Ultimate Holding Company
Mr. Rajiv Rattan	Whole time Director and Vice Chairman of Ultimate Holding Company
Mr. Saurabh K. Mittal	Director of the Holding Company and Director of Ultimate Holding Company
Mr. Narendra Gehlaut	Joint Managing Director of Ultimate Holding Company
Mr. Vipul D. Bansal	Joint Managing Director of Ultimate Holding Company

**Summary of significant Transactions with Related Parties for the period ended December 31, 2010:**

(Amount in Rupees)

<u>Nature of Transactions</u>	<u>Period / Year</u>	<u>Parent of Holding Company</u>	<u>Holding Company</u>	<u>Total</u>
<b>Finance</b>				
Inter Corporate Deposit Received/(Given)*	December 31, 2010	-	(820,000,000)	(820,000,000)
	March 31, 2010	-	3,496,445,000	3,496,445,000
<b>Expenses</b>				
Advisory Services	December 31, 2010	-	-	-
	March 31, 2010	1,103,000	-	1,103,000
Reimbursement of General expenses made	December 31, 2010	-	-	-
	March 31, 2010	92,082	-	92,082

\* Maximum amount outstanding at any time during the period/year.

a) **Outstanding balances as at December 31, 2010**

(Amount in Rupees)

<u>Nature of Transactions</u>	<u>Period / Year</u>	<u>Holding Company</u>	<u>Total</u>
Inter Corporate Deposit Received/(Given)	December 31, 2010	(820,000,000)	(820,000,000)
	March 31, 2010	3,496,445,000	3,496,445,000



Albasta Power Limited

**b) Statement of Significant Transactions for the period ended December 31, 2010**  
(Amount in Rupees)

Name	Period/Year	Inter Corporate Deposit Received/ (Given)*	Outstanding Balances of Inter Corporate Deposit Received/ (Given)	Interest income/ (expense) on Inter Corporate Deposit	Professional Services	Reimbursement of General expenses made
<b>Parent of Holding Company</b>						
Indiabulls Wholesale Services Limited	December 31, 2010	-	-	-	-	-
Indiabulls Power Limited	March 31, 2010	-	-	-	1,103,000	92,082
<b>Holding Company</b>						
Store One Retail India Limited	December 31, 2010	(820,000,000)	(820,000,000)	32,269,807	-	-
Elena Power and Infrastructure Limited	March 31, 2010	3,496,445,000	3,496,445,000	-	-	-

\* Maximum amount outstanding at any time during the Period/year.

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

**iv). Earnings per Share:**

Disclosure in respect of AS – 20 'Earnings Per Share' as notified under the Companies (Accounting Standards) Rules, 2006:

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 are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are considered as converted to equity shares at the beginning of the year, unless they have been issued during the year. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares, share warrants and the potential dilutive effect of Employee Stock Options Plan as appropriate.

(Amount in Rupees except number of Shares)

	From April 1, 2010 to December 31, 2010	For the Year ended March 31, 2010
(Loss) After Tax	(300,109,035)	(1,285,278)
Weighted average number of Shares used in computing Basic earnings per share	100,050,000	100,050,000
Weighted average number of Shares used in computing Diluted earnings per share	100,050,000	100,050,000
Face Value Per Equity Share – (Rs.)	10	10
Basic Earnings Per Share – (Rs.)	(3.00)	(0.01)
Diluted Earnings Per Share – (Rs.)	(3.00)	(0.01)



**Albasta Power Limited**

v). Particulars relating to purchase and sale of Investments during the period from April 1, 2010 to December 31, 2010:

(a) Statement of sale/liquidation of long term, trade investments

Particulars	Year	Investments sold/ liquidated during the period	
		No. of shares	Amount in Rupees
Sale of Investment in Ordinary Shares of Galactic Ventures Limited	December 31, 2010	100,000,000	4,437,356,065
	March 31, 2010	-	-

(b) Details of Purchase and Sale/Redemption of Current, Non Trade, Unquoted investments

In Mutual Funds	Period/ Year	Type	Purchase / Dividend Reinvestment		Redemption	
			No of units	Amount in Rupees	No of units	Amount in Rupees
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	31-Dec-10	Daily Dividend	356,410,723	3,565,924,920	355,790,932	3,559,723,852
	31-Mar-10		-	-	-	-
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	31-Dec-10	Daily Dividend	1,774,650	1,777,083,994	1,774,650	1,777,083,994
	31-Mar-10		-	-	-	-
Taurus Ultra Short Term Bond Fund - Super Institutional Daily Dividend Plan	31-Dec-10	Daily Dividend	2,081,012	2,081,035,172	2,081,012	2,081,035,172
	31-Mar-10		-	-	-	-
Taurus Liquid Fund - Super Institutional Daily Dividend Reinvestment	31-Dec-10	Daily Dividend	749,560	750,712,411	749,560	750,712,411
	31-Mar-10		-	-	-	-
<b>TOTAL</b>			<b>361,015,945</b>	<b>8,174,756,497</b>	<b>360,396,154</b>	<b>8,168,555,429</b>

- vi). In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at December 31, 2010 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.
- vii). Considering the nature of the Company's business and operations and based on the information available with the management, there is/are no reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 - 'Segment Reporting'. Hence, no further disclosures are required in respect of reportable segments, under Accounting Standard 17, other than those already provided in the financial statements.
- viii). As per the best estimate of the management, no provision is required to be made as per Accounting Standard - 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.
- ix). No borrowing costs have been capitalized during the period (Previous year Nil).

**Albasta Power Limited**

- x). In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at December 31, 2010.
- xi). Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 :
  - a) There is no payment due to suppliers as at the end of the accounting period on account of Principal and Interest.
  - b) No interest was paid during the period 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.
  - c) No interest is payable at the end of the period other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
  - d) No amount of interest was accrued and unpaid at the end of the accounting period.

The above information and that given in Schedule G - "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.
- xii). Disclosures pursuant to Part II of Schedule VI of the Companies Act, 1956, to the extent applicable Managerial Remuneration under Section 198 of the Companies Act, 1956: Rs. Nil.
- xiii). There is no contingent liability to be reported as at December 31, 2010 (Previous year Nil).
- xiv). The Company has not entered into any derivative instruments during the period. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instruments.
- xv). No provision is made towards diminution in value of Long Term Investment where the decline in value is temporary in nature.
- xvi). Previous year's figures have been regrouped and/or rearranged whenever necessary to conform to current period's grouping and classification.
- xvii). There are no other particulars to be disclosed in accordance with Part II to Schedule VI of the Companies Act, 1956.

As per our report of even date

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

Subodh Kaura  
Partner  
Membership No.: 084883

For and on behalf of the Board

Alok Kumar  
Whole Time Director

Sanjay Choudhary  
Director

Ajay Khandelwal  
Company Secretary

Place: New Delhi  
Date: Feb 28, 2011

Place: New Delhi  
Date: Feb 28, 2011

## FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of five listed group companies, irrespective of whether these are covered under section 370(1) (B) of the Companies Act, 1956 or not is given hereunder:

### 1) Indiabulls Financial Services Limited

Indiabulls Financial Services Limited was incorporated as Private Limited Company on 10<sup>th</sup> day of January, 2000, under the name and style of Orbis Infotech Private Limited, with the Registrar of Companies, NCT of Delhi and Haryana. The name of the Company was subsequently changed to Indiabulls Financial Services Private Limited and a fresh Certificate of Incorporation was issued by Registrar of Companies on 16<sup>th</sup> day of March, 2001, to this effect. The Company was converted into Public Limited Company and a fresh Certificate of Incorporation consequent to change of name to Indiabulls Financial Services Limited was issued by the Registrar of Companies on 27<sup>th</sup> day of February, 2004, to this effect.

#### Brief Description of Business:

The Company is engaged in the Non Banking financing Activities and is registered with Reserve Bank of India vide registration no. N - 14. 02367. The registered office of the Company is located at F-60, Malhotra Building, 2<sup>nd</sup> Floor Connaught Place, New Delhi - 110 001.

#### Financial Performance

(Amount in Rs. Lacs)

Particulars	31.03.2011	31.03.2010	31.03.2009
Authorised Equity Capital	40,000.00	40,000.00	40,000.00
Paid up Equity Capital	6219.84	6,197.89	5,072.60
Reserves and Surplus (excluding revaluation reserves)	408968.87	399,222.31	299,941.26
Sales/Total Income	207967.13	142,940.61	178,350.84
Profit/(Loss) after Tax (PAT)	60869.10	26,416.03	19,017.21
Basic Earnings per Share (In Rs.)	19.61	8.72	6.78
Diluted Earnings per Share (In Rs.)	19.42	8.64	6.72
NAV per share (In Rs.)	131.17	129.53	118.89

Source: Audited Financial Statements

#### The highest and lowest market price of shares during the preceding six months

##### NSE

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	25-July-11	195.00	1240411	2375.00
<b>Low Price</b>	11- Feb-11	133.25	914065	1258.37

##### BSE

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	25-July-11	195.20	360650	689.85
<b>Low Price</b>	11- Feb-11	133.75	297982	408.34

**Details of changes in capital structure during the six months preceding the date of filing of this Information Memorandum.**

Changes in the paid-up Capital during last six months:

<b>Date</b>	<b>Brief description/Reasons of Change</b>	<b>Paid-up Capital after change (Rs. Lacs)</b>
April 08, 2011	Allotment of 34,412 Equity Shares of face value Rs. 2 each pursuant to exercise of stock options vested in terms of (1) IBFSL-ICSL Employees Stock Option Plan -2006 (2) IBFSL-ICSL Employees Stock Option Plan II-2006 and (3) Employees Stock Option Plan – 2008	6,220.53
May 03, 2011	Allotment of 81,658 Equity Shares of face value Rs. 2 each pursuant to exercise of stock options vested in terms of (1) IBFSL-ICSL Employees Stock Option Plan -2006 (2) IBFSL-ICSL Employees Stock Option Plan II-2006 and (3) Employees Stock Option Plan – 2008	6,222.16
June 9, 2011	Allotment of 61,520 Equity shares of face value Rs. 2 each pursuant to exercise of stock options vested in terms of (1) IBFSL-ICSL Employees Stock Option Plan -2006 and (2) Employees Stock Option Plan – 2008	6223.39

**Information regarding significant adverse factors related to the group companies:**

- (i) Indiabulls Financial Services Limited has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) Indiabulls Financial Services Limited has not made a loss in the immediately preceding year.

**Indiabulls Financial Services Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing the Information Memorandum.**

**The Promoters have not disassociated themselves from Indiabulls Financial Services Limited during the three years preceding the date of filing the Information Memorandum.**

**2) Indiabulls Real Estate Limited**

Indiabulls Real Estate Limited was incorporated as a Public Limited Company on April 4, 2006 under the name and style of Indiabulls Real Estate Limited, with the Registrar of Companies, NCT of Delhi and Haryana.

**Brief Description of Business:**

The Company is engaged in the business of construction and development of properties, project management, investment advisory and construction services as well as providing consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction - development of real estate and infrastructure projects. The registered office of the Company is located at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110 001.

**Financial Performance**

**(Amount in Rs. lacs)**

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Authorised Equity Capital	10,000	10,000	10,000
Paid up Equity Capital	8,045	8,031	5,150
Reserves and Surplus (excluding revaluation reserves)	585,980	633,393	350,584
Sales/Total Income	17,373	13,344	13,976
Profit/(Loss) after Tax (PAT)	4,581	2,244	1,656
Basic Earnings per Share (In Rs.)	1.14	0.38	0.02
Diluted Earnings per Share (In Rs.)	1.13	0.37	0.02
NAV per share (In Rs.)	147.68	159.74	138.14

Source: Audited Financial Statements

**The highest and lowest market price of shares during the preceding six months  
NSE**

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	20-Apr-2011	152.65	11,717,980	17,485.84
<b>Low Price</b>	21-Mar-2011	94.20	2,154,891	2,265.44

**BSE**

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	20-Apr-2011	152.75	1,646,577	2,464.71
<b>Low Price</b>	21-Jun-2011	97.80	1,830,303	1,896.12

**Details of changes in capital structure during the six months preceding the date of filing of this Information Memorandum.**

Changes in the paid-up Capital during last six months:

Date of Change	Brief description/Reasons of Change	Paid-up Capital after change (Rs. Lacs)
08-Apr-2011	38,500 equity shares of Rs. 2 each were allotted by the Company to eligible employees under ESOP Scheme 'IBREL ESOS - 2006'.	8,045.61
04-July-2011	6,30,000 equity shares of face value Rs. 2 each were allotted by the Company to eligible employees under ESOP Scheme 'IBREL ESOS - 2006'	8058.21

**Information regarding significant adverse factors related to the group companies:**

(iii) Indiabulls Real Estate Limited has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;

(iv) Indiabulls Real Estate Limited has not made a loss in the immediately preceding year.

**Indiabulls Real Estate Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the Company during the five years preceding the date of filing the Information Memorandum.**

**The Promoters have not disassociated themselves from Indiabulls Real Estate Limited during the three years preceding the date of filing the Information Memorandum.**

**3) Indiabulls Power Limited.**

Indiabulls Power Limited. was incorporated as Public Limited Company on October 8, 2007 under the name and style of Sophia Power Company Limited, with the Registrar of Companies NCT of Delhi and Haryana. The name of the Company was subsequently changed to Indiabulls Power Limited. and a fresh Certificate of Incorporation was issued by Registrar of Companies on July 7, 2009 to this effect.

**Brief Description of Business:**

The Company is engaged in the business of generation, transmission, trading and supply of electric power and energy and construction of its generation/transmission assets. The registered office of the Company is located at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110001.

**Financial Performance**

(Amount in Rs. Lacs)

Particulars	31.03.2011	31.03.2010	31.03.2009
Authorised Equity Capital	5,00,000.00	500,000.00	119,800.00
Paid up Equity Capital	202293.27	202,129.65	82,950.00
Reserves and Surplus (excluding revaluation reserves)	190813.57	189,944.07	147,672.14
Sales/Total Income	3039.63	7,082.41	14,701.53
Profit/(Loss) after Tax (PAT)	966.42	3,772.43	10,619.57
Basic Earnings per Share (In Rs.)	0.048	0.208	0.640
Diluted Earnings per Share (In Rs.)	0.047	0.206	0.632
NAV per share (In Rs.)	19.43	19.40	27.80

Source: Audited Financial Statements

**The highest and lowest market price of shares during the preceding six months**
**NSE**

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	8-Apr-2011	25.25	356809	87.39
<b>Low Price</b>	23-Jun-11	15.35	384792	64.72

**BSE**

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	8-Apr -11	25.25	196940	48.26
<b>Low Price</b>	23-Jun-11	16.40	253307	42.60

**Details of changes in capital structure during the six months preceding the date of filing of this Information Memorandum.**

Changes in Paid-up capital of the Company in preceding 6 months

Date of Change	Brief description/Reasons of Change	Paid-up Capital after change (Rs. Lacs)
31-Mar-2011	2,22,000 equity shares of face value Rs. 10 each were allotted by the Company to eligible employees under ESOP Schemes 'SPCL - IPSL Employees Stock Option Plan - 2008' and 'Indiabulls Power Limited. Employee Stock Option Scheme 2009'.	202,293.27
1-Aug-2011	1,09,000 Equity shares of face value Rs. 10 each were allotted by the Company to eligible employees under ESOP Schemes 'SPCL - IPSL Employees Stock Option Plan - 2008' and 'Indiabulls Power Limited. Employee Stock Option Scheme 2009'.	202304.17

**Details of public or rights issue in the preceding three years.**

In the month of October 2009 the Company came out with an Initial Public Offering (IPO) of its Equity shares whereby 33,98,00,000 Equity shares of face value Rs. 10 each were offered to the Public together with a Green Shoe Option of 5,09,00,000 Equity shares, at an issue price of Rs. 45 per share (including premium of Rs.35/- per share). The shares of the Company were listed on BSE and NSE w.e.f. 30<sup>th</sup> October, 2009. The paid-up capital of the Company after the IPO and GSO to the IPO was Rs. 2019,85,23,460 divided into 201,98,52,346 fully paid equity shares of Rs.10/- each. The subsequent changes in paid-up capital structure of the Company are as under:

Distinctive nos.		No. of fully paid-up shares	Date of allotment
From	To		
2019852347	2021296546	14,44,200	Equity Shares allotted to the employees on 06.01.2010, pursuant to exercise by such employees of the stock options vested in terms of Employees Stock Option Scheme namely SPCL - IPSL Employees Stock Option Plan - 2008.
2021296547	2021710746	4,14,200	Equity Shares allotted to the employees on 17.06.2010, pursuant to exercise by such employees of the stock options vested in terms of Employees Stock Option Scheme namely SPCL - IPSL Employees Stock Option Plan - 2008.
2021710747	2022710746	10,00,000	Equity Shares allotted to the employees on 15.12.2010, pursuant to exercise by such employees of the stock options vested in terms of Employees Stock Option Scheme namely SPCL - IPSL Employees Stock Option Plan - 2008.
2022710747	202,29,32,746	2,22,000	Equity shares allotted to employees on 31-03-2011 pursuant exercise by such employees of the stock options vested in terms of stock option schemes as under :- (a) 30,000 Equity shares allotted under SPCL-IPSL Employees Stock Option Plan - 2008 and (b) 1,92,000 Equity shares allotted under Indiabulls Power Limited. Employees Stock Option Scheme 2009.
2022932747	2023041746	1,09,000	Equity shares allotted to employees on 01-08-2011 pursuant exercise by such employees of the stock options vested in terms of stock option schemes as under :- (a) 1,02,200 Equity shares allotted under SPCL-IPSL Employees Stock Option Plan - 2008 and (b) 6,800 Equity shares allotted under Indiabulls Power Limited. Employees Stock Option Scheme 2009.

**Information regarding significant adverse factors related to the group companies:**

- (i) Indiabulls Power Limited. has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) Indiabulls Power Limited. has not made a loss in the immediately preceding year.

**Indiabulls Power Limited. has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing the Information Memorandum.**

**The Promoters have not disassociated themselves from Indiabulls Power Limited. during the three years preceding the date of filing the Information Memorandum.**

#### 4) Indiabulls Securities Limited

Indiabulls Securities Limited was incorporated as a private limited company on June 9, 1995 under the name and style of GPF Securities Private Limited with the Registrar of Companies NCT of Delhi and Haryana. The name of the Company was changed to Orbis Securities Private Limited and a fresh Certificate of Incorporation was issued by Registrar of Companies on December 15, 1995 to this effect. The Company was converted into Public Limited Company and a fresh Certificate of Incorporation consequent to change of name to Orbis Securities Limited was issued by the Registrar of Companies on January 5, 2004 to this effect. The name of the Company was again changed to Indiabulls Securities Limited and a fresh Certificate of Incorporation was issued by Registrar of Companies on February 16, 2004 to this effect.

#### Brief Description of Business:

The Company is engaged in the business of securities broking and advisory services. The registered office of the Company is located at F-60, Malhotra Building, IInd Floor, Connaught Place, New Delhi 110 001.

#### Financial Performance

Particulars	(Amount in Rs. Lacs)		
	31.03.2011	31.03.2010	31.03.2009
Authorised Equity Capital	10,000.00	10,000.00	10,000.00
Paid up Equity Capital	4622.25	4,598.81	5,068.54
Reserves and Surplus (excluding revaluation reserves)	18617.40	17,394.30	23,602.48
Sales/Total Income	33758.47	34,475.41	40,327.98
Profit/(Loss) after Tax (PAT)	3737.28	6,121.75	(1,288.31)
Basic Earnings per Share (In Rs.)	1.62	2.43	(0.53)
Diluted Earnings per Share (In Rs.)	1.60	2.34	(0.53)
NAV per share (In Rs.)	10.06	9.56	11.31

Source: Audited Financial Statements

**The highest and lowest market price of shares during the preceding six months  
NSE**

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	15-Feb 2011	20.90	616442	109.78
<b>Low Price</b>	29-July-2011	12.50	267876,	34.07

**BSE**

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	06-April-2011	20.90	536844	96.59
<b>Low Price</b>	29-July-2011	12.51	101749	12.97

**Details of changes in capital structure during the six months preceding the date of filing of this Information Memorandum.**

**Changes in the paid-up Capital during last six months: NIL**

Date of Change	Brief description/Reasons of Change	Paid-up Capital after change (Rs. Lacs)
24-Nov-2010	28,275 equity shares of Rs. 2 each were allotted by the Company to eligible employees under 'Indiabulls Securities Limited Employees Stock Option Scheme - 2008'	4622.25

**Information regarding significant adverse factors related to the group companies:**

- (i) Indiabulls Securities Limited has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) Indiabulls Securities Limited has not made a loss in the immediately preceding year.

**Indiabulls Securities Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing the Information Memorandum.**

**The Promoters have not disassociated themselves from Indiabulls Securities Limited during the three years preceding the date of filing the Information Memorandum.**

**5) Store One Retail India Limited**

Store One Retail India Limited was incorporated as a Public Limited Company on March 18, 2005 under the name and style of Piramyd Retail Limited, with the Registrar of Companies, Maharashtra, Mumbai. The name of the company was changed from 'Piramyd Retail Limited' to 'Indiabulls Retail Services Limited' and a fresh certificate of incorporation was issued by the Registrar of Companies on May 22, 2008 to this effect. Subsequently the registered office of the Company was shifted to the NCT of Delhi & Haryana w.e.f. July 30, 2008. Further, the name of the Company was changed from 'Indiabulls Retail Services Limited' to 'Store One Retail India Limited' and a fresh Certificate of Incorporation was issued by Registrar of Companies on October 6, 2009 to this effect.

**Brief Description of Business:**

The company has till now been engaged in the business of trading of various industrial / consumer products and commodities in select Indian cities. The registered office of the company is located at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110 001. However, recently the company has also ventured into the business of facility management and providing

equipment/machinery etc. on lease. Further the Company has decided to discontinue its existing retail business and only focus on wholesale trading business along with the facility management/equipment/machinery leasing business as aforementioned.

### Financial Performance

Particulars	(Amount in Rs. Lacs)		
	31.03.2011	31.03.2010	31.03.2009
Authorised Equity Capital	2500.00	2,500.00	2,100.00
Paid up Equity Capital	2000.00	2,000.00	2,000.00
Reserves and Surplus (excluding revaluation reserves) and net of debit balance in the Profit & Loss Account	(25466.81)	(21949.68)	(16829.97)
Sales/Total Income	595.29	1,885.67	11035.61
Profit/(Loss) after Tax (PAT)	(3517.12)	(5,119.71)	(9029.02)
Basic Earnings per Share (In Rs.)	(17.59)	(25.60)	(45.15)
Diluted Earnings per Share (In Rs.)	(17.59)	(25.60)	(45.15)
NAV per share (In Rs.)	(117.33)	(99.75)	(74.15)

Source: Audited financial statements

### The highest and lowest market price of shares during the preceding six months

#### NSE

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	27-Jul-2011	22.35	22,982	5.06
<b>Low Price</b>	21-Mar-2011	12.90	5006	0.66

#### BSE

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	28-Jul-2011	22.95	13170	2.87
<b>Low Price</b>	17-Mar-2011	12.6	1410	0.18

**Changes in the paid-up Capital during last six months:**

<b>Date of Change</b>	<b>Brief description/Reasons of Change</b>	<b>Paid-up Capital after change (Rs. Lacs)</b>
05-Jul-2011	Allotment of 30,00,000 Preference shares of face value Rs. 10/- per share	2300.00

**Information regarding significant adverse factors related to the group companies:**

- (i) Store One Retail India Limited has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) Store One Retail India Limited had loss in the immediately preceding year.

**Store One Retail India Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing the Information Memorandum.**

**The Promoters have not disassociated themselves from Store One Retail India Limited during the three years preceding the date of filing the Information Memorandum.**

**CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS**

There has been no change in the accounting policies of Indiabulls Wholesale Services Ltd in the last three years.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Indiabulls Wholesale Services Limited was incorporated in India on July 24, 2007 as a public limited company, under the provisions of the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi & Haryana, as wholly owned subsidiary of Indiabulls Real Estate Limited. The CIN assigned to the Company is U51101DL2007PLC166209. The registered office of the Company is situated at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi – 110001.

As on March 31, 2011, the Authorized Share Capital of the Company (prior to the effectiveness of the Scheme) was Rs. 110,00,00,000 divided into 11,00,00,000 Equity Shares of Rs. 10/- each. Upon the Scheme being made effective on March 31, 2011, the authorized share capital of the Company stood at Rs. 110,00,00,000 divided into 55,00,00,000 Equity Shares of Rs. 2/- each. Pursuant to Clause 27(i) of the Scheme, 50,285,093 Equity Shares of face value of Rs. 2/- each of the Company were allotted to eligible equity shareholders of Indiabulls Real Estate Limited on April 27, 2011. Subsequent to the said allotment, the paid-up capital of the Company is Rs. 100,570,186/- divided into 50,285,093 Equity Shares of Rs. 2/- each.

Pursuant to the Scheme, the Company has been vested with the Wholesale Trading Business undertaking, as defined under the Scheme.

### **Details of the Business of the Company**

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 & local shops. The Company is also in the process of identifying the suitable locations & business opportunities in cash & carry format. The proposed stores would be one stop shop pertaining to consumer durables & other general merchandise items, industrial / consumer products and commodities etc. The Company has also obtained the authorization of its shareholders to foray into the business of Information Technology and Software to provide customized solutions to various sectors, directly and/or through its subsidiary companies.

**SECTION VI- LEGAL AND OTHER INFORMATION****OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

There are no material outstanding litigations or developments against Indiabulls Wholesale Services Limited or its Promoters or Directors as on the date of this Information Memorandum. From time to time and in ordinary course of its business, the Company is subject to legal actions and complaints which primarily include disputes as to alleged disagreement over trades. The Company believes that such actions and complaints are usual and bound to arise during the ordinary course of business of any entity which are actively engaged in Wholesale trading business. The Company management however does not believe that any current or pending claims will have any material adverse effect on the financial condition or the results or future operations of the Company.

Following are the name(s) of the small scale undertaking(s) or any other creditors to whom the Company owes a sum exceeding Rupees One Lac which is outstanding more than thirty days as on December 31, 2010:

<b>S. No.</b>	<b>NAME OF THE PARTY</b>	<b>AMOUNT (RS. Lacs)</b>
1.	Indiabulls Real Estate Limited	65,781.28
2.	SPT Earth Movers	2.61

## GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS

The Company has all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those mentioned separately hereunder, and those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

The Company does not require any other approvals or renewals, except as mentioned specifically hereunder.

In view of the approvals listed below, the Company can undertake its current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

### INVESTMENT APPROVALS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

### GOVERNMENT AND OTHER APPROVALS:

S. No.	Name of Registration	Name of Issuing Authority/Department	Licence/Registration No.
1.	Certificate of Incorporation for incorporation of the Company as Indiabulls Wholesale Services Limited	Registrar of Companies, NCT of Delhi and Haryana	U51101DL2007PLC166209
2.	Permanent Account Number	Income Tax Department, Government of India	AABCI7129N
3.	TDS Account Number	National Securities Depository Limited, Mumbai.	MUMI07766D
4.	Import Export Code	Jt. Director General of Foreign Trade, Ministry of Commerce, Government of India	507043804
5.	Employees Provident Fund Registration	Employees Provident Fund Organisation-Regional Office – Delhi	DL/38418
6.	Employees State Insurance Registration	N.A.	N.A.
7.	VAT (TIN) - Mumbai	Sales Tax Officer, Registration Branch- Mumbai	27590631045V
	VAT (TIN)- Hyderabad	VAT Registering Authority, Central Registration	28624001650

		Unit,Hyderabad	
8.	Service Tax Code, New Delhi	Assistant Commissioner, Service Tax, New Delhi	AABCI7129NST001
9.	Service Tax Code	Assistant Commissioner, Central Excise	AABCI7129NST001

**IT MUST, HOWEVER BE, DISTINCTLY UNDERSTOOD THAT IN GRANTING THE ABOVE-MENTIONED APPROVALS, THE CENTRAL GOVERNMENT, STATE GOVERNMENT, RBI AND OTHER AUTHORITIES DO NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS.**

## **SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for listing:**

The Hon'ble High Court of Delhi at New Delhi, vide its Order dated March 3, 2011, has approved the Scheme of Arrangement/ De-merger of Indiabulls Wholesale Services Limited whereby the Wholesale Trading business undertakings of Indiabulls Real Estate Limited have been transferred to and vested in Resultant Company i.e Indiabulls Wholesale Services Ltd with effect from April 01, 2010 (i.e. the Appointed Date under the Scheme) under Sections 391 to 394 of the Companies Act, 1956.

The Scheme is operative from the Appointed Date i.e., April 01, 2010. However it is effective from the date of filing of Form 42 of the Companies (Court) Rules, 1959 of the High Court in relation to the Scheme along with Form 21 with the Registrar of Companies, NCT of Delhi and Haryana, i.e., March 31, 2011.

### **Prohibition by the SEBI**

There is no prohibition on the Indiabulls Wholesale Services Limited, Promoters, Promoter Group, Directors, Group Companies, from accessing the capital market for any reasons by the SEBI or any other authorities.

None of the Directors of Indiabulls Wholesale Services Ltd are associated with the securities market in any manner and SEBI has initiated no action against them ever.

Indiabulls Wholesale Services Ltd, its Promoters, Group Companies, The Relatives (as per Companies Act, 1956) of Promoters, Group Companies are not identified as willful defaulters by Reserve Bank of India or other authorities.

### **Eligibility Criterion**

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapters III and IV of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are not applicable. However, SEBI has vide its letter no. CFD/DIL/SM/25213/2011 dated August 4, 2011, relaxed the applicability of provisions of Regulation 19(2)(b) of the Securities Contract (Regulations) Rules, 1957. The Company has submitted this Information Memorandum to BSE and NSE and the same is available on the Company's website [www.indiabulls.com/wholesale](http://www.indiabulls.com/wholesale). The Information Memorandum would also be made available on the website of BSE, [www.bseindia.com](http://www.bseindia.com) and NSE, [www.nseindia.com](http://www.nseindia.com).

### **Any other information as may be prescribed by SEBI from time to time**

The Company shall insert any other information in the Information Memorandum as prescribed by SEBI or the Stock Exchanges, if required.

### **General Disclaimer from the Company**

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in relation to this scheme or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

### **Caution**

**Indiabulls Wholesale Services Ltd accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at his own risk. Our Company shall make all information available to the equity shareholders and no selective or additional information would be available for a section of the equity shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Information Memorandum.**

**Disclaimer with respect to jurisdiction**

This Information Memorandum has been prepared under the provisions of Indian laws and the applicable rules and regulations there under. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, India only.

**Disclaimer Clause of BSE**

As required, a copy of this Information Memorandum has been submitted to BSE.

The BSE had vide its letter dated August 9, 2010, given its 'No-Objection' to the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that No-Objection, BSE's name in this Information Memorandum can be used as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company; and
- It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Disclaimer Clause of NSE**

As required, a copy of this Information Memorandum has been submitted to NSE.

The NSE had vide its letter dated August 6, 2010, given its 'No-Objection' to the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that No-objection, NSE's name in this Information Memorandum can be used as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The NSE has scrutinized this Information Memorandum for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that the Information Memorandum has been cleared or approved by the NSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Filing**

This Information Memorandum has been filed with BSE, Listing Department, at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, 400001 and with NSE, Listing Department, at Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051. All the legal requirements applicable till the date of filing the Information Memorandum with the Stock Exchanges have been complied with.

**Listing**

The Company has received in-principle approval for listing of its shares from BSE and NSE.

**Designated Stock Exchange**

The designated stock exchange is BSE.

**Expert Opinion, if any**

Save and except as indicated elsewhere in this Information Memorandum, no other expert opinion has been obtained by the Company.

**Previous Public or Rights issues, if any during the last five years:**

The Company has not made any previous public or rights issue since incorporation.

**Previous issues of securities otherwise than for cash.**

The Company has not issued any security, previously, otherwise than for cash.

**Commission or brokerage on previous issues**

Nil

**Indiabulls Wholesale Services Limited did not make any capital issue during the last three years.**

Indiabulls Power Limited., an associate company, came with Initial Public Offering (IPO) of its Equity shares in the month of October 2009, whereby 33,98,00,000 Equity shares of face value Rs. 10 each were offered to the Public together with a Green Shoe Option of 5,09,00,000 Equity shares, at an issue price of Rs. 45 per share (including premium of Rs.35/- per share). The shares of the Company were listed on BSE and NSE w.e.f. 30th October, 2009. The paid-up capital of the Company after the IPO and GSO to the IPO was Rs. 2019,85,23,460 divided into 201,98,52,346 fully paid equity shares of Rs.10/- each.

**Details of all Outstanding debentures or bonds and redeemable preference shares and other instruments issued by Indiabulls Wholesale Services Ltd outstanding as on the date of offer document.**

Nil

**Stock market data for equity shares of Indiabulls Wholesale Services Ltd**

Equity shares of the Company are not listed on any stock exchange. The Company is seeking approval for listing of its shares through this Information Memorandum.

**Mechanism evolved for redressal of investor grievances in Indiabulls Wholesale Services Ltd**

The Company has appointed M/s Karvy Computershare Private Limited as its Registrar and Transfer agent for handling the share registry work relating to shares held both in physical and electronic form at a single point. As per the Memorandum of Understanding with the Registrar, it shall strive to redress the investor complaints within one month of its receipt. The Company has also constituted an Investors' Grievance Committee to deal with the grievances of investors related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, transfer, transmission, transposition, nomination, dividend, change of name/address/signature, registration of mandate / Power of Attorney, replacement/split /consolidation of share certificate/demat/remat of shares, issue of duplicate certificates etc.

**Details of the number of investor complaints received during the three years preceding the filing Information Memorandum with the SEBI and the number of complaints disposed off during that period.**

Nil

**Details of the number of investor complaints pending on the date of filing Information Memorandum with the Board.**

Nil

**Details of the number of investor complaints pending on the date of filing Information Memorandum with the SEBI in respect of the five largest (in terms of market capitalization) listed group companies.**

<b>S.NO.</b>	<b>Name of the Company</b>	<b>Number of pending Investor complaints</b>
1.	Indiabulls Real Estate Limited	NIL
2.	Indiabulls Securities Limited	NIL
3.	Indiabulls Financial Services Limited	NIL
4.	Indiabulls Power Limited.	NIL
5.	Store One Retail India Limited	NIL

**Details of the time normally taken for disposal of various types of investor grievances.**

<b>S. No</b>	<b>Nature of the Complaint/Grievance</b>	<b>Standard Redressal Time</b>
1.	Non-receipt of S/C after rejecting DRN	10-15 days
2.	Non-receipt of Dividend	10-15 days
3.	Non- receipt of S/C	10-15 days
4.	Non receipt of Annual Report	02 days
5.	Change of Address	7-10 days
6.	Bank Mandate	7-10 days
7.	Transmission	30 days
8.	Demat of Shares	15 days
9.	Nomination of Shares	10 days
10.	Registration of Power	7-10 days
11.	Name Correction	10-15 days

**Details of Change, if any, in the auditors of Indiabulls Wholesale Services Ltd during the last three years, and reasons, thereof.**

M/s Sharma Goel & Co., Chartered Accountants (Registration No.: 000643N), were appointed as Statutory Auditors of the Company in the Extra-ordinary General Meeting of the Company held on March 19, 2010 to fill the casual vacancy caused due to resignation of M/s Ajay Sardana Associates, Chartered Accountants.

**Details of Capitalization of reserves or profits (during last five years) by Indiabulls Wholesale Services Ltd.**

Nil

**Details of Revaluation of assets, if any (during the last five years) by Indiabulls Wholesale Services Ltd.**

Nil

**Demat Credit**

The Company has executed Agreements with NSDL & CDSL for admitting its securities in demat form. The Company's shares were allotted on April 27, 2011 in physical/ dematerialized form to those shareholders who have provided necessary details to the Company and/ or who were holding their shares in Indiabulls Real Estate Limited in demat form as well as physical shares as on the Demerger Record date. The Company's ISIN is INE126M01010.

**RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA.

While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a nonresident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines/regulations prescribed by the SEBI/RBI.

## **SECTION IX- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

### **ARTICLES OF ASSOCIATION OF INDIABULLS WHOLESALE SERVICES LTD**

#### **PRELIMINARY**

1. Subject to the provisions contained in these Articles, the regulations contained in Table A shall apply to the Company, except insofar as they are embodied in the following Articles, which shall be the regulations for the management of the Company.

#### **DEFINITIONS AND INTERPRETATIONS**

2. (i) In these Regulations :-
  - (a) 'Auditor' means the statutory auditors of the Company appointed by the Company in accordance with the provisions of the Act.
  - (b) 'Board' means the Board of Directors for the time being of the Company.
  - (c) "Beneficial Owner" means a person whose name is recorded as such with a Depository;
  - (d) 'Chairman' means the Chairman of the Board for the time being of the Company
  - (e) 'Director' means a member of the Board for the time being of the Company and includes an alternate director.
  - (f) 'Debenture' includes debenture stocks.
  - (g) "Depository" means a company formed and registered under the Companies Act, 1956 (1 of 1956), and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
  - (h) 'Dividend' includes interim dividend.
  - (i) 'General Meeting' or 'Meeting' means a general meeting of the members.
  - (j) 'Managing Director' means the Managing Director(s) for the time being of the Company so appointed.
  - (k) 'Member' or 'Shareholder' means duly registered holder of the shares of the Company and whose name is entered in the Register and any other person whose name is entered as Beneficial Owner in the records of the Depository.
  - (l) 'Month' means calendar month.
  - (m) 'Office' means the Registered Office for the time being of the Company.
  - (n) 'Person' includes body corporate, firm, association of firms and society registered under the Societies Registration Act.
  - (o) 'Proxy' includes an Attorney duly constituted under a Power of attorney.
  - (p) 'Register' means the Register of members kept pursuant to Section 150 of the Act.
  - (q) 'Shares' mean voting shares in the capital of the Company and includes all rights and interests therein, bonus shares and any shares issued in exchange thereof by way of conversion or reclassification and any shares representing or deriving from such shares as a result of any increase in or reorganisation or variation of the capital of the Company.
  - (r) 'Seal' means the Common Seal for the time being of the Company.
  - (s) 'Table A' means the Table A of the First Schedule to the Act.

- (t) 'The Company' means INDIABULLS WHOLESAL SERVICES LIMITED
- (u) 'The Act' means the Companies Act, 1956 and includes any re-enactment or statutory modification thereof for the time being in force.
- (v) 'These presents' means the Memorandum of Association and these Articles of Association of the Company for the time being in force.
- (w) 'Whole time Director' means the Whole time Director for the time being of the Company.
- (ii) (a) Unless the context otherwise requires, words or expression contained in these Regulations shall bear the same meaning as in the Act or any statutory modification thereof.
- (b) 'In writing' and 'written' includes printing, lithography and any other modes of representing or reproducing words in a visible form.
- (c) Words importing the singular number shall include the plural number and vice versa.

## SHARES

3. Copies of Memorandum and Articles of Association of the Company shall be furnished to every member of the Company at his request on payment of Rs. 1 (One) each.
4. The authorised Share Capital of the Company is as mentioned in Clause V of the Memorandum of Association of the Company. The paid up capital of the company shall not be less than Rs. 5,00,000/- (Rupees Five Lac) or such higher sum as may be prescribed by the Act.
5. Subject to the provisions of Section 80 of the Companies Act, 1956, the Company may issue preference shares, which are or at the option of the Company are liable to be redeemed and/or converted into equity share capital, on such terms and in such manner and time, as the resolution authorising such issue shall prescribe.
6. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such person, on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit.
7. The Directors may allot and issue shares in the Capital of the Company as partly or fully paid up in consideration of any property sold or goods transferred or machinery supplied or for services rendered to the Company in the conduct of its business.
8. Unless the shares of the Company are held with a Depository, the shares in the Capital shall be numbered progressively according to their several denominations.
9. Except as required by law, no person shall be recognised by the Company as holding any shares upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof), any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
10. The Company may pay commission to any person prescribed under Section 76 of Act and that such commission may be paid in cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debenture pay such brokerage as may be lawful.
11. Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of or lent on the security of, shares of the Company. The Company shall not give, directly or indirectly, any financial assistance whether by way of loan, guarantee, security or otherwise any financial assistance for the purpose of or in connection with any purchase of or subscription for any shares in the Company.
12. Subject to the provisions of section 77A, 77AA and 77B and any statutory amendments or reenactments thereof and compliance of the provisions thereof by the Company, the Company is authorised to purchase its own shares or other specified securities.

13. Subject to the provisions of section 78 and section 79 of the Act, the Company may issue shares at a premium or at a discount.
14. The Company, subject to the provisions of section 79A of the Act, may issue sweat equity shares of a class of shares already issued. All the limitations, restrictions and provisions relating to equity shares shall apply to such sweat equity shares.
15. If, by the conditions of issue of any shares, the whole or part of amount of issue price thereof shall be payable in installments, every such installment shall, when due, be paid to the Company, by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator as the case may be.
16. The Joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
17. Share(s) may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint holders of any shares. Shares may be registered in the name of any minor through a guardian only as fully paid shares.

#### **FURTHER ISSUE OF SHARES**

18. Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, which ever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:
  - (a) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
  - (b) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted will be deemed to have been declined.
  - (c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
19. Notwithstanding anything contained in clause 18 thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (18) hereof) in any manner whatsoever.
  - (a) If a special resolution to that effect is passed by the Company in General Meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.
20. Nothing in sub-clause (c) of clause 18 hereof shall be deemed:
  - (a) to extend the time within which the offer should be accepted; or
  - (b) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

21. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- (i) to convert such debentures or loans into shares in the Company: or
- (ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf: and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

#### **EMPLOYEE STOCK OPTIONS/STOCK PURCHASE**

22. Subject to the provisions of Section 81 of the Act and other applicable law, the Company may issue options to the whole-time directors, officers or employees of the Company, its subsidiaries or its parent, which would give such directors, officers or employees, the benefit or right to purchase or subscribe at a future date, the securities offered by the Company at a pre-determined price, in term of schemes of employee stock options or employees share purchase or both.

#### **INCREASE AND REDUCTION OF CAPITAL**

23. The Company in General Meeting may, from time to time, by ordinary resolution increase the share capital of the Company by the creation of new shares by such sum, to be divided into shares of such amount as may be deemed expedient.

24. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company when issued, the new shares may be issued upon such terms and conditions and with such preferential, qualified or such rights and privileges or conditions there to as general meeting resolving upon the creation thereof shall direct. If no direction be given, the Board shall determine in particular the manner in which such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

25. Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the shares be offered in the first instance and whether at par or premium or at a discount. In case no such provision is made by the Company in General Meeting, the new shares may be dealt with according to the provisions of these Articles.

26. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the then existing capital of Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, voting, surrender and otherwise.

27. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty arising in the allotment of such new shares or any of them amongst the members shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.

28. Subject to the provisions of sections 100 to 103 of the Act, the Company may, from time to time in any manner, by special resolution and subject to any consent required under sections 100 to 103 of the Act, reduce:

- a. its share capital
- b. any capital redemption reserve
- c. any share premium account.

29. Subject to provisions of sections 100 to 105 of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.

#### **ALTERATION OF SHARE CAPITAL**

30. The Company, by ordinary resolution may, from time to time:
- a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
  - b) sub-divide its share or any of them into shares of smaller amount than is fixed by the Memorandum of Association so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
  - c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of share so cancelled.
31. Where any share capital is sub-divided, the Company in General Meeting, subject to the provisions of Section 85, 87 and 106 of the Act, may determine that as between the holders of the shares resulting from sub-division, one or more of such shares shall have same preferential or special rights as regards dividend, payment of capital, voting or otherwise.

#### **VARIATION OF SHARE HOLDER'S RIGHTS**

32. If at any time the share capital is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise prohibited by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and 107 of the Act, whether or not the Company is being wound up, be modified, commuted, affected, abrogated, varied or dealt with by the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of three fourths of the issued shares of that class. To every such separate meeting the provisions of these regulations relating to general meeting shall mutatis mutandis apply but so that necessary quorum shall be five members or all the members holding or represented by proxy of the entire issued share of the class in the question.

#### **SHARE CERTIFICATES**

33. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up there on and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder..

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Nothing contained herein shall apply to transfer of a security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository

34. The certificate of shares registered in the name of two or more persons shall be delivered to the person first named in the Register.

35. If any certificate be worn out, defaced, mutilated or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an & new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under the Article shall be issued without payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the each thereof for endorsement of transfer.

Provided that notwithstanding what is slated above the Board shall comply with such Rules or Regulation or requirement of any stock exchange or the Rules made under the Securities Contract Regulations Act, 1956 or the Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

36. If the securities of the Company are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities.

### **CALLS**

37. The Board may, from time to time, subject to terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times. Each member shall pay the amount of every call so made on him to the persons and the times and places appointed by the Board, provided that option or right to make call on shares shall not be given to any person except with the sanction of the Company in a General Meeting. A call may be made payable by installment and be deemed to have been made at the time when the resolution of the Board authorising such call was passed at a meeting of Board.
38. No call shall exceed one fourth of the nominal amount of a share or be made payable at less than one month from date fixed for the payment of the last preceding call. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and the person or persons to whom such call, shall be paid. Provided that, before the time for payment of such call the Board, may, by notice in writing to the members, revoke the same or extend the time for payment thereof.
39. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the nominal amount of the share or by way of premium, every such amount or installment shall be payable as if it were call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls or otherwise shall relate to such amount or installment accordingly.
40. If the sum payable of any call or installment be not paid on or before the day appointed for payment, the holder for the time being of the shares in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at such rate not exceeding 18 % (Eighteen percent) per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine from time to time. The Directors may in their absolute discretion waive the payment of interest, wholly or in part in the case of any person liable to pay such call or installment.

#### **PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST**

41. The Board may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares hold by him beyond the sums actually called for and upon the amount so paid or satisfied in advances, or so much thereof as from time to time exceeds the amount of the calls than made upon the shares in respect of which such advance has been made, the Company may pay interest provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced. The Company may pay interest at such rate not exceeding 18 % (Eighteen) or as determined by the Board from time to time unless the Company in General Meeting shall otherwise direct.
42. The members shall not be entitled to any voting rights in respect of the moneys so paid by them the same would but for such payment, become presently payable.
43. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.
44. Subject to the provisions of the law of Evidence and Procedure, on the trial or hearing or any action or suit brought by the Company against any share holder or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose on the Register of the Company as a holder or one of the holders, of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter by the proof of the matters aforesaid shall be conclusive evidence of the debt.
45. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
46. A call may be revoked or postponed at the discretion of the Board.
47. The Directors may from time to time, at their discretion extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of residence at a distance or some other cause, may be deemed fairly entitled to such extension, but no member shall, as a matter of right, be entitled to such extension (save as a matter of grace and favour).
48. Every member, his executors or administrators shall pay to the Company the proportion of the Capital represented by his share or shares which may for the time being, remain unpaid thereon in such amount at such time or times and in such manner as the Directors shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereto.

#### **SHARES AT THE DISPOSAL OF THE DIRECTORS**

49. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares. Provided that option or right to call on shares shall not be given to any person or persons without the sanction of the Company in a General Meeting.

**FORFEITURE OF SHARES**

50. If a member fails to pay any sum payable in respect of any call or any installment of a call, on or before the day appointed for payment thereof, the Board may at any time there after during such time as any part of the said call or installment remains unpaid, serve a notice on such member requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that they may have been incurred by the Company by reason of such non-payment.
51. The notice aforesaid shall name a further day not being earlier than the expiry of thirty days from the date of service of notice, on or before which such call or payment required by notice, is to be made and a place at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall state that in the event of non-payment, on or before the date so named the shares in respect of which such call or installment was payable shall be liable to be forfeited.
52. If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may at any time thereafter, before the payment of calls or installment, interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such Forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture, subject to section 205 A of the Act.
53. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register of Members but no forfeiture shall in any manner be invalidated by any omission or failure to give such notice or to make such entry as aforesaid.
54. Any share so forfeited shall be deemed to be property of the Company, and may be sold or otherwise disposed off on such terms and in such manner as the Board thinks fit.
55. The Board may at any time before any share so forfeited shall have been sold or otherwise disposed off, annul the forfeiture upon such terms and conditions, as it thinks fit.
56.
  - i). A person whose shares have been forfeited shall cease to be member in respect of forfeited shares, but shall not withstanding the forfeiture remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares.
  - ii). The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
  - iii). The forfeiture of a share shall involve the extinction of all interest in and also for all claims and demands against the Company in respect of the shares and all other rights, incidental to the share except any such of those rights as by these Articles are expressly saved.
57. A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the shares on any sale or disposal thereof and may execute a transfer of share in favour of the person to whom the share is sold or disposed of. On receipt by the Company of the consideration, if any given for the shares on the sale or disposition thereof, the transferee shall be registered as the holder of such shares and the purchaser shall not be bound to see to the application of purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
58. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share becomes payable at a fixed time whether on account of the nominal value of the share or by way of premium as if the same has been payable by virtue of a call duly made and notified.
59. When any shares under the powers in that behalf herein contained are sold by the Directors and the certificate has not been delivered to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered.

60. Neither the receipt by the Company of a portion of any money which shall from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Board from thereafter proceeding to enforce a forfeiture of such shares as provided in these regulations for non-payment of the whole or any balance due in respect of the shares.

#### **CONVERSION OF SHARES INTO STOCK**

61. The Company may, by ordinary resolution:

- i) convert any paid-up shares into stock; and
- ii) reconvert any stock into paid-up shares of any denomination.

62. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

#### **COMPANY'S LIEN ON SHARES**

63. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares subject to section 205A of the Act. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Directors may, at any time declare any share wholly or in part to be exempt from the provisions of this clause.
64. For the purpose of enforcing such lien the Board may sell the shares in such manner as it thinks fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or other legal representative as the case may be and default shall have been made by him or them in payment of the sum payable as aforesaid in respect of such share for fourteen days after the date of such notice.
65. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon share before the sale) be paid to the person entitled to the share at the date of the sale.
66. Upon any sale after forfeiture or surrender or for enforcing a lien purported in exercise of the powers herein conferred, the Board may appoint some person to execute the instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money. After his name has been entered into the Register in respect of such share, the validity of the sale shall not be impeached by any person on any ground whatsoever and the remedy of any person aggrieved by such sale shall be in damages only and against the Company exclusively.

**TERM OF ISSUE OF DEBENTURE**

67. Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

**TRANSFER AND TRANSMISSION**

68. Save as provided in Section 108 of the Act, no transfer of share shall be registered unless a proper instrument duly stamped and executed by or on behalf of the transferor and by or on behalf of transferee and specifying the name, address and occupation of the transferee has been delivered to the Company along with the certificate relating to the shares or if no such certificate is in existence along with the letter of allotment of the shares, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. The signature of one credible witness who shall add his address shall duly attest each signature to such transfer. Provided, that, where on application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as the Board may think fit so as to indemnify the Company.
69. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of the partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
70. Every instrument of transfer of shares shall be in the form prescribed under the Act or as near thereto as the circumstances may admit and shall be in accordance with the provisions of Section 108 of the Act, from time to time.
71. No fee shall be charged for transfer of shares/ debentures or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents.
72. Nothing contained in Article 70 and 71 shall apply to transfer of a security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.
73. No fee may be charged:
- a). For splitting up, sub-division and consolidation of shares and debenture certificates and for splitting up and sub-division of Letters of Allotment and splitting, consolidation, renewal into denomination corresponding to the market Units of trading as per Rules of Stock Exchange concerned.
  - b). For sub-division of right shares offered to share holders.
  - c). For issue of new certificates in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilised.
  - d). For registration of any power of attorney, probate or will, Letter of Administration or similar other documents.
74. Subject to the provisions of Section 111A of the Act the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not as affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares, transfer of shares/debentures in whatever lot shall not be refused.

75. Every instrument of transfer shall be left at the office of the Company for registration, accompanied by the certificate, of the shares to be transferred or if there is no certificate, the letter of Allotment thereto and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. The Board may waive the production of any certificates upon production of evidence to them of its having been lost or destroyed. The Company shall retain every instrument of transfer, which shall be registered,, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
76. Subject to the provisions of Section 154 of the Act, the registration of transfer may be suspended at such times and for such periods as the Board may from time to time determine. Provided that, such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
77. If the Board refuses to register the transfer of or the transmission by operation of law of the right to any share, the Company shall within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, give notice of such refusal.
78. The executor or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member. In case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only person recognised by the Company as having any title to or interest in such shares. But nothing herein contained shall be taken to release Board may require him to obtain a Grant of Probate or letters of Administration or other legal representation as the case may be from some competent court. Provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with the production of Probatory letters of Administration or such other legal representation upon such terms as to indemnify or otherwise as the Board in its absolute discretion may consider necessary.
79. Any committee or guardian of a lunatic or infant member or any person becoming entitled to transfer of shares in consequence of the death, bankruptcy, insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under the Articles or of the title as the Board thinks sufficient, may with consent of the Board (which it shall not be under any obligation to give) be registered as a member in respect of such shares or any subject to the regulations as to transfer herein before contained.(The Article is hereinafter referred to as 'The transmission Article).
80. Subject to Sec.205A of the Act, the Directors may retain the dividend payable upon the share to which any person becomes entitled to under Article 83 until such person shall become a member in respect of the shares.
81. a) If the person becoming entitled to shares under Article 83 shall elect to be registered as member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.  
b) If the person aforesaid shall elect to transfer the shares, he shall testify his election by execution of an instrument of transfer of shares.  
c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfer of share shall be applicable to any such notice or transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
82. A person so becoming entitled under the transmission Articles to a share by reason of death, lunacy, bankruptcy or insolvency of a member shall, subject to the provision of the Articles or Section 206 of the Act, be entitled to the same dividend and other advantages to which he would be entitled if he was the member registered in respect of the share except that he shall not before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other money payable in respect of the share, until the requirements of the notice have been complied with.

83. The Company shall incur no liability or responsibility in consequence of its registering to give effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to be prejudice or persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard or attend to any such notice and give effect thereto.

#### **BORROWING POWERS**

84. The Board may from time to time subject to the sections 58A, 292 and 293 of the Act, at their discretion raise or borrow any sum or sums of money for the purpose of the Company and subject to the applicable provisions of the Act may secure payment or repayment of same in such manner and upon such terms and conditions in all respect as may be prescribed by the Board, in particular by the creation of any mortgage or charge or other encumbrances on any of the immovable properties of the company or hypothecation, pledge or charge on and over the Company's stocks, book debts and other movable properties.
85. The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property (both movable and immovable) of the Company both present and future including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange or other negotiable instruments and no debenture shall carry any voting right whether generally or in respect of any particular class or classes of business.
86. If any uncalled capital is included in or charged by any mortgage of other security, the Directors may, by instrument under the Seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the member in respect of such uncalled capital, and the provisions herein before contained in regard to calls shall, mutatis mutandis apply to calls, made under such authority and may be made exercisable either conditionally and either presently or contingently and either, to the exclusion of the Director's powers or otherwise, and shall be assignable if expressed so to do.
87. Any debenture-stock or other securities may be issued at a discount premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges such as warrants etc. and conditions as to redemption, surrender, drawing, allotment of shares, attending at General Meeting, appointment of Directors and otherwise. The power to issue debenture stock or other securities with a right to allotment of or conversion into shares of any denomination shall only be exercised by the Company in the General Meeting.
88. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the debentures.
89. If the Board refuses to register the transfer of any debentures of the Company, it shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
90. Subject to section 201 of the Act, if any Director or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security cover for effecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or any person so becoming liable, as aforesaid, from any loss in respect of such liability.
91. Subject to Section-58A, 292 and 293 of the Act and the Companies (Acceptance of Deposits) Rules, 1975 the Company may receive deposits on such terms and conditions and bearing interest at such rates as the Board may decide and fix and which may be made payable monthly, quarterly, half yearly or yearly. .

92. The Company may subject to the provisions of Section 208 of the Act, pay interest on so much of the share capital as is for the time being paid up and was issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, which can not be made profitable for a lengthy period.
93. Debentures/debenture stock, loan/loan stock, bonds or other securities conferring the right to allotment or conversion into shares or the option or right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

**PROCEEDINGS AT GENERAL MEETING**

94. In addition to any other meetings, a general meeting of the Company shall be held within such interval as specified in Section 166(1) of the Act, and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an 'Annual General Meeting' and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an Extra Ordinary General Meeting.
95. The Board may, whenever it thinks fit, call an Extra Ordinary General Meeting. If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, the Directors present in India may call an Extra Ordinary General Meeting, in the same manner and as nearly as possible as that in which such a meeting may be called by the Board.
96. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members or other persons entitled to receive such notice shall not invalidate any resolution passed at any such meeting.
97. No business shall be transacted at General Meeting of the Company unless a quorum of members is present at the time when the meeting proceeds to commence business. Five members present in person shall be the quorum for the meeting of the Company. No business shall be transacted at any General Meeting unless the requisite quorum shall be present throughout the meeting.
98. Any act or resolution which, under these Articles or the Act is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in Section 189(1) of the Act unless either the Act or the Articles specifically require such act to be done or resolution to be passed by a special resolution as defined in Section 189(2) of the Act.
99. The Chairman of the Board shall take the chair at every General Meeting. If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes, or is unwilling to act, or if any of the Directors present decline to take the chair, then the members present shall choose one of their members being a member entitled to vote to be the Chairman of the meeting.
100. If at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the Meeting if convened by or upon the requisition of Members shall stand dissolved. In any other case the Meeting shall stand adjourned in the same day in the next week or if that day is public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the city or town in which the office of Company is for the time being situate, as the Board may determine, and if at such adjourned Meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present, shall be a quorum and may transact the business for which the Meeting was called.
101. a) Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the vote to which he may be entitled as a member.  
b) A declaration by the Chairman that a resolution has on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.

102. The Chairman of a General Meeting may adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
103. At any General Meeting unless a poll is demanded before or on the declaration of the result of the voting on any resolution and on the show of hands demanded by the Chairman or by members holding not less than one-tenth of the total voting power in respect of the resolution or by members holding shares on which an aggregate sum of not less than fifty thousand rupees has been paid up, a declaration by the Chairman that a resolution has been carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book containing the minutes to the proceedings of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against the resolution.
104. a) If a poll is demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting.  
b) The person or persons who made the demand may withdraw the demand for a poll at any time before the poll is taken.  
c) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers, at least one of whom shall be a member (not being an officer /employee of the Company) present at the meeting, provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report thereon to him.  
d) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken. On poll a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be need not, if he votes, use all his votes or casting the same way all the votes he uses.  
e) The demand for poll shall not prevent the meeting from transacting any business other than the business in respect of which a poll has been demanded.

## VOTES OF MEMBERS

105. Subject to any rights or restrictions for the time being attached to any class or classes of shares:  
a) on a show of hands, every member present in person, shall have one vote, and  
b) on a poll, the voting rights of Members shall be as laid down in Section 87 of the Act.
106. Except as conferred by Section 87 of the Act the holders of preference shares shall have no voting right. Where the holder of any preference share has a right to vote on any resolution in accordance with the provisions of Sub-Section 2 of Section 87 of the Act, his voting right on a poll as the holder of such share shall subject to the provision of Section 89 and sub-section (2) of Section 92 of the Act be in the same proportion as the Capital paid in respect of the preference share bears to the total paid up equity capital of the Company.
107. Where a Company or body-corporate (hereinafter called "Member Company") is a member of the Company a person duly appointed by resolution in accordance with Section 187 of the Act to represent such member Company at a meeting of the Company shall not by reason of such appointment, be deemed to be a proxy and the production at the meeting of the copy of such resolution duly signed by one director of such member company and certified by him as true copy of the resolution shall, on production thereof at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the same member company or body-corporate which he represents, as that member Company or body corporate could exercise if it were an individual member.
108. Where there are joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of the said persons so present whose name stands first in the Register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint-holders thereof.

109. If any Member were of unsound mind he may vote whether on show of hands or at a poll by his committee curator bonis or other legal curator and such last mentioned persons may give their vote by proxy on a poll. If any Member is a minor, his guardian may give the vote in respect of his share. If more than one person claim to exercise the right of vote under this clause, the Chairman of the Meeting may select in his absolute discretion any one person and will accept his vote.
110. No Member not present in person shall be entitled to vote on a show of hands, unless such member is a company or corporation present by a representative who may vote on the resolution as if he were a member of the Company.
111. On a poll, votes may be given either personally or by proxy or in the case of a Company, by a representative duly authorised as aforesaid.
112. Any Member of a Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person whether a member or not, as his proxy to attend and vote instead of himself but the proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except on a poll.
113. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if such appointer is a body corporate under its common seal or under the hand of its attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a special proxy. Any other proxy shall be called a general proxy.
114. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power or authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.
115. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the instrument of proxy or of the authority under which the proxy was executed or transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Chairman at the office before the commencement of the Meeting provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
116. Every instrument appointing a special proxy shall, as nearly as circumstances admit, be in any of the forms as set out in Schedule IX to the Act or a form as near thereto as circumstances admit.
117. No Member shall be entitled to exercise any voting rights, either personally or by proxy, at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
118. i). Any objection as to the admission or rejection of a vote, on a show of hands or on a poll made in due time shall be referred to the Chairman of the meeting who shall forthwith determine the same and such decisions shall be final and conclusive.  
ii). No objection shall be raised to the qualification of any voter except at meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

## **DIRECTORS**

119. a) The number of Directors of the Company shall not be less than three and not more than twelve (maximum).
- b) The first Directors of the Company were
1. Mr. Nihar Devendra Gandhi
  2. Mr. Himanshu Kanubhai Shah
  3. Mr. Dimitrius John Dmello

120. The management of the Company shall vest in the Board of Directors.
121. Not less than two-thirds of total number of Directors of the Company shall:
  - (a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and
  - (b) save as otherwise expressly provided in the Act or these presents be appointed by the Company in General Meeting.
122. The Company in the General Meeting may, subject to provision of these presents and Section 259 of the Act, by special resolution, increase or reduce the number of its Directors.
123. The Directors shall have powers at any time and from time to time to appoint any other person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only up to the date of the next following Annual General Meeting of the Company but shall be eligible for re-election at such meeting.
124. Subject to the provisions of Section 313 of the Act or any statutory modification thereof, the Board shall have power to appoint any person to act as alternate director for a director during the latter's absence for a period of not less than three months from the State in which meetings of the Directors are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote there at accordingly but he shall not be required to hold any qualification shares, if any, and shall 'ipso facto' vacate his office if and when the original Director returns to the State in which meetings of the Board are ordinarily held or if the original director vacates his office as director.
125. A director need not hold any share in the Company in his name as his qualification, but nevertheless shall be entitled to attend, speak and preside at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.
126. Each Director, other than the whole time paid Directors, may be paid such fee as may be notified by the Central Government from time to time pursuant to Section 310 of the Act and as approved by the Board, for each meeting of the Board of Directors or a Committee thereof attended by him. The Directors may also be paid the expenses as decided by Board, from time to time, in attending the meeting of the Board or a Committee of Board.
127. In addition to the fee payable to the Directors under Article 126 hereof, the Directors may be paid reasonable traveling, hotel and other expenses in attending and returning from the meetings of the Board of Directors or any Committee thereof or in connection with the business of the Company as decided by the Board.
128. Subject to Section 198, 309, 310 and 314 of the Act, if any Director or Directors being willing shall be called upon to undertake and /or perform extra professional or other services or to make any special exertion in going or residing outside the office for any of the purposes of the Company or in giving special attention to the whole of or any part of the Business of the Company, the Board may remunerate such Director.
129. The continuing Directors may act notwithstanding any vacancy in the Board but, if and so long as their number is reduced below the quorum fixed by these presents for a meeting of the Board, the continuing Directors or Director may act for the purposes of increasing the number of Directors to that fixed for the quorum or of summoning of general meeting of the Company, but for no other purpose.
130. Subject to the approval of the Board of Directors, a Director of the Company may be or become a Director of any company promoted by this Company or in which it may be interested as vendor, shareholder or otherwise and no such directors shall be accountable for any benefits received as a Director or member of such company.

131. Subject to the fulfillment of the requirements of the provisions of Sections 297 to 301 of the Act, a Director shall be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company and any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director be void, and any Director so contracting or being such member so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason of such Director holding this office or of the fiduciary relation thereby established.
132. The Company may, subject to the provisions of Sec.284 of the Act by ordinary resolution of which special notice according to Section 190 of the Act has been given, remove any Director before the expiry of his period of office and may by ordinary resolution of which special notice has been given, appoint another person instead of the removed Director. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy under the provisions of these Articles.
133. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire, in the normal course, the resulting vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been so vacated, provided that the Board shall not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under these Articles.
134. Subject to Section 259 of the Act the Company may by special resolution from time to time, increase or reduce the number of Directors, and may either alter their qualification and the Company may (subject to the provision of requirement Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

#### **PROCEEDINGS OF DIRECTORS' MEETINGS**

135. a) The Directors may meet together for the despatch of business and may adjourn and otherwise regulate their meetings and proceedings as they may think fit, subject to the provision of Section 285 of the Act.  
b) The Chairman, Director or any officer authorised by the Directors may call a meeting of the Board of Directors.  
c) Subject to the provisions of Section 316, 372A(2) and 386 of the Act, questions arising at any meeting of the Directors shall be decided by a majority of votes and in case of any equality of votes the Chairman shall have a second or casting vote.
136. Notice of every meeting of the Board or a Committee thereof shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.
137. Subject to Section 287 of the Act, the quorum for the meeting of the Board shall be one third of its total strength or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength in number, the remaining Directors, that is to say, the number of Directors who are not interested, present at the Meeting being not less than two, shall be the quorum during such meeting.
138. a) The Board shall appoint from amongst its members a Chairman.  
b) If at any meeting of the Board the Chairman shall not be present within thirty minutes of the time appointed for holding the same or if he is unable or unwilling to take the Chair then the Board may elect one of their other members to act as the Chairman of that meeting.
139. A meeting of Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles or the Act for the time being vested in or exercisable by the Board.

140. Subject to the provisions of Section 292 and 293 of the Act, the Board may from time to time delegate any of its powers to a committee consisting of such member or members of their body, managers and other officer(s) of the Company as it may think fit and may revoke such delegation. Any Committee so formed shall, in exercise of the power so delegated, conform to any regulation that may from time to time be imposed upon it by the Board. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereof and are not superseded by any regulations made by the Directors under this Clause.
141. All acts done at any meetings of the Directors or of a Committee or by any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such Director or person had been duly appointed and was qualified to be a Director or a member of a Committee.
142. Save for the purpose of Sections 262, 292, 297, 316, 372A and 386 of the Act, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors or of the Committee thereof duly called and constituted if it is circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members at their usual address in India and has been approved by such of the Directors or members as are then in India or by a majority of such of them as are entitled to vote on the resolution.

#### **POWERS OF THE BOARD**

143. Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of Association of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further, that in exercising any such powers or doing any such Act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles or in any regulations made by the Company in General Meeting but no regulations, made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
144. The Company may exercise the powers conferred on it by Sections 157 and 158 of the Act with regard to keeping of a foreign Register and the Board may (Subject to the provisions of these sections) make and vary such regulations as it may think fit in respect of the keeping of any such register.
145. Every debenture or other instrument issued by the Company for securing the payment of the money may be so framed that the moneys thereby secured shall be assigned free from any equities between the Company and the person to whom the same may be issued. Any debentures, debenture-stock, bonds or other instruments or securities may be issued at a discount, premium or otherwise and may be issued on a condition that they shall be convertible into any shares of any denomination and with any special privileges as to redemption surrender, drawing and allotment of shares or otherwise, provided that the debentures with right to conversion into or allotment of shares shall not be issued without consent of the Company in General Meeting.
146. Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book kept for that purpose.
147. The following powers shall be exercised by the Board or any Committee of the Board, or otherwise by the Company as may be so required:
- a) To voluntarily liquidate the Company.
  - b) To increase or reduce the Company's capital.
  - c) To issue and allot new shares.
  - d) To make any Rights Issue of shares.
  - e) To adopt any resolution to alter the Memorandum and Articles of Association.
  - f) To join any other company or to invest in any other company.
  - g) To Issue Debentures.

- h) To undertake or permit any merger, consolidation or reorganisation of the Company.
- i) To decide on the declaration of dividends and appropriation of profits.
- j) Subject to the provisions of Section 372-A of the Act, to give to make any loan to any person or other body corporate or give guarantee or provide security in connection with a loan made by any other person to or to any other person by any body corporate.

#### **MANAGING / WHOLE TIME DIRECTORS**

148. The Company by ordinary resolution or the Board of Directors may, subject to the provisions of sections 268, 269 and 314 and schedule XIII of the Act, from time to time appoint one or more of the Directors to be Managing Director(s) or other Whole time Director(s) of the Company, for a term not exceeding five years at a time and may from time to time (subject to the provisions of any contract between him or them and the Company) remove him or them from office by following the statutory procedures and appoint another or others in his or their place or places.
149. Subject to the provisions of Sections 198, 309, 310 and 311 of the Act, a Managing Director or whole-time Director shall in addition to the usual remuneration payable to him as a director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company and may be by way of fixed salary or at a specified percentage of the net profits of the Company or both, or in any other manner and extent otherwise determined. The Remuneration of Managing Director / whole time Director shall be deemed to accrue from day to day.

#### **MANAGER**

150. Subject to the provisions of section 197 A and 388 of the Act, the Board shall have power to appoint or employ any person to be the Manager of the Company upon such terms and conditions as the Board thinks fit and the Board may, subject to the provisions of Section 292 of the Act, vest in such manager such of powers, vested in the Board, as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to restrictions as it may determine and at such remuneration as it may think fit.
151. A Director may be appointed as General Manager/ Manager subject to Section 197 A, 314 and 388 of the Act.

**SECRETARY**

152. Subject to the section 383A of the Act, the Board may from time to time appoint or employ any person to be secretary of the Company upon such terms, conditions and remuneration as it thinks fit to perform any functions which by the Act or the Article for the time being of the Company are to be performed by the secretary and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the secretary by the Board. The Board may, subject to the provisions of the Act, also at any time appoint some person (who need not be the secretary) to keep the registers required to be kept by the Company.
153. Subject to the provisions of the Act, a Director may be appointed as a secretary.

**THE SEAL**

154. a) The Directors shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy and substitute a new seal in lieu thereof and provide for its safe custody.  
b) The seal shall not be affixed to any instrument except in the presence of a Director or an officer duly authorised who shall sign every instrument to which the seal shall be affixed. Provided, nevertheless, that any instrument other than a share certificate bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. Provided further that in respect of issue of share certificates the provisions of the Companies (Issue of Shares Certificates) Rules, 1960 shall apply.  
c) Subject to the provisions of Sections 50 of the Act the Directors may provide for use of an official seal in any territory outside India.

**ANNUAL RETURN**

155. The Company shall make the requisite Annual Return in accordance with Section 159 and 161 of the Act.

**RESERVE**

156. The Board may subject to Section 205 (2A) of the Act from time to time, before recommending any dividend set apart any portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company or for equalisation of dividends or for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of Sections 372A of the Act, invest the several sums so set aside upon such investments (other than shares in the Company) as it may think fit and may from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserve or any part thereof in the business of the Company and that without being bound to keep the same separated from the other assets. The Board may also carry forward any profits, which it may think prudent not to divide without setting them aside as a reserve.
157. All moneys carried to the reserves shall nevertheless remain and be the profits of the Company available. Subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all other moneys of the Company not immediately required for the purpose of the Company may, subject to the provisions of Section 372A of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or be kept at any Bank or deposit or otherwise as the Board may from time to time think proper.

**CAPITALISATION OF PROFITS / RESERVES**

158. (1)The Company in General Meeting may, upon the recommendation of Board, resolve:  
a) To capitalise whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account, or to the credit of the profit and loss account or otherwise available for distribution and

- b) That such sum be accordingly set free for distribution in the manner specified in sub-clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
  - (2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in sub-clause (3) below, either in or towards:
    - a) Paying up any amounts for the time being unpaid on any shares held by such members respectively.
    - b) Paying up in full, un-issued shares of the Company to be allotted and distributed, credited as fully paid up, to and among such members in the proportion aforesaid or,
    - c) Partly in the way specified in (i) and partly in that specified in (ii) above.
  - (3) A share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares or for any other purpose specified in Section 78 of the Act.
  - (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
159. 1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
- a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares if any; and
  - b) Generally do all acts and things required to give effect thereto.
- 2) The Board shall have full power:
- a) To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions and,
  - b) To authorise any person to enter, on behalf of the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.
- 3) Any agreement made under such authority shall be effective and binding on all such members.

## **DIVIDENDS**

160. Subject to the rights of members entitled to a share (if any) with preferential or special rights attached thereto the profits of the Company which shall from time to time be determined to be divided in respect of any year or other period shall be applied in the payment of dividend on the Equity Shares of the Company, but so that the holder of a partly paid up share shall be only entitled to such proportion of the distribution upon a fully paid up share proportionately to the amount paid or credited thereon during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
161. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be divisible among the Members in the proportion of the amount of capital paid or credited as paid up on the shares held by them respectively.
162. The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
163. No larger dividend shall be declared than that recommended by the Board, but the Company in general meeting may declare a smaller dividend.
164. No dividend shall be payable except out of profits of the Company or out of moneys provided by the Central or State Government for the payment of Dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

165. The Directors, if in their opinion the position of the Company justifies, may from time to time, without the sanction of a general meeting pay interim dividend to one or more classes of shares to the exclusion of others at rates, which may be differing from class to class. When declaring such dividend they should satisfy themselves that the preference shares, which have a prior claim in respect of payment of dividend, should have their entire rated dividend at the time of final preparation of the accounts of the period
166. No members shall be entitled to receive payment of any dividend or interest in respect of his share or shares whilst any money be due or owing from him as is presently payable to the Company in respect of such share or shares otherwise on account of any debts, liabilities or engagements of the members of the Company either alone or jointly with any other person or persons and the Directors may deduct from the dividend or interest payable to any member all sums of money so due from him to the Company Subject to Section 205 A of the Act.
167. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the member, be set off against the call Subject to Section 205 A of the Act. The making of a call under this Article shall be deemed ordinary business of an annual general ordinary meeting which declares dividend.
168. A transfer of share shall not pass the right to any dividend declared thereto before the registration of the transfer by the Company.
169. Subject to Section 205 A of the Act the Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.
170. The Directors may retain any dividend on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagement in respect of which the lien exists subject to Section 205 A of the Act.
171. Anyone of several persons who are members registered jointly in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such shares.
172. Notice of any dividends, whether interim or otherwise, shall be given to the person entitled to share therein in the prescribed manner, if any.
173. Unless otherwise directed in accordance with Section 206 of the Act, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders to the registered address of that one whose name stands first on the register in respect of the joint holding or to such person and at such address as the member or person entitled or sub joint-holders as the case may be, direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holders as the case may be, may direct.
- UNPAID OR UNCLAIMED DIVIDEND**
174. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Indiabulls WHOLESAL SERVICES Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
175. Subject to the provisions of Section 205B of the Act any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund ("Fund") and that no claim by any person to any money transferred to the Fund shall lie on or after the commencement of the Companies (Amendment) Act, 1999.
176. No unclaimed or unpaid dividend shall be forfeited by the Board and all unclaimed and unpaid dividends shall be dealt with as per Section 205 A and 205 B of the Act and the rules made there under.

177. The Company shall not be responsible for the loss of any cheque, dividend warrant or postal order sent by post in respect of dividends, whether by request or otherwise, at the registered address or the address communicated to the office before hand by the member or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.

#### **BOOKS AND DOCUMENTS**

178. The Directors shall cause to be kept in accordance with Section 209 of Act, proper books of account with respect to:
- a) All sums of money received and spent by the Company and the matters in respect of which the receipts and expenditures take place including the Profit & Loss Account and cash flow statement.
  - b) All sales and purchase of goods by the Company.
  - c) The Balance Sheet depicting the assets and liabilities of the Company.
179. The books of accounts shall be kept at the Registered office or at such other place as the Board thinks fit and shall be open to inspection by the Directors during business hours.
180. The Directors shall from time to time, subject to the provisions of sections 163, 209 and 209 A of the Act, determine whether and to what extent and at what time and places and under what conditions, the documents and registers or any of them maintained by the Company of which inspection allowed by the Act, shall be kept open for the inspection of the members. Till decided otherwise by the Board, such documents and registers shall be kept open for inspection to the persons entitled thereto between 11 A.M. and 1 P.M. on all working days. No member (not being a Director) shall have any right to inspection of any account or book or document of the Company except as conferred by law or by Act or authorised by the Directors or by resolution of the Company in General Meeting and no member, not being a director shall be entitled to require or receive any information concerning the business, trading or customers of the Company or any trade secret or secret process used by the Company.

#### **AUDIT**

181. Once at least in every year the books of accounts of the Company shall be examined and audited by one or more Auditor or Auditors.
182. The Company at each annual general meeting shall appoint an auditor or auditors to hold office until the next annual general meeting and their appointment, remuneration, rights and duties shall be regulated by sections 224 to 227 of the Act.
183. Where the Company has a branch office, the provision of section 228 of the Act shall apply.
184. All notices of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have been sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor.
185. The Auditors' Report shall be read before the Company in Annual General Meeting and shall be open to inspection for any member of the Company.
186. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in Annual General Meeting shall be conclusive, in respect of transactions of the Company for the relevant year.

#### **SERVICE OF NOTICE AND DOCUMENTS**

187. The Company shall comply with the provisions of Section 53, 172 and 190 of the Act as to the service of notices.

188. The accidental omission to give notice to or the non-receipt of notice, by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
189. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which previous to his name and address being entered in the register, shall have been duly given to the person from whom he derives his titles to such share.
190. The Signature to any notice to be given by the Company may be written, printed or lithographed.
191. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member then deceased and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any share whether registered solely or jointly with other persons, until some other person be registered in his stead as the member in respect thereof and such service for all purposes of the Articles be deemed a sufficient service of such notice or document on his/her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.
192. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by the advertisement.
193. Any notice required to be or which may be given by the advertisement shall be advertised once in vernacular newspapers circulating in the neighborhood of the registered office and once in English newspaper.

**RECONSTRUCTION**

194. On any sale of the whole or any part of the undertaking of the Company, the Board or the Liquidators on a winding up may, if authorised by special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in the whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (in winding up) may distribute such shares or securities or any other property of the company amongst the members without realisation or vest the same in trustees for them and any special resolution may provide for the distribution or appropriation of cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the member, contributors of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall subject to the provisions of Section 395 of the Act be bound to accept as shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto save only in case the Company is proposed to be or is in course of being wound up and subject to the provisions of Section 494 of the Act as are incapable of being varied or excluded by these Articles.

**WINDING UP**

195. On winding up preference shares rank as regards capital in priority to equity shares to the extent of the paid up value of the said shares but to no other rights or participating in its assets.
196. Subject to law of the land for the time being in force, if the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of said paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of winding up then the excess shall be distributed amongst the members in proportion to the paid up capital at the commencement of the winding up held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions, if any.

197. 1) In the event of the Company being wound up the holders of preference share, if any, shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repayment to them the amount paid up on the preference shares held by them respectively and any arrears of dividend upto the commencement of the winding up, whether declared or not. If the surplus assets available as aforesaid shall be insufficient to repay the whole of the amount paid up on the preference shares and any arrears of dividend, such assets shall be distributed amongst the holders of preference shares so that the losses shall be borne by the holders of preference shares as nearly as may be in proportion to the capital paid up or which ought to have been paid up on the shares held by them at the commencement of the winding up and the arrears of Dividend as aforesaid.
- 2). The assets, if any, available for distribution after payment to the preference share holders as aforesaid shall be distributed amongst the holders of equity shares in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares in respect of which they were respectively registered.
- 3) The Article is to be without prejudice to the rights and privileges amongst the holders of preference shares of different series.

## **SECURITY CLAUSE**

198. Subject to the provisions of the Act, every Director, Manager, Auditor, trustee, Member of the Committee, Officer, servant, agent, accountant or other person employed in the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with the customers and the state of account with individuals and in matter relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
199. No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company or to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or subject to Article 195 require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will not be in the interest of the Company to communicate.

## **INDEMNITY**

200. Subject to Section 201 of the Act, Every Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed Auditor shall be indemnified out of the funds of the Company, against all bonafied liability incurred by him as such Director, Manager, Secretary, Officer, employee or Auditor in defending any bonafied proceedings, whether civil or criminal or in which judgment is given in his favour or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

**SECTION X- OTHER INFORMATION****MATERIAL DOCUMENTS FOR INSPECTION**

Following documents have been delivered to the Stock Exchanges along with this Information Memorandum.

1. Memorandum and Articles of Association of Indiabulls Wholesale Services Ltd.
2. Certificate of Incorporation of Indiabulls Wholesale Services Ltd.
3. Copy of Form No. 21 filed by the Company with Registrar of Companies, NCT of Delhi & Haryana, along with the order of the Hon'ble High Court of Delhi dated March 3, 2011 sanctioning the Scheme of Arrangement.
4. NOC on the Scheme of Arrangement/ De-merger granted by BSE vide their letter no. DCS/AMAL/JA/24(f)/447/2010-11 dated August 9, 2010.
5. NOC on the Scheme of Arrangement/ De-merger granted by NSE vide their letter no. NSE/LIST/143975-G dated August 6, 2010.
6. Approval letter of SEBI granting exemption from applicability of Rule 19(2)(b) of the Securities Contract Regulations Rule vide letter no. CFD/DIL/SM/25213/2011 dated August 4, 2011.
7. Certificate of Statutory Auditors to the Statement of Possible Tax Benefit mentioned in this Information Memorandum.
8. Copies of Audited Annual Accounts of our Company for financial year 2007-08, 2008-09, 2009-10 and 2010-11.
9. Copies of tripartite agreement dated April 21, 2011 entered into between the Company, RTA and NSDL.
10. Copies of tripartite agreement dated April 26, 2011 entered into between the Company, RTA and CDSL.
11. Return of Allotment filed by the Company for allotment of Shares pursuant to the Scheme.
12. Letter from BSE granting its in-principle approval to the listing of shares issued pursuant to and in terms of the Scheme vide its letter no.DCS/AMAL/BS/IP/178/2011-12 dated June 21, 2011
13. Letter from NSE granting its in-principle approval to the listing of shares issued pursuant to and in terms of the Scheme vide its letter no. NSE/LIST/141200-P dated July 27, 2011

Any of the contracts or documents mentioned in this Information Memorandum may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the Guidelines issued by the Government of India or the Regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or Regulations made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Information Memorandum are true and correct.

### **SIGNED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY**

**Sd/-**

**SURINDER SINGH KADYAN**  
**Whole-time Director**

Place: New Delhi

Date: August 5, 2011