

Indiabulls Real Estate Limited.

ANNUAL REPORT
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Indiabulls
REAL ESTATE

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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on management's plans and assumptions. The Company here means the consolidated entity consisting of all its subsidiaries. Similarly Company's land bank and Company's project means the consolidated land bank and project of the Company as consolidated entity alongwith all its subsidiaries. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

Company Information

Board of Directors

Mr. Sameer Gehlaut
Mr. Narendra Gehlaut
Mr. Karan Singh Khera
Mr. Shamsher Singh Ahlawat
Mr. Aishwarya Katoch
Mr. Prem Prakash Mirdha
Brig. (Retd.) Labh Singh Sitara

Company Secretary

Mr. Ravi Telkar

Chief Financial Officer

Mr. Anil Mittal

Bankers

Axis Bank Limited
Bank of India
Corporation Bank
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
State Bank of Bikaner and Jaipur
State Bank of India
The Ratnakar Bank Limited
Vijaya Bank
Yes Bank Limited

Registered Office

M - 62 & 63, First Floor, Connaught Place,
New Delhi - 110 001, INDIA
Website: <http://realestate.indiabulls.com>
Tel: 0124-6681199, Fax: 0124-6681240
Email: helpdesk@indiabulls.com
CIN: L45101DL2006PLC148314

Corporate Offices

1. Indiabulls House, Indiabulls Finance Centre,
Tower 1, Senapati Bapat Marg,
Elphinstone Road, Mumbai - 400 013
Maharashtra
2. Indiabulls House, 448-451,
Udyog Vihar, Phase V,
Gurgaon - 122 016, Haryana

Statutory Auditors

Sharma Goel & Co. LLP
Chartered Accountants

Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Plot no. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081



CHAIRMAN'S MESSAGE

Dear Shareholders,

The Indian real estate sector has come a long way and is today one of the fastest growing markets in the world. It comprises four sub-sectors – housing, retail, hospitality, and commercial. While housing contributes to 5 to 6 percent of India's gross domestic product (GDP), the remaining three sub-sectors are also increasing at a fast pace. The total realty market in the country is expected to touch US\$ 180 billion by 2020. However, last couple of years has been a drag for the real estate sector underpinned by the poor macroeconomic conditions. Slowing income growth, sustained weakness in the rupee, sky-rocketing inflation and high borrowing rates combined to make consumers wary of spending. According to latest forecast by CSO, real GDP growth for FY 2013-14 was 4.9%. Coming on the back of 4.5% growth in 2012-13, this probably is the first time after several years that India will have languished at a sub-5% growth for successive years. The estimated growth of construction activities in 2013-14 will be a mere 1.7%. It was clearly a dull year for real estate, when all asset classes — residential, office and retail properties — saw a steady decline in absorption. Besides, policy inconsistency and apathy towards the sentiments of the international and domestic business community have aggravated the agony.



Mr. Sameer Gehlaut
Founder & Chairman

However, as I write, one significant plus for the sector is the outcome of general elections. With new government having introduced developer and buyer friendly policies, particularly in the affordable housing segments, the outlook for real estate sector in 2014 does appear promising. We in business are now looking forward to a period of stable governance that brings back much needed sanity and predictability of executive action leading to greater development and higher growth. I expect that in the second half the fiscal, fence-sitting buyers are likely to become active.

An epochal development: growing beyond India

Contrary to the adage 'first thing first', let me for a change begin with 'last thing first' as I share an important milestone in your company's quest for expanding its business horizons. It gives me great pleasure that your company made its first international foray recently, with the acquisition of 22 Hanover Square, an iconic landmark in Mayfair, the heart of central London, for ₹ 1,550 crore. Currently a commercial office building spread over 87,444 sqft of area, the project envisages redeveloping it into a luxury residential building with a sales potential of close to ₹ 4,500 crore. As you are aware, we already have our marketing cum sales offices in London and Dubai, and therefore, it was the logical step forward to establish our credentials as a developer in the most coveted international financial hub of London, which has proven to be a bastion of stability and steady appreciation amid the slowdown in the global realty market. Not only will our London foray help us capitalise on our strong brand, but will enable us to diversify across geographies outside India, and provide a buffer against cyclical slowdown in the domestic market. Leveraging on our execution experience, track record as a developer, and our balance sheet strength, we shall continue to scout for such opportunities and expand our international footprint.

Performance overview

Notwithstanding the current wave of indifference surrounding the sector, and unnerved by the slow down, your company is aiming high with a perfect blend of caution, diligence and evaluation of all the potential opportunities. Braving all odds, not only the sales of your company has increased to ₹ 3,076 crores during the year as against ₹ 3,002 crores in FY 13, it has also paid a dividend of ₹ 3 per share for year 2013-14. We have maintained our focus on speedy execution, maintaining a moderate level of debt, and keeping costs under control.

Key highlights: sustaining growth

The current economic environment is extremely challenging; competitive intensity remains high and is likely to increase. However, we remain committed to drive the business towards delivering consistent, competitive, profitable and responsible growth. I am happy to share some of the key highlights as follows:

CHAIRMAN'S MESSAGE (Contd.)

- Total Sales of ₹ 3,076 Crores for an area of 3.40 msft in FY-14 vs. ₹ 3,002 Crores for an area of 2.82 msft in FY-13
- Total Revenues of ₹ 1,800 Crores in FY- 14 vs. ₹ 1,346 Crores in FY-13
- PBT - ₹ 362 Crores in FY-14 vs. ₹ 267 Crores in FY-13
- PAT - ₹ 230 Crores in FY-14 vs. ₹ 175 Crores in FY-13
- Dividend payout of ₹ 3 per share for year 2013-14
- With marquee project 'Blu' reaching revenue recognition, there is a large funnel for future revenues
- Credit rating of A+, highest amongst its real estate developer peers

With several new project launches planned for the next few months, the outlook for the ensuing year looks much brighter.

Land Bank: key to future profitability

The passage of the land acquisition Bill is set to make land more coveted. Now, those seeking to buy land and develop it would have to pay at least twice the amount. In this situation, company having a large land reserve gets the advantage. Your company has a total land bank of 1,009.74 acres in Mumbai Metropolitan Region (MMR), National Capital Region (NCR) and Chennai. Your company possesses these lands with no outstanding amounts of due to be paid. Besides, your company has 2,588 acre SEZ land in Nasik, Maharashtra. The size and location of these lands allows us to respond quickly and effectively to the changes in the market conditions, regulatory environment and the overall demand.

Thrust on execution and expansion

Undeterred by the current slowdown, your company has been steadily expanding its presence in Tier I and Tier II cities. Presently, your company is developing both residential and commercial projects mainly concentrating in metros and Tier I cities. The project ranges from 'mid-income' housing projects to 'premium' and to 'super premium' projects. The total Area under Development (AUD) stood at 72.86 msft at the end of FY 2013-14. Your company will be handing over 1000 apartments in the coming year, and more than 15,000 in the next 4 years, thereby creating so many happy customers whose dream of having a best-in-class accommodation will be fulfilled. Your company is therefore, at the cusp of realizing its mission of delivering lifelong happiness and satisfaction to its customers, who will soon call these apartments 'home'.

Projects gained significant momentum

During the year under review, our various existing projects gained momentum, while we launched several new ones at strategic locations. Almost entire Phase 1 of our integrated housing project at Panvel, called '**Indiabulls Greens**' has been sold out, with very little inventory left out of the existing stock. '**Golf**', Savroli, positioned as a weekend second home for the life style oriented, is generating very good response. With civil construction almost over for most buildings in phase 1, work on golf course will start soon. '**Blu**', the most sought after project in Mumbai, is creating new benchmark in the city. A very high-end sales lounge is being built at the site, which will reflect the experience buyers will enjoy on possession. The project, expected to be delivered in 2 years, has been steadily appreciating in terms of price realization for all incremental sales. '**Chennai Greens**', our flagship project down south, is an integrated township of over 50 acres. Phase 1 of the project was delivered in May 2013, and Phase 2 is under development. Phase 2 possession will commence in May 2016 and will be completed by April 2017.

Some of our other ongoing projects include Indiabulls Centrum (Madurai), Vatika (Ahmedabad), Indiabulls Mega mall and One Indiabulls (Vadodara), Enigma (Gurgaon), and Centrum Park (Gurgaon). While a few of these projects have been delivered, some are at an advance stage of completion, and likely to be handed over in the near future.

Key projects launched/planned to be launched

I am happy to announce that last year your company acquired the stake of our erstwhile J.V. partners, Farallon, a U.S. private equity fund, in our projects in Gurgaon (Sector 104 and 106, and Centrum), Sonapat, and Chennai. These

CHAIRMAN'S MESSAGE (Contd.)

projects have now become wholly owned by your company. Some of the new projects envisaged to be launched during the year are:

- **One Indiabulls - Sec 104, Gurgaon (recently launched):** Super premium residential complex consisting of town houses, low rise apartments and high rise towers spread over 34 acres
- **Indiabulls Mint- Sec 104, Gurgaon:** Iconic commercial tower of 2.11 lac sqft
- **Indiabulls Imperial - Sec 106, Gurgaon:** Integrated township with high-end residential apartments, villas, luxury retail and commercial spread over 35.23 acres
- **Indiabulls Sierra, Vizag (recently launched):** 7.86 lac sqft of residential development, consisting of 13 residential towers spread over 4.8 acres
- **Indiabulls Kalina, Mumbai:** One of the most eagerly awaited projects in the city, It's a boutique high end project, 2.12 lac sqft of ultra-premium residential development
- **Indiabulls Commercial Centre-Sec 109, Gurgaon:** 5.84 lac sqft of commercial development

Our Credit rating – A reflection of sound financials

Your company has retained its A+ (Single 'A' Plus) rating for long-term debt (Term Loans and NCDs) and A1+ (highest possible) for short-term debt. The ratings are a reflection of company's strong fundamentals, low gearing, and execution record and mirror its long-term growth prospects.

Management reorganization

Before I conclude, I wish to share another very recent development – to impart greater focus and accountability at the leadership level and to rationalize operations of the diverse businesses of the Indiabulls group, its three promoters, myself, Rajiv Rattan and Saurabh Mittal have mutually decided to reorganize the management control of different group companies amongst ourselves. As part of the restructuring, I retain management control of your company, while the other two co-promoters have stepped down from the Board of the company, and would not be involved in its operations. This realignment of control will set your company firmly on the growth path.

Lastly, I wish to place on record the sincere dedication and hard work of our employees, which has led to this improved performance. I am also grateful to our bankers, business associates and shareholders but for whose support the Company's quest for value creation would not have been possible.

Thank you!

Sameer Gehlaut
Founder & Chairman

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighth Annual Report together with the audited accounts of the Company for the financial year ended March 31, 2014.

FINANCIAL HIGHLIGHTS

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

Particulars	Amount (in Rupees)	
	Year ended March 31, 2014	Year ended March 31, 2013
Profit before Depreciation / Amortisation	1,604,641,783	3,446,559,581
Less: Depreciation / Amortisation	32,135,061	33,330,752
Profit before Tax	1,572,506,722	3,413,228,829
Less: Provision for Tax	126,974,621	727,618,602
Profit after Tax	1,445,532,101	2,685,610,227
Balance of Profit Brought Forward	205,283,979	87,475,910
Profit Available for Appropriation	1,650,816,080	2,773,086,137
Appropriations:		
Interim Dividend on Equity shares	1,059,532,217	848,021,478
Corporate Dividend Tax on Interim Dividend on Equity shares	(9,090,500)	16,658,750
Transfer to General Reserves	153,300,802	268,561,022
Transfer to Capital Redemption Reserves	-	100,000,000
Transferred to Debenture Redemption Reserve	333,333,334	1,334,560,908
Balance of Profit Carried Forward	113,740,227	205,283,979

REVIEW OF OPERATIONS & BUSINESS UPDATE:

Key Financial Highlights:

- Total Sales in FY '14 increased to Rs. 3,076 Crores for an area of 3.40 msft as against the sales of Rs. 3,002 Crores for an area of 2.82 msft in FY '13.
- Total Revenues in FY '14 increased to Rs. 1800 Crores as against the revenues of Rs. 1,346 Crores in FY '13.
- Total Profit after Tax (PAT) in FY '14 increased to Rs. 230 Crores as against the PAT of Rs. 175 Crores in FY '13.
- Earnings per share (EPS) in FY '14 increased to Rs. 5.28 as against the EPS of Rs. 3.74 in FY '13.

Credit Rating:

The Company has retained its A+ (A Plus) rating for its long term debt (Term Loans and NCDs) and A1+ (A One Plus) rating for its short-term debt, which is the highest rating that can be assigned for short-term debt. With this the Company enjoys ease and most favorable terms on the loans/facilities being availed from the Banks/Financial Institutions. The ratings are the manifestation of the Company's strong fundamentals, low gearing and execution track record and mirror its long term growth prospects.

Land Bank:

- As on 31st March 2014, total Land Bank is 1,009.74 acres, of which 966.56 acres is for residential development and balance 43.18 acres is for commercial development.

DIRECTORS' REPORT (Contd.)

- More than 95% of the Land Bank is high value super-metro cities – Mumbai Metro Region, National Capital Region (Delhi) and Chennai

Project development:

In addition to the land bank of 1,009.74 acres and 2,588 acres of SEZ land in Nashik, the Company's ongoing projects have 72.86 million square feet area of development. Each project bears a stamp of thoughtful solutions and highest quality and an optimum mix of different categories and therefore the Company has diversified portfolio of super premium category, premium category & mid income category.

Ongoing major projects are:

- BLU, Worli, Mumbai
- Sky, Lower Parel, Mumbai
- Sky Forest, Lower Parel, Mumbai
- Sky Suites, Lower Parel, Mumbai
- Indiabulls Golf City, Savroli, MMR
- Indiabulls Greens, Panvel, MMR
- Vatika, Ahmedabad
- Indiabulls Mega Mall, Vadodara
- Indiabulls Greens, Chennai
- Indiabulls Centrum, Madurai
- Centrum Park, Gurgaon
- Enigma, Gurgaon
- Indiabulls City, Sonapat, Haryana

New Launch of projects for FY15

- **One Indiabulls - Sec 104, Gurgaon (recently launched):** Super premium residential complex consisting of town houses, low rise apartments and high rise towers spread over 34 acres
- **Indiabulls Mint- Sec 104, Gurgaon:** Iconic commercial tower of 2.11 lac sqft
- **Indiabulls Imperial - Sec 106, Gurgaon:** Integrated township with high-end residential apartments, villas, luxury retail and commercial spread over 35.23 acres
- **Indiabulls Sierra, Vizag (recently launched):** 7.86 lac sqft of residential development, consisting of 13 residential towers spread over 4.8 acres
- **Indiabulls Kalina, Mumbai:** One of the most eagerly awaited projects in the city, It's a boutique high end project, 2.12 lac sqft of ultra-premium residential development
- **Indiabulls Commercial Centre-Sec 109, Gurgaon:** 5.84 lac sqft of commercial development

SIGNIFICANT DEVELOPMENT DURING THE YEAR

During the year 2013-14, the Company has purchased the entire stake of FIM Ltd. and its affiliates (managed by Farallon Capital Management LLC and its affiliates, a leading U.S. private equity fund), in its 7 project subsidiaries. With the purchase of FIM's entire stake, these project subsidiaries have become 100% owned by the Company. The details of these 7 project subsidiaries are as under:

DIRECTORS' REPORT (Contd.)

Project Subsidiary	Project	Area (Acres)
Selene Estate Ltd.	Greens, OMR- Chennai	15.90
Indiabulls Estate Ltd.	Indiabulls City, Sonapat	160.81
Citra Properties Ltd.	Sector – 109, Gurgaon	6.19
Airmid Developers Ltd.	Sector – 106, Gurgaon	39.06
Selene Constructions Ltd.	Centrum Park, Gurgaon	28.03
Juventus Estate Ltd.	Sector – 104, Gurgaon	31.17
Athena Infrastructure Ltd.	Enigma, Gurgaon	16.60

INTERNATIONAL FORAY

The Company has recently made its first international foray, with the acquisition of 22 Hanover Square, an iconic landmark in Mayfair, the heart of central London, which is currently a commercial office building spread over 87,444 sqft of area. The project envisages redeveloping it into a luxury residential building. Further, the Company already has its marketing cum sales offices in London and Dubai.

PROMOTERS DE-CLASSIFICATION

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

Further, with effect from July 18, 2014, Mr. Rajiv Rattan, Yantra Energetics Private Limited, Spire Constructions Private Limited, Laurel Energetics Private Limited, Nettle Constructions Private Limited, Mr. Saurabh Kumar Mittal, Gragerious Projects Private Limited, Punarvasu Builders and Developers Private Limited, Ceres Trading Services Private Limited, Daisy Projects Private Limited and Lucerne Trading Services Private Limited have ceased to be the Promoters / Promoter Group / PACs with the promoters of the Company.

DIVIDEND

For the financial year 2013-14, the Board of Directors of the Company had declared three interim dividends aggregating to Rs. 3/- per share on shares of face value Rs. 2/- each (i.e. Re. 1/- per equity share on July 24, 2013, Re. 1/- per share on October 22, 2013 and Re. 1/- per equity share on April 23, 2014). Your Directors recommend that the payment of the aforesaid interim dividends aggregating to Rs. 3/- per equity share on shares of face value Rs. 2/- each for the year ended on March 31, 2014 be confirmed.

DIRECTORS

The Board in recognition of the contributions of Mr. Narendra Gehlaut, MD of the Company, in taking the Company to remarkable growth and progress, elevated him to the position of Vice Chairman of the Company.

To achieve the highest standards of Corporate Governance in its management and to introduce a true sense of professionalism in the Board of the Company, the Board has proposed the appointments of Justice Surinder Singh Nijjar (Retd. Justice - Supreme Court of India) (DIN: 06964806), Justice Bisheshwar Prasad Singh (Retd. Justice Supreme Court of India) (DIN: 06949954) and Mrs. Rama Das (Ex-Member, CAT) (DIN: 06954941) as Independent Directors of the Company and the appointments of Mr. Vinesh Kumar Jairath (Ex-IAS Officer) (DIN: 00391684) and Mr. Gurbans Singh (Ex-IRS Officer) (DIN: 06667127), as Joint Managing Directors of the Company along with the appointment of Mr. Ashok Brijmohan Kacker (Ex-IRS Officer) (DIN: 01647408), as a Non-executive Director of the Company.

DIRECTORS' REPORT (Contd.)

Further to ensure continuity of guidance from Brig. Labh Singh Sitara (Ex-army official and Dhyanchand award winner sportsman) (DIN: 01724648), Mr. Shamsher Singh Ahlawat (DIN: 00017480) and Mr. Aishwarya Katoch (DIN: 00557488), the existing Independent Directors of the Company, the Board has recommended their re-appointments as Independent Directors of the Company.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Narendra Gehlaut (DIN: 01246303), retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer himself for reappointment. The Board recommends his re-appointment.

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

In consonance with the management re-organization, within Indiabulls group companies, as mutually decided among its promoters, Mr. Rajiv Rattan (DIN: 00010849) & Mr. Saurabh Kumar Mittal (DIN: 01175382) have resigned from the Board of Directors of the Company on 9th July 2014. The Board appreciated the efforts put in by Mr. Rattan & Mr. Mittal during their association with the Company.

EMPLOYEES STOCK OPTIONS

The disclosures required to be made in the Directors' Report in respect of the stock options granted under various employee stock option schemes in force in the Company, in terms of the format prescribed under SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines 1999, are set out in the annexures forming a part of this Report.

CHANGE IN THE CAPITAL OF THE COMPANY

Subsequent to the financial year ended March 31, 2014, the Company had allotted 8,62,000 equity shares of face value Rs. 2/- each, against exercise of stock options under Indiabulls Real Estate Limited Employees Stock Option Scheme 2006, consequent to which, the paid up equity share capital of the Company increased from Rs. 84,80,21,478/- comprising of 42,40,10,739 equity shares of Rs. 2/- each, to Rs. 84,97,45,478/- comprising of 42,48,72,739 equity shares of Rs. 2/- each.

PUBLIC DEPOSITS

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

SUBSIDIARIES

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

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

CORPORATE SOCIAL RESPONSIBILITY

During the year, your directors have constituted the Corporate Social Responsibility Committee comprising Mr. Karan Singh Khera as the Chairman and Mr. Narendra Gehlaut and Mr. Saurabh Kumar Mittal as other members. However, due to resignation of Mr. Saurabh Kumar Mittal from the Board on July 9, 2014, the Committee was reconstituted, with Mr. Shamsher Singh Ahlawat replacing Mr. Saurabh Kumar Mittal as a member of the Committee.

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