

BILKING INDIA

COMPANIES MENTIONED:

IndiaBulls Real Estate Limited

NSE - IBREL

Previous Close: INR 55.85

IndiaBulls Power Limited

NSE - IBPOW

Previous Close: INR 12.8

IndiaBulls Financial Services Limited

NSE - IBULL

Previous Close: INR 227.3

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BILKING INDIA

We believe that disclosures at IndiaBulls Real Estate Limited (“IBREL” or the “Company”) and IndiaBulls Power Limited (“IBPOW”) are unreliable and that the sole purpose of IBREL is to bilk institutional and retail investors for the benefit of select insiders. The controlling shareholders (“CS”) are running the organization as a piggybank, while proclaiming propriety and espousing credibility. The association of reputed institutions, individuals and organizations with the Company is vexing to say the least.

Given our findings (based on analyzing 57 group companies including private companies of CS, 201 financial and legal documents including annual reports, annual returns, various schemes of arrangements filed in Indian courts, stock exchange filings etc., details in the annexure), any valuation opinion on either IBREL and IBPOW is bound to be erroneous. Institutions and individuals should SELL all IndiaBulls group stocks on the principle that corporate governance has been sacrificed to enrich the CS. We also believe that investors should make use of all remedies available in the Indian legal system to claw back the ill-begotten gains of CS.

Not only do we believe that the merger of Indiabulls Infrastructure Development Limited (“IIDL”) with IBPOW is a means of transferring value from the public shareholders of IBPOW to a select few, but also that any boost to net worth of IBPOW claimed by management post-merger is unverifiable.

In allotting equity to FIM Limited (“FIM”) and Hexagram Investments Private Limited (“Hexagram”), IIDL’s fair value was established at INR 1.23B (\$U.S. 22.5M) – allotment date of May 12, 2011 for 41.6M shares at a price of INR 10 per share aggregating INR 416.4M (\$U.S. 7.6M)¹ – compared to the merger-ascribed fair value of INR 10.5B (\$U.S. 190.6M) to IIDL by management, prior to its amalgamation with IBPOW (Appendix 1, Page 22). How can the fair value of a questionable entity, IIDL, increase by a multiple of 8.45x in less than 10 months post-allocation of equity to FIM and Hexagram should be explained by management. (*Exchange rate 1USD = 54.8125 INR July 03, 2012 as per RBI throughout the report*)

Given the exchange ratio of 3.37 shares of IBPOW for each share of IIDL established by the board of IBPOW/IBREL, post-closing, the ownership of IBREL and by extension public its investors in IBPOW declined from 62.34% to 52.54%². To add insult to injury, at the current stock price of approximately INR 13.6 per share of IBPOW³, FIM and Hexagram earned a return of 4.58x the original investment in less than a year.

Financial institutions providing debt funding to IBPOW should check reported net worth with a fine tooth comb. We also believe that IBREL filed company application convening a meeting of equity shareholders – dated March 03, 2012 – in the high court of Delhi vide application number 155, for merging IIDL and IBPOW contains statements that can be characterized as misleading⁴.

The CS of IBREL own 29.25% in the Company, split in the ratio of 50:25:25. We believe that in order to profit at the expense of the shareholders of IBREL,

¹ Source: IIDL FORM 2 – Return of Allotment.

² Source: Page 9, Company Application No. 155 of 2011, Court Convened Meeting of Shareholders, March 03, 2012.

³ Source: Bloomberg, IBPOW stock price as of the close of the market on June 25, 2012.

⁴ Source: Page 11, 1.3. (ii).

***Sell all IndiaBulls
Group Stocks***

***IIDL & IBPOW
merger needs to be
explained***

***Management of
IndiaBulls disputes
this and we will
rectify this error***

***Indian Financial
Institutions better
watch out***

CS are siphoning funds from public companies

IBPOW and IndiaBulls Properties Investment Trust ("IPIT"), management has promoted two flow-through entities, namely IIC Limited⁵ ("IIC") and IINFC Limited ("IINFC"). IINFC is a 100% subsidiary of IIC. The ownership of IIC is split between CS in the same proportion as their equity ownership in IBREL⁶.

From a standing start in F10, IIC and IINFC reported cumulative revenues and profits over two years of INR 10B (\$U.S. 182.5M) and INR 1.31B (\$U.S. 22.8M), respectively. For F11, collectively IIC and IINFC reported revenues of INR 9.61B (\$U.S. 175.4M) and EBITDA of INR 1.84B (\$U.S. 33.6M), at a margin of 19.2%. Since IIC and IINFC are primarily engaged by IBPOW, IBREL, IPIT and other IndiaBulls group entities, it implies that project costs at IBREL, IBPOW and IPIT are inflated by the same amount. (Appendix 2, Page 26)

Therefore, while public shareholders of the Company suffered an erosion of 18% in the value of the stock price in F11, the CS enriched themselves via profit after tax of 1.25B⁷ (\$U.S. 22.9M) reported by IIC and IINFC combined. During F12, IBREL's stock declined an additional 51.5%. F12 results for IIC and IINFC are unavailable, but one can safely assume that the profitability of the CS companies went up. Clearly, the IndiaBulls dream is only for select insiders.

Evidently CS, consider it beneath themselves to abide by the Company's "Code of Conduct for Board Members and Senior Management" published on its website. Tenet 4 and 5 of the "Key Requirements of the Code" say the following:

"Shall not, in his official capacity, enter into business with (a) a relative or (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more paid-up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Board unless otherwise permitted by law."

"Shall avoid having any personal and/or financial interest in any business dealings concerning the Company". (Appendix 3, Page 39)

CS have lost a bundle investing in warrants and shares of group companies.

We believe their judgment is compromised

IIC and IINFC also serve as a conduit for the controlling shareholders to siphon funds via loans and advances from IBREL and IBPOW into other privately owned entities, which then subscribe to warrants and/or buy shares of IndiaBulls Financial Services, ("IBULL"), IBREL and, IBPOW from the open market, thereby boosting the stake of the CS in the public entities. Moreover, given that warrants amounting to INR 5.82B (\$U.S. 105.8M) in IBREL and IBPOW have been forfeited by management since F08, some of the loans and advances to these entities routed through IIC and IINFC are a write-off, thereby calling into question the recoverability of loans and advances on the books of IBREL and IBPOW.

The intricate web of related party dealings woven by the CS is almost impossible to unravel. It is our contention that by not consolidating many subsidiaries in its publicly-filed financial statements, management has cherry picked profits and excluded egregious losses from its publicly-filed

⁵ IIC (Indiabulls Infrastructure Company Limited) was incorporated on March 11, 2010.

⁶ Of the 2,550,000 shares outstanding, Sameer Gehlaut ("SG") & his holding company, Inuus Infrastructure Private Limited, own 1,274,998 shares, and each of Rajiv Rattan ("RR") & his holding company, Priapus Developers Private Limited, and Saurabh Mittal ("SM") & his holding company, Hespera Realty Private Limited, own 637,499 shares. Source: Annual Return F11 filed 30.09.2011.

⁷ During F11, IBREL's stock declined from INR 152 per share to INR 125 per share.

consolidated financials. Investors seeking reliable and credible information on IBREL and IBPOW cannot depend on the reported financials of the two companies.

We wouldn't buy IBREL and other related group entities at any price – unless new management is put in charge and the financials cleansed of malfeasance. IBPOW doesn't have the funds to meet its capital commitments to complete its projects and, therefore, is dependent on Indian financial institutions for funding. IBREL doesn't have the track record of delivering on its promises and is cheating institutional and retail investors. 22% of the book equity of IBULL is exposed to the Employees' Welfare Trust, which doesn't have the cash flow to service its debt, thereby calling into question the credibility of IBULL's loans and advances.

*Bring in new
management*

SELL all stocks of IndiaBulls Group. The group has mastered the art of "Bilking India".

IIDL – RAISON D'ÊTRE

The story of IIDL is instructive in highlighting the sordid state of affairs in the IndiaBulls group and the various shenanigans undertaken by the CS to undermine minority shareholders and fleece Indian financial institutions.

We believe that IIDL has been used by management of the Company as a conduit to raise scarce cash from international markets, and route it to cash starved IBREL. Given that funding requirements for amassing land in India and then building projects are enormous, IBREL, aided and abetted by its advisors, manipulated investors in the AIM market of the London Stock Exchange in January 2007 to buy into Dev Property Development Plc. ("DEV").

DEV subsequently bought a minority position into IBREL associates and subsidiaries, including IIDL, which had promoted projects in India, at highly inflated valuations. Some of that cash was then lent by the subsidiaries and / or associates to the parent, i.e. IBREL. To cover up its tracks, management of the Company then acquired DEV via issuance of global depository receipts ("GDRs") in Luxembourg. Meanwhile, an artificial boost to project valuations enabled management to inflate its book equity and meet debt funding requirements from Indian lenders.

THE MODUS OPERANDI

IIDL was formed on June 06, 2006 with the primary intent of operating in the real estate business. The paid up capital of the Company was INR 650M (\$U.S. 11.9M), comprising 65M shares of INR 10 each (\$U.S. 0.18). In January 2007, DEV raised £138M from the AIM market of the London Stock Exchange.

It all began in 2006

On January 11, 2007, FIM Limited and Karrick Limited bought in to the IIDL dream at a price of INR 447 per share (\$U.S. 8.2), subscribing to 10M shares for a total capital outlay of INR 4.47B (\$U.S. 81.6M), and thereby fair-valued IIDL at INR 33.52B (\$U.S. 611.5M⁸). Then on March 28, 2007, DEV subscribed to 6.61M shares of IIDL at a price of INR 514.16 per share⁹ (\$U.S. 9.4) for an 8.11% stake.

⁸ 75M IIDL shares outstanding X INR 447 share.

⁹ Source: Dev Property Development Plc- AR 2007, page 22.

On that basis, IIDL equity was fair-valued at INR 41.96B (\$U.S. 765.6M). Apparently, between January 2007 and March 2007, IIDL's equity valuation increased by a whopping 25.2%

IIDL, which had no history, no experience in real estate, and did not have any assets or land bank took full benefit of the BRIC frenzy, and within 9 months of inception, was ascribed an astronomical valuation based on hope and a memorandum of understanding ("MOU") with Maharashtra Industrial Development Corporation ("MIDC") to acquire land for a special economic zone project in the Raigarh district of Maharashtra¹⁰.

DEV was a front to boost valuations

Once DEV, FIM and Karrick bought into IIDL, it had cash of INR 8.62B (\$U.S. 157.3M) on its books as of April 30, 2007¹¹, of which INR 2.62B (\$U.S. 47.8M) was listed as investments while 5.87B (\$U.S. 107.1M) was cash and balances. Then in 2008, the company's cash increased given the returns on its investments and cash balances. Since IIDL had nothing but an MOU, it extended a loan of INR 6.38B (\$U.S. 116.4M) to its parent, IBREL, in F09.

Management clearly knew the games it was playing, and in order to cover its tracks, on May 08, 2008 - once the cash on its books had been used by DEV to buy minority stakes of 5.05% in each of IndiaBulls Properties Private Limited ("IPPL") and IndiaBulls Real Estate Company Private Limited ("IRECPL") and an 8.11% stake in IIDL - IBREL issues of 0.12091 GDRs for each share of DEV, and thereby took full control of DEV.

Why allot equity at INR 10/share in IIDL?

The IIDL saga continued with management allotting 41.6M shares in IIDL to FIM and Hexagram on May 12, 2011, at INR 10/share, the same price that was used by IBULL - the ultimate parent - in June 06, 2006 to subscribe to shares of IIDL. Given that post-issuance equity shares outstanding of IIDL were 123.26M, clearly the valuation ascribed to IIDL's equity by incoming investors was INR 1.23B (\$U.S. 22.5M). So why did management not book impairment losses on its books in the past, and why did it merge IIDL at an astronomically high valuation into IBPOW?

To understand this, one has to follow a convoluted path of loans, advances, stock market losses and cover ups. Although we can't tie all the loose ends, there is enough circumstantial evidence to suggest that the thin dividing line between rosy forecasts and aggressive accounting appears to have been breached by IBREL management.

FORNAX - A FRONT FOR COVERING EQUITY MARKET LOSSES

While DEV died an unsung death within seventeen months of listing, the cash which should have come in handy for growing the real estate business was apparently frittered away in get-rich-quick schemes of the CS.

On May 06, 2008, Fornax Properties Limited ("FORNAX") disclosed that it was a 100% subsidiary of IBREL, and that it owned 50,000 shares of IndiaBulls Resources Limited ("IBRL") for INR 0.5M (\$U.S. 0.01M). On the same day, IBRL disclosed that its entire paid up capital is held by FORNAX. IBRL also outlined that it had borrowed INR 3.11B (\$U.S. 56.7M) from IBREL during F08 (previous

¹⁰ Source: Annual Report 06-07, page 12. On July 31, 2012, MIDC scrapped the proposed SEZ.

¹¹ Source: IIDL Balance Sheet 2007.

year was Nil), and used the proceeds to purchase INR 3.11B (\$U.S. 56.7M) of Reliance Energy Limited and Kotak Mahindra Bank Limited shares.

In 2009, unsecured loans on IBRL's balance sheet increased to INR 6.32B (\$U.S. 115.3M), and on the balance sheet of FORNAX – the holding company – to INR 13.9B (\$U.S. 253.6M, previous year was Nil). During 2009, IIDL also had material transactions of INR 7.27B (\$U.S. 132.6M) with IBRL. More importantly, IBRL reported a whopping loss of INR 5.64B (\$U.S. 102.9M) for F09. That implies IBRL had significant losses trading in the equity markets and wiped out its entire capital base, including the monies owned to IBREL and FORNAX. Clearly, all outstanding loans to IBRL and FORNAX - to which IBREL had both direct and indirect exposure – became questionable assets. (Appendix 4, Page 43)

Nonetheless, instead of IBREL taking a hit on its P&L, it did not consolidate IBRL under the guise of Indian Accounting Standard 21 “Consolidated Financial Statements” as noted below from the Company's F09 annual report.

Toying with Indian standards and regulations

“Investments in equity shares of certain subsidiary companies, and in equity shares of certain step down subsidiary companies, were acquired and are held by the respective holding companies, exclusively, with the intention of subsequent disposal in the near future. The Board of Directors and Management of the Company are of the opinion that control in such companies is temporary and accordingly, such companies have been appropriately excluded from these consolidated financial statements, in accordance with Accounting Standard 21 (AS 21) Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006, as amended¹²”.

We present the following extract from the Indian Accounting Standard (AS-21): to highlight the conniving character of CS.

11. A subsidiary should be excluded from consolidation when:

- (a) control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future; or*
- (b) it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent. In consolidated financial statements, investments in such subsidiaries should be accounted for in accordance with Accounting Standard (AS) 13, Accounting for Investments. The reasons for not consolidating a subsidiary should be disclosed in the consolidated financial statements.*

Explanation:

- (a) Where an enterprise owns majority of voting power by virtue of ownership of the shares of another enterprise and all the shares are held as ‘stock-in-trade’ and are acquired and held exclusively with a view to their subsequent disposal in the near future, the control by the first mentioned enterprise is considered to be temporary within the meaning of paragraph 11(a).*

¹² Source: IBREL Annual Report, F09, Page 76

(b) *The period of time, which is considered as near future for the purposes of this Standard primarily depends on the facts and circumstances of each case. However, **ordinarily, the meaning of the words 'near future' is considered as not more than twelve months from acquisition of relevant investments unless a longer period can be justified on the basis of facts and circumstances of the case.** } The intention with regard to disposal of the relevant investment is considered at the time of acquisition of the investment. Accordingly, if the relevant investment is acquired without an intention to its subsequent disposal in near future, and subsequently, it is decided to dispose off the investments, such an investment is not excluded from consolidation, until the investment is actually disposed off. Conversely, if the relevant investment is acquired with an intention to its subsequent disposal in near future, but, due to some valid reasons, it could not be disposed of within that period, the same will continue to be excluded from consolidation, provided there is no change in the intention. {Emphasis Added}.*

Violating the spirit of India Accounting Standards

Our interpretation of the accounting standard suggests that it provides significant leeway to management, and that auditors can choose scenarios that enable their paymasters to present a set of favorable financial statements to the marketplace. The Company accordingly has made full use of the standard by interpreting it to suit its needs, rather than the spirit of the statement, which calls for reliable financial statements.

COVERING THE TRACKS

Did management abuse the Indian Accounting Standard to bypass consolidation, perhaps arguing to its auditors that the subsidiaries will be hived off or sold off? We don't know. We invite readers to make their own judgment.

What we do know is that there appears to be a pattern of deception.

First in F08, the Company got an exemption under section 212(8) of the Companies Act from including full disclosure on subsidiaries in the financial statements.

Acting in bad faith

"In terms of approval granted by the Ministry of Corporate Affairs, Government of India vide letter No. 47/285/2008-CL-III dated May 23, 2008, under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries of the Company as of March 31, 2008 have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of the Company interested in obtaining the same. However, as directed by the Ministry of Corporate Affairs, the financial data of the subsidiaries have been furnished under 'Details of Subsidiaries' forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries". {Emphasis Added}

Second, it appears that the Company made use of the ambiguity inherent in the opening paragraph of Section 212 which focusses on disclosures requirements related to subsidiaries - omitting any specific reference to

subsidiaries of a subsidiary – and therefore, did not provide any disclosure related to IBRL in F09 and F10 annual reports. IBRL was clearly the odd man out, given that summary results of other step down subsidiaries such as Store One Retail India Limited were included in the annual reports.

Third, as discussed, under AS21, the Company did not consolidate IBRL in F09, the year it lost a whopping INR 5.64B (\$U.S. 102.9M). In F10, IBRL results – a loss of INR 55,517 (\$U.S. 1,013) - were included in the consolidated financials of the Company. (Appendix 4)

Fourth, on 8th February, 2011, vide notification No: 51/12/2007-CL-iii, Ministry of Corporate Affairs issued a clarification with respect to disclosure requirements under section 212(8) of the Companies Act, 1956 and we quote the ministry:

*“The company shall disclose in the consolidated balance sheet the following information in aggregate for each subsidiary including **subsidiaries of subsidiaries**:- (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend”.*{Emphasis Added}

**Ministry of
Corporate Affairs
closes the loophole**

The new circular removed any ambiguity associated with disclosure requirements related to subsidiaries of subsidiaries and therefore it became incumbent upon IBREL to disclose summary financials of IBRL. (Appendix 5, Page 55)

Fifth, on March 28, 2011, we surmise that FORNAX which had advances of INR 14.4B (\$U.S. 262.7M), as per its F10 annual report, converted some of those into .0001% Non-Cumulative Redeemable Preference Shares of INR 5.67B (\$U.S. 103.4M) in IBRL. In this manner, the Company created book equity for IBRL approximately of INR 30M (\$U.S. 0.5M) and promptly disclosed summary financials in its F11 annual report. (Appendix 6, Page 57)

WHAT ABOUT IIDL?

We believe that IIDL’s advances to IBREL were assigned to FORNAX in 2010, and hence, IIDL became exposed to FORNAX. In addition, IIDL also lists an advance for purchase of land to FORNAX of INR 1.75B (\$U.S. 31.9M) in 2010 (the Previous Year was Nil). That advance rose to INR 2.04B (\$U.S. 37.2M) in F11.

The circuitous route to covering tracks continued unabated in F11, whereby advances of IIDL to FORNAX stood at NIL in F11, from INR 6.2B (\$U.S. 112.9M) in the previous year. More importantly, based on F11 filings, we surmise that the advance to FORNAX has now been assigned to another entity called Indiabulls Projects Limited¹³ and has increased to INR 6.5B (\$U.S. 118M).

In F11, IIDL’s annual report dated April 26, 2011, says it has advanced money to Indiabulls Projects. Indiabulls projects annual report dated April 27, 2011, says that it has advanced money for buying land to FORNAX. We don’t have F11 annual report of FORNAX. The truth, as always, is somewhere in between.

**These circular
transaction aren’t
kosher**

¹³ Source: Page 47, IIDL Annual Report, FY11

Finally, in order to cover its tracks, management has renamed FORNAX to IB Holdings Limited, IBRL has been renamed IB Assets Limited, while IIDL has been merged with IBPOW¹⁴.

WE SURMISE IIDL'S NET WORTH OF INR 10.5B IS FICTITIOUS

On April 26, 2011, the board of directors of IIDL approved the accounts for F11, and the auditors signed the balance sheet ("B/S") on the same day. As per that B/S, the Company's paid up share capital was INR 816.1M (81.6M shares outstanding) (\$U.S.14.9M), while its reserves and surplus stood at INR 9.21B (\$U.S.168M). Loans and advances stood at INR 9.15B (\$U.S. 166.9M).

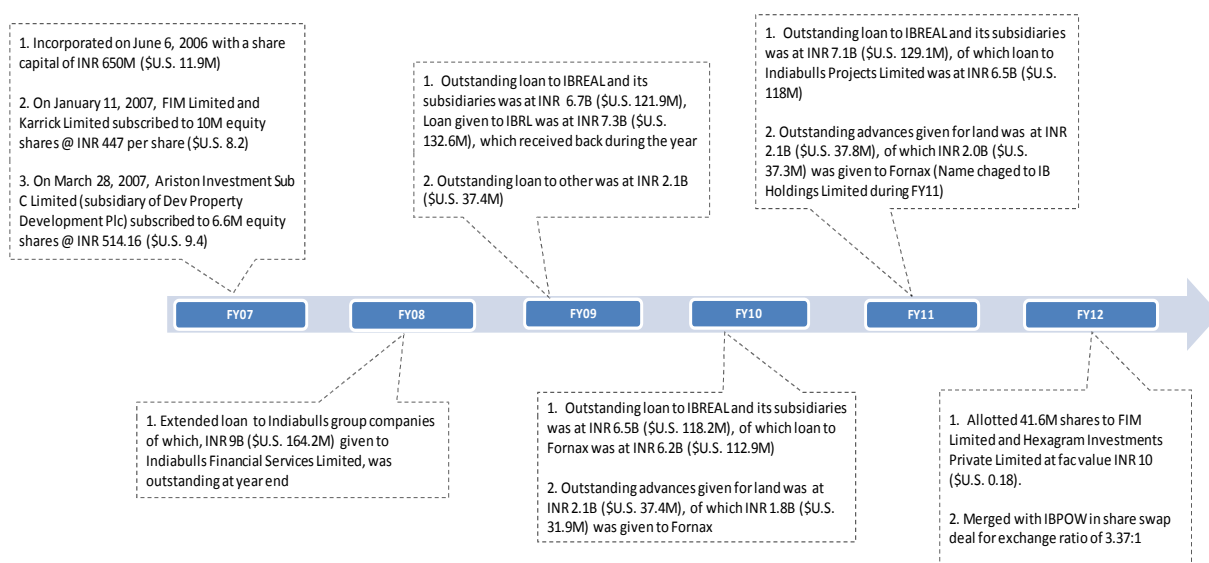
Something is definitely amiss

Simple math suggests that book value per share of IIDL should be approximately INR 122/share (\$U.S. 2.23). However, as outlined in Appendix 1, FIM and Hexagram were allotted 41.6M shares at INR 10/share (\$U.S. 0.18) on May 12, 2011, within three weeks of the audited financials being filed.

On that basis, clearly the incoming investors considered the loan book of IIDL worthless and so did management. IIDL did not report any other major assets on its books for F11, except loans and advances to related parties. That provides credence to our hypothesis that assets in the form of loans and advances reported by IIDL are highly suspect, and that the net worth of INR 10.5B (\$U.S. 190.6M) reported by IIDL at the time of the merger with IBPOW is bogus.

The following timeline summarizes our findings related to IIDL, FORNAX, IBRL and IBPOW.

Figure 1



¹⁴ Annual returns of IB Assets and IB Holdings Limited dated September 23, 2011

WHAT ABOUT IPPL AND IRECPL?

IPIT, an IBREL-controlled entity, was constituted on May 07, 2008, when the Company hived off IPPL – owner of One Indiabulls Centre with an initial leasable area of 1.9 million sq. feet - and IRECPL – owner of Indiabulls Finance Centre with an initial leasable area of 1.5 million sq. feet - into IPIT, and listed it on the Singapore Stock Exchange as a high-yield property investment trust¹⁵. The units started trading in Singapore on June 11, 2008. (Appendix 7, Page 62)

At the initial public offering, the acquisition price of IPPL and IRECPL was set at \$U.S. 2.1B¹⁶. A valuation opinion was provided by Knight Frank (India) Pvt. Limited (“KF”). However, in its annual report of F09- as of 31 March 2009 – IPIT reported an impairment charge of \$U.S. 520.5M on One Indiabulls Centre and \$U.S. 385.6M on Indiabulls Finance Centre, for a total impairment of \$U.S. 906.1M. Fair valuation was provided by KF.

Therefore, within nine months of the IPIT IPO, both IPPL and IRECPL were found to be overvalued by the same independent valuation expert by 31% each. Clearly, investors that subscribed to IPIT have been left high and dry. The stock price of IPIT is currently SGD 0.10/unit, compared to the offering price of SGD 1.00/unit, a decline of 90%.

*IPIT has its own
tale to tell*

The shocking aspect of this whole fiasco is that IPIT reported impairment in its property portfolio in spite of a 51% increase in leasable area compared to the assumptions used in the IPO prospectus by KF in valuing the properties¹⁷. The source of IPIT’s leasable area gain is interesting in itself and we quote the trustee manager of IPIT from the F09 annual report.

*“The Urban Development Department, Government of Maharashtra, vide a notification (Notification No. TPB 4305/2736/CR-338/05/UD-11) issued on 6 November 2008 (the “FSI Notification”) increased the FSI available to One Indiabulls Centre and Indiabulls Finance Centre from a maximum of 2.66 up to a potential maximum of 4.00. This will result in an increase in the total leasable area for One Indiabulls Centre and Indiabulls Finance Centre from 3.4 million sq. ft to potential 5 million sq. ft subject to certain conditions being met and the relevant regulatory approvals being obtained. The preliminary plans regarding the design of One Indiabulls Centre and Indiabulls Finance Centre to avail of the increase in FSI due to the FSI Notification have been submitted to the respective regulatory authorities. Another set of revised plans were submitted in January 2009. **Since this is a new regulation and there are no precedents to benchmark the time it would take to reach a conclusion on these consultations regarding the increase in FSI, a specific timeframe regarding the outcome cannot be given with certainty.** The Trustee-Manager shall diligently continue to do the necessary follow-ups¹⁸.” {Emphasis Added}*

Not to be untrusting, but to management of IPIT, it was clear that the increase in FSI accorded to it is highly speculative, and hence it should not be relied upon whole heartedly. Nonetheless, management had no hesitation in recommending to KF to include the 1.7 million sq. feet of potential leasable

¹⁵ That was also the day that DEV was delisted from AIM. Mere Coincidence! We think not!

¹⁶ 1USD = 0.7290SGD, June 11, 2008 as per Bloomberg.

¹⁷ Source: Page 111, IPIT AR F09.

¹⁸ Source: Annual Report- F09, page 128, Regulatory Risk.

area in its valuation opinion. However, KF still came up short and IPIT had to write-down its assets. Then in F10, IPIT rejigged its business plan again and reduced its leasable area to the originally estimated 3.3MSF, and disclosed a gain of 3.3MSF in saleable residential area. However, a net increase of 1.6MSF in saleable residential area did not increase the fair value of IPIT in any significant way.

Recall, that DEV paid INR 4.4B (\$U.S. 79.7M) to acquire a 7.95% stake in each of IPPL and IRECPL, on which IBREL booked a gain of INR 3.7B (\$U.S. 68.2M) as well.

IBREL's book equity is unreliable

At the current stock price of IPIT, the market capitalization of IPIT is INR 16.3B (\$U.S. 291M)¹⁹. IBREL's current economic stake of 52% (including 2.35% of Indiabulls property management trustee and 44.05% of the Company and its economic interest via various fees charged to IPIT) is therefore worth approximately INR 8.48B (\$U.S. 154.6M), compared to its carrying value on the balance sheet of IBREL as of F11 of INR 35.3B²⁰(\$U.S. 644M). On that basis, IBREL's book equity is unreliable and the company should book a mark-to-market loss of INR 26.8B (\$U.S. 488.9M) on its IPIT stake.

IBPOW should also book a mark to market loss on its IIDL acquisition of INR 9.2B (\$U.S. 168.2M).

It appears the market concurs with our findings, given that the stock price is trading at a discount to the reported book value of the Company.

TYING TOGETHER THE SHENANIGANS

Before we move onto other aspects of the Company's business practices, we want to provide our perspective on DEV, IIDL, IPPL, IRECPL and IPIT. We believe that IBREL would not exist in its current form without DEV. IBREL management had ideas and a haphazard plan, whilst DEV provided the capital:

1. The Company sold a minority position in its various associates and subsidiaries to DEV at sky-high valuations.
2. It bought back DEV – which owned minority positions in its own projects – by issuing GDRs. That means the Company bought back the minority position in its own projects at inflated valuations from DEV. We believe that it is like selling your own house to yourself at an imaginary price, and saying it is worth a mind-boggling-albeit imaginary, sum.

It's all a game...

That takes us back to our DLF Limited report of March 01, 2012. In that report, we highlighted that DLF could have issued shares from treasury and used the proceeds to build its leasing portfolio. In that event, leased assets would be carried at cost on the Company's books, and that there would be no circuitous transactions involving fictitious revenues and profits, unpaid receivables, questionable related-party transactions and so on and so forth.

Similarly, in order to create book equity, IBREL undertook the convoluted path of creating a so-called arm's-length counterparty, in this instance, DEV. By

¹⁹ As of July 23, 2012.

²⁰ Source: IPIT Annual Report F12, page 143 and IBREL F11 Annual Report, Schedule 8, Page 48.

using DEV as a front, management inflated valuations at IPPL, IRECPL and IIDL. Once cash was injected into related parties, DEV became irrelevant and, therefore, the issuance of GDRs eliminated it.

If IBREL had issued GDR/equity directly to investors, then IPPL, IRECPL and IIDL would not have been able to exhibit inflated valuations by selling minority positions to related parties. In a very creative way, IBREL created untrue book equity. We estimate that at the time of acquiring DEV, IBREL issued 16.68 million GDRs at a value of approximately £116 million. Based on the last annual report of DEV, it had cash on hand of £10.2 million, advances of £50.6 million to purchase a 7.95% stake in each of IPPL and IRECPL²¹ and the rest was already invested in IPPL, IRECPL and IIDL.

To sum up, IBREL essentially acquired cash by buying out DEV. It did so in a long-winded manner to obfuscate the Company's real financial position and to create a mirage of inflated book values at its real estate operation.

... of bilking India

INDIAN FINANCIAL INSTITUTIONS ON THE HOOK

This is the second instance in our research on India that we are finding Indian financial institutions being led astray by borrowers. In our "Pie in the Sky" report of September 2011, we said that, "Given that the Indian banks provided relief to the airline under a special waiver from the Reserve Bank of India, it also raises questions regarding the disclosed capital position of the banking consortium²²".

Subsequently, on October 04, 2011, Moody's downgraded the standalone credit rating of the State Bank of India.

Once again we find that IBPOW is also inflating its asset base in dealing with Indian financial institutions. By merging IIDL with IBPOW, the CS have killed two birds with one stone. Not only did the CS cover up the tracks related to losses at FORNAX and IBRL, but also achieved financial closure on some of IBPOW's projects.

*Indian banks'
lending to the
IndiaBulls Group...*

As per the F11 annual report of IBPOW, INR 183.4B (\$U.S. 3.3B) was required to complete pending capital expenditures associated with the power projects²³. At a minimum, based on a 2:1 Debt:Equity – the norm in India - IBREL would have had to inject cash equity of INR 61.13B (\$U.S. 1.1B) to achieve financial closure, which it does not have. In order to attain that goal, the Company has indulged in creative accounting to illustrate to Indian financial institutions that it can contribute its portion of funds. It is the Indian financial institutions that are now on the hook, having advanced capital to a questionable entity.

²¹ Source: Note 4.a, Page 107, IBREL Annual Report 08 and Dev Property Development plc. Annual Report 2007, Page 22.

²² Pie in the Sky – Veritas report of September 2011 on UB Holdings and Kingfisher Airlines.

²³ Estimated amount of contracts remaining to be executed on capital account and not provided for:
Rs. 183,470,147,154 (Previous Year: Rs.79,183,402,904) – advances made there against Rs. 9,452,720,390 (Previous Year: Rs. 2,005,651,922). Source: Annual Report 2011. Contingent Liability Note.

That management knows it is playing games with the financial institutions and shareholders of IBPOW is evident from the following quote:

“Under the scheme {of Merger}, IBPOW will issue and allot its 415.4M equity shares to IIDL shareholders. Issuance of these shares represents a value of INR 679 Crore {6.79B} (\$U.S. 123.9M) attributed to IIDL at current market price of IBPOW share and a value of INR 872 Crore {8.72B} (\$U.S. 159.1M) attributed to IIDL at six month average price of IBPOW share. Further, the scheme shall be subject to necessary approvals of shareholders and creditors and sanction of High Court of Delhi.

IIDL has a net worth of INR 10.5B (\$U.S. 190.6M) and, the merger of IIDL with IBPOW, under the Scheme, would enhance IBPOW's net worth by approximately INR 10.5B (\$U.S. 190.6M) and post-merger, the net worth of IBPOW would become approximately INR 53B (\$U.S. 966.9M). The total equity requirement for Phase I & Phase II at Amravati and Phase I & Phase II at Nasik is INR 67.1B (\$U.S. 1.2B). This increase in net worth of IBPOW by INR 10.5B (\$U.S. 190.6M), would be a major step in fulfilling equity requirement for execution of Phase II at Nasik & Phase II at Amravati aggregating to a combined capacity of 2700MW i.e. 1350MW capacity at each of the locations.

The balance gap in equity resources would be met by the Company through a firm tie-up of sub-debt cum SBLC facility with a bank, from whom the Company has already received the term sheet, and free cash flows accruing from Phase I of Amravati & Phase I of Nasik power plants, which would become operational next year. With all these steps the Company would achieve both equity & debt financing in totality for Phase I & Phase II at Amravati and Phase I & Phase II at Nasik. The debt financing of Phase I & Phase II of Amravati and of Phase I & Phase II at Nasik has been already achieved through firm & signed agreements.²⁴”

... should be worried about the exposure

Paragraph 1 of management's release highlights a very interesting fact. By its own admission, management is willing to merge IIDL, which apparently has a reported net worth of INR 10.5B (\$U.S. 190.6M), with IBPOW at a discount valuation ranging from 13% - 33%. How can anyone with sound financial advice do that? At the height of the U.S. mortgage crisis, some MBS securities traded at a discount of 40% to face value. In the case of IIDL, management has similarly agreed to a discount for IIDL's assets as fait accompli. WHY?

As per IIDL's annual report for F11, its primary assets were loans and advances exceeding INR 9B (\$U.S. 164.2M). Therefore, management of the Company is accepting openly that these advances on the books of IIDL are not recoverable dollar-for-dollar, and that there needs to be a fair valuation market-to-market. The valuation ascribed to IIDL by FIM and Hexagram suggests that IIDL's loans and advances are impaired 100%.

Paragraph 2 of the release highlights that the boost to net worth at IBPOW helps the Company achieve financial closure, because while the merger increases the net worth of the combined entity on a non-cash basis, financial institutions would release the funds for building the project assuming that equity has been infused into IBPOW. Therefore, we believe that Indian financial institutions are being misled by management of IBREL and that the financial institutions need to improve their due diligence.

²⁴ Source: BSE filing of 06/08/11 – outcome of board meeting, IBPOW.

Ultimately, we believe IBPOW lacks the cash and operational expertise to become a power company.

MASTERING THE ART OF SIPHONING FUNDS

Related-party dealings are one way for insiders to enrich themselves at the expense of public shareholders. We have discussed such dealings in depth in our previous reports on Indian companies. When it comes to taking shareholders for a ride, IBREL is equally culpable.

IIC LIMITED

Indiabulls Infrastructure Company Private Limited was incorporated on March 11, 2010, renamed to Indiabulls Infrastructure Company Limited, and was rechristened once again to IIC on June 29, 2011. That the CS, consider IBREL a fiefdom is simply illustrated by the ownership of IIC in Figure 2.

Figure 2

Controlling Shareholder Ownership in IIC

	Beneficial Owner	Shares Owned	Percentage Owned
Inuus Infrastructure Private Limited	Sameer Gehlaut	1,274,998	50%
Hespera Realty Private Limited	Saurabh Mittal	637,499	25%
Priapus Developers Private Limited	Rajiv Rattan	637,499	25%
Total Outstanding		2,550,000	

Fifty / Fifty

Source: Veritas and Indian Corporate Filings. 1 share each is owned by nominee directors. Shares owned of column 3, includes shares owned in individual capacity as well.

To those that are aware of the equity ownership of IBREL, Figure 2 would suggest a pattern, while the uninitiated would want to understand the reasons behind the division of equity ownership in IIC. That answer is readily available in Figure 3, which is based on filings at the Bombay Stock Exchange ("BSE").

Figure 3
Controlling Shareholder Holdings in IBREL

PARTICULARS	HOLDING (%)
RATTAN RAJIV	0.13
YANTRA ENERGETICS PVT LTD	5.88
LAUREL ENERGETICS PVT LTD	1.38
Total Holding	7.39
GEHLAUT SAMEER	0.25
KRIKKA INFRASTRUCTURE	7.22
JYESTHA INFRASTRUCTURE	4.57
POWERSCREEN MEDIA PVT LTD	1.9
DAHILIA INFRASTRUCTURE	0.86
Total Holding	14.8
MITTAL SAURABH KUMAR	0.13
GRAGERIOUS PROJECTS	3.49
PUNARVASU BUILDERS & DEVEL	2.06
DAISY PROJECTS PVT LTD	1.38
Total Holding	7.06

Source: BSE, March 31, 2012

It is evident from Figure 3 that the ownership in the public entity is divided amongst the CS in the ratio of 50:25:25 (SG:RR:SM) and, therefore, all private dealings with IBREL are split in the same ratio between those in control. So much for the corporate governance statement highlighted with flourish on the website. What's even more interesting is that IIC owns 100% of IINFC²⁵, which also has significant dealings with IBREL and other entities related to it. Figure 4 highlights the financial results of IIC and IINFC.

Figure 4
IIC and IINFC contributing to CS Prosperity (In INR Millions)

	IIC Limited		IINFC Limited	Consolidated
	FY10	FY11	FY11	FY11
Total operating income	386	3,546	6,070	9,616
Other income	-	7.5	0.5	8.0
EBITDA (excl. other income)	96	996	848	1,844
EBITDA margin	24.8%	28.1%	14.0%	19.2%
Interest cost		21	3	24
PBT	96	983	846	1,828
PBT margin	24.8%	27.7%	13.9%	19.0%
PAT	63	688	565	1,253

²⁵ Source: IINFC AR F11, Page 26.

50/50

*Public shareholders
are being squeezed*

PAT margin	16.4%	19.4%	9.3%	13.0%
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Source: Veritas and Company Filings

Under Indian Accounting Standard's, for private holding companies, there is no requirement to report consolidated results; therefore, the consolidated column represents the true nature of IIC and IINFC's dealings with IBREL and other group companies. In F11, the duo reported INR 1.8B (\$U.S. 33.6M) in EBITDA and INR 1.3B (\$U.S. 22.8M) in PAT.

These profits originated via dealings primarily with IBREL and IBPOW. For instance, Siemens Ltd. India issued the following press release on June 21, 2011 (full release in Appendix 8, Page 63):

*"Siemens has won an order from **Indiabulls Infrastructure Company Limited** worth Rs. 124 Crores to build 400/220kV Gas Insulated Switchgear (GIS) substation associated with 5x270 MW Sinnar Thermal Power Project at Nasik. The substation is scheduled for commissioning by October 2012."* (Emphasis Added)

With project expenditures being routed via IIC and IINFC, it stands to reason that project costs are inflated at IBREL, IBPOW.

The utter duplicity of controlling shareholders is further evidenced by the fact that IIC and IINFC are essentially flow-through entities. For F10 and F11 all costs associated with running these two organizations was borne by shareholders of publicly-traded entities.

For instance, in F11, IINFC reported nil expenses related to employees on revenues of INR 6.1B (\$U.S. 110.6M), while IIC reported employee-related expense of a meager INR 21.8M (\$U.S. 0.4M) on revenues on INR 3.5B (\$U.S. 64.6M). To us it is evident that publicly-traded entities of the group bear the costs associated with running private companies of the CS, thereby impoverishing shareholders while enriching insiders. (Appendix 2, Page 26)

*What a wonderful
world of cost
control?*

IIC AND IINFC – A CONDUIT TO ADDITIONAL RICHES

IIC and IINFC have been used not only to enrich controlling shareholders, but also to siphon funds via loans and advances from publicly-traded entities into private companies. These private companies then act as a front for the promoters to buy shares and warrants of publicly-traded group entities.

Figure 5

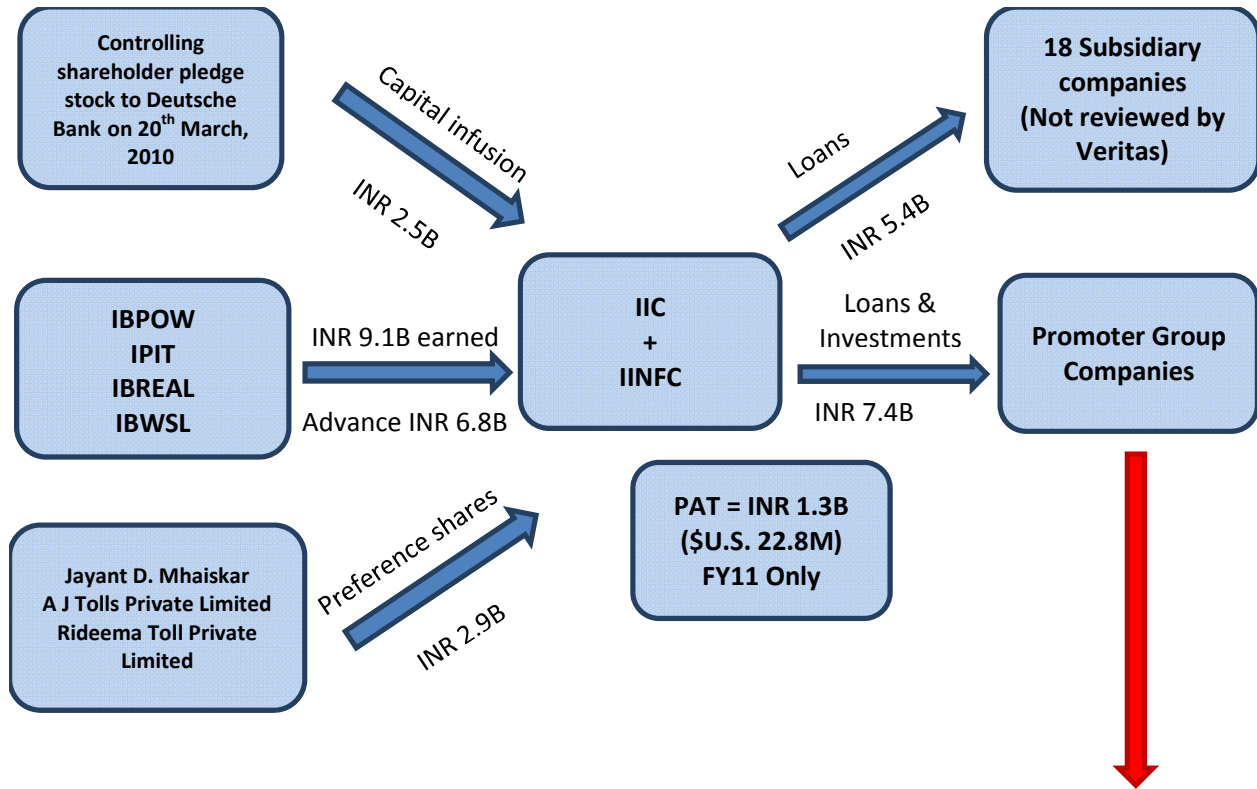
IIC and IINFC - Enable CS to Siphon Funds from Public Entities

Figure 6

Loans and Advances from IIC - Enabling CS to Increase Control

	Debenture/ loan received from IIC Limited (INR Million)	No. of Shares held in IBREL (Million)		No. of Shares held in IBULL (Million)		
		FY 11	FY 10	FY 11	FY 10	
1.Yantra Energetics Pvt. Limited (RR)	853.5	22.8	18.1	-	-	} 25:50:25 RR:SG:SM
2.Jyestha Infrastructure Pvt. Limited (SG)	1,716.0	18.0	8.5	-	-	
3.Gragarious Projects Pvt. Limited (SM)	86.7	16.5	16.5	-	-	
4.Punarvasu Builders & Developers Limited (SM)	766.6	4.7	-	-	-	
5.Hespera Properties Pvt. Limited (SM)	247.7	-	-	2.6	2.6	} 25:50:25 SM:SG:RR
6.Priapus Properties Pvt. Limited (RR)	721.8	-	-	6.3	2.6	
7.Orthia Developers Pvt. Limited (SG)	1,440.0	-	-	12.7	5.1	
8.Hespera Infrastructure Private Limited (SM)	452.3	-	-	3.6	-	
Total	6,284.7	62.1	43.1	25.2	10.2	

Figure 7
Warrants of IBREL – Funded via IIC

INDIABULLS REAL ESTATE WARRANTS	Debenture/ loan received from IIC Limited (INR Million)	No. of Warrants (Million)	
9.Powerscreen Media Private Limited (SG)	371.3	9.0	} 25:50:25 SM:SG:RR
10.Daisy Projects Private Limited (SM)	270.2	6.6	
11.Laurel Energetic Private Limited (RR)	270.2	6.6	
12.Dahlia Infrastructure Private Limited (SG)	169.2	4.1	
Total	1,080.9	26.2	

Source: Public Filings of IBREL and other entities

As illustrated in Figure 5, during F10 and F11, IIC and IINFC, received a capital infusion of INR 5.4B (\$U.S. 98.5M) from the CS and other entities. IIC and IINFC also received advances of INR 6.8B (\$U.S. 124.1M) from IndiaBulls group entities. IIC and IINFC also generated profits of INR 1.3B (\$U.S. 22.8M) during this time period. Of that total, we focus on a few of the privately controlled entities of the CS that received INR 7.4B (\$U.S. 135M) in loans from IIC and IINFC.

These loans were used by the entities listed in Figure 6 & 7 to buy IBREL shares, IBREL warrants and IBULL shares from the equity markets. A few observations are pertinent at this point:

1. Amounts advanced from IIC to the CS are split in the ratio 25:50:25. (INR 853.5M: INR 1.71B :INR853.5M, RR:SG:SM)
2. Total holdings of the CS in IBREL, on account of purchases based on these advances, is also split in the ratio 4.7M: 9.5M: 4.7M.
3. The mark-to-market loss on these holdings as of today is INR 1.7B (\$U.S. 30.6M).

*We share all gains
50:25:25...*

Similarly, the CS also used funds from IIC and IINFC to increase its holding in IBULL as well, where the mark-to-market gain is INR2.7B (49.3M).

Controlling shareholders are, therefore, using funds obtained via questionable means through the publicly traded entities, and increasing their holdings in the publicly-traded companies at the expense of minority shareholders. The profitability of publicly-traded companies has been compromised via dealings with promoter-controlled private entities, and questionable schemes of mergers and amalgamations continue to enrich insiders and/or their friends.

WARRANT FORFEITURES TELL A TALE OF FINANCIAL DURESS

We have already highlighted that CS treat the public entities as their personal piggybank to be raided at will. The distribution of shareholder warrants to those in control provides further proof that the board of directors has failed in its fiduciary duty and that warrants have been allotted in a ratio that is in proportion to the holdings of CS in IBREL.

Figure 8 highlights the distribution of share warrants in IBPOW forfeited by controlling shareholders.

Figure 8

IBPOW Warrants – Allotment ratio of 50:25:25

	IBPOW November 2010 Issue (INR M)	% Distribution of warrants	Outcome
Azalea Infrastructure Private Limited (For SG)	1,087.50 (\$U.S. 19.8M)	35.7%	Forfeited
Gloxinia Infrastructure Private Limited (For SG)	435.00 (\$U.S. 7.9M)	14.3%	Forfeited
Jarul Infrastructure Private Limited (For RR)	761.25 (\$U.S. 13.9M)	25%	Forfeited
Alona Infrastructure Private Limited (For SM)	761.25 (\$U.S. 13.9M)	25%	Forfeited
Total	3,045.00 (\$U.S. 55.6M)	100%	Forfeited

Source: IBPOW F11 annual report.

... and losses as well

The Forfeiture of warrants at IBPOW is not an isolated incident. Controlling shareholders have also forfeited warrants amounting to INR 2.72B (\$U.S. 49.6M) in the Company as well, resulting in a total loss of at least INR 5.8B (\$U.S. 105.8M). Given that the share of dividends and other compensation from IndiaBulls Financial Services and IBREL for the controlling shareholders from F07 to F11 was a total of INR4.1B (\$U.S. 74.8M), on a net basis, the CS have losses totaling INR1.7B (\$U.S. 31M). Moreover, the source of funds for IBPOW warrants which are a total write-off is not clear. As illustrated in Appendix 9 on Page 65, the companies that owned these warrants, primarily exhibit current assets and current liabilities only. While we show only one of those i.e. Alona Infrastructure Private Limited, all four companies allotted the warrants show similar characteristics.

The saga of losses has continued in F12, with the CS exercising 26.2 million warrants of IBREL in F12 - highlighted in Figure 7 - at a price of approximately INR 100 each, resulting in a capital outlay of INR 2.8B (\$U.S. 50.2M), of which INR 1.08B (\$U.S. 19.7M) was paid in F11 via loans from IIC. We do not have details about the source of funds for F12, the year in which the warrants were exercised. At the current stock price of the Company, that is an additional mark-to-market loss of approximately INR1.2B (\$U.S. 21.9M)²⁶. We estimate that total income of the CS from compensation and dividends from the various entities of the IndiaBulls group for F12 was INR 1.6B (\$U.S. 29.2M).

CS – FOCUSED ON IMPROVING SOLVENCY AND LIQUIDITY

Given significant losses suffered by the CS in the various failed attempts at increasing ownership in public entities via warrants and the mark-to-market losses on other holdings, it is no surprise to us that IBULL is focused on increasing its dividend payout.

²⁶ Excludes any gains associated with the pending listing of Indiabulls Infrastructure and Power Limited. Mark to market estimates based on July 13, 2012 closing prices.

IBULL is the only company in the stable with the balance sheet to increase leverage. Therefore, CS are playing games by increasing the dividend payout from IBULL, while simultaneously issuing warrants to CS under the guise of improving capital adequacy. While management was allotted warrants of INR4.5B (\$U.S.82.1M) on June 9, 2012, IBULL paid a total dividend of INR4.1B (\$U.S. 73.9M) for F12.

We believe CS need the cash from IBULL to meet various obligations and are therefore treating IBULL as a personal piggybank to be raided in their service.

EMPLOYEE WELFARE TRUST – MORE SHENANIGANS AT INDIABULLS FINANCIAL

We have discussed the abuse of the Employee Welfare Trust (“EWT”) phenomenon in our previous reports on Reliance Communications Limited in June 2012. IBULL, IBREL and other group entities are also abusing this process to increase control over group entities and manage falling stock prices. It appears to us that in absence of support from the EWT, the stock prices of group entities would be much lower.

The F12 annual report of IBULL says that:

*“During the F.Y. 2010-11, 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 ungranted Employee Stock Option Schemes (“ESOP”) and any future ESOP / Employee Stock Purchase Schemes of the Settlor entities. IBULL being one of the Settlers, 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. In terms of the Trust Deed, Equity Shares of the Settlor entities are purchased by the Trust to the extent permissible in terms of the ESOP scheme as approved by the Members of the Company for the purposes of allotment of the same to eligible Employees of settlor companies and their subsidiaries, upon exercise of options granted by the Compensation Committee of settlor companies, at a price to be determined by the Trust based on its carrying cost. **During the year, there has been no new grants made by the Company which are required to be administered by the Trust** (Emphasis Added)²⁷”*

The EWT was formed on October 04, 2010 with a corpus of INR 50,000 (\$U.S. 912.2) and immediately, on October 11, 2010, the EWT purchased 15.7 million shares, and on November 26, 2010, another 11.1 million shares of IBULL at a total cost of INR 4.8B (\$U.S. 87.9M). The EWT acquired 39.7 million shares of IBREL during F11 & F12 – on which it has a mark-to-market loss of INR 1.2B (\$U.S. 21.9M) Where does an entity get the capital to fund a multi-billion rupee plan, when its corpus is a mere INR 50,000 (\$U.S. 912.2)?

For that, EWT has to thank the generosity of IBULL, which declares magnanimously that it has extended a loan of INR 9.8B (\$U.S. 178.1M) –

The EWT is a mechanism to reduce float and increase control surreptitiously

Abuse of a good mechanism to ensure employee participation

²⁷ Source: Page 58, Annual Report F12.

excluding the INR 1.2B (\$U.S. 21.7M) of interest accrued but not due to the trust "towards the purchase of shares of Settlor entities in terms of the trust deed from the open market²⁸".

The EWT-related disclosure raises many questions about IBULL and the rest of the group entities:

1. Including unpaid interest by EWT, based on the F12 disclosed equity base of IBULL of INR 49.1B (\$U.S. 894.9M), more than 22% of its equity base – INR 10.9B (\$U.S. 198.9M) - is exposed to a questionable credit.
2. As per the Reserve Bank of India circular dated July 01, 2011, addressed to commercial banks –***WE EMPHASISE, NOT NBFC's*** - para 2.1.2.i says, "A non-performing asset ("NPA") is a loan or an advance where interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan". For NBFC, NPA classification can range from 180-360 days.

***IBULL is unreliable
as well***

During F12, IBULL recognized INR 1.2B (\$U.S. 21.7M) of income on its P&L for the loan extended to EWT. However, in IBULL's own words, "interest was accrued but not due". Norms for NBFCs on income recognition and NPA classification may very well be different from those of a commercial bank, but from an economic standpoint, EWT is unable and incapable of servicing the loan, given that it is a passive entity that draws income purely via dividends on the shares it holds. For F12, IBULL declared a dividend of INR 13/share, which implies income of INR 348.4M (\$U.S. 6.4M) for the EWT based on its ownership in IBULL shares, while the interest due on the loan was INR 1.2B (\$U.S. 21.7M) for the year.

By structuring an agreement with a related party that allows IBULL to accrue income while the EWT can get away without paying interest to the lender is highly creative, and appears to circumvent the spirit of RBI's regulatory framework for prudent commercial banking in India. While IBULL is not a commercial bank, given that it has received permission to merge its housing finance subsidiary with itself, RBI will have to pay close attention to the accounting circus underway at IBULL.

We estimate that 33% of the increase in profit before tax for F12 of INR 3.3B (\$U.S. 60.2M) at IBULL was due to the inclusion of interest income from the EWT.

THE MISSING OPTION AWARDS

***Where are the
awards to
employees?***

Finally, while significant capital has been committed by IBULL towards enhancing employee welfare, no new awards have been made by the trust to employees since inception of the trust. We estimate that the funds advanced to EWT bear interest of approximately 11% per annum. Based on current outstanding of INR 10.9B (\$U.S. 198.9M), the debt servicing burden on the trust will compound at a rapid rate. Ultimately, for the trust to be able to service and repay its loans, options granted to employees via the EWT have to be in the money for the exercise to occur.

Therefore, if one assumes an option granted at IBREL's market price of today of INR 60/share or thereabouts with a vesting period of 5 years, the

²⁸ Source: Page 96, Annual Report F12

Company's stock price will have to trade in excess of INR 100/share for the EWT to break even on the transaction. We estimate that the EWT is currently sitting on a mark-to-market loss of approximately INR 1.2B (\$U.S. 21.7M) on its IBREL holding.

EWT OWNS TOO MUCH STOCK

More importantly, the EWT owns 8.38% of the shares outstanding of IBREL and 8.59% of IBULL. We don't believe that any management team or board will allot options approaching 9% dilution to its top brass. Therefore, we firmly believe that EWT is a means to inflate income at IBULL, increase control over the publicly-traded entity at the expense of public shareholders, and support the stock price of group entities by reducing available float in the marketplace. Although the trust indenture outlines five settlor entities, the entire funding for the EWT has come from IBULL.

EWT HAS A SUBSIDIARY COMPANY - WHY?

That the CS are playing financial games is illustrated by the creation of Ceraon Ventures Private Limited ("CERAON"), which a 100% subsidiary of the EWT. The articles of association of CERAON say that it can pursue any activity under the sun. Why does an entity formed for the benefit of employees create a for-profit subsidiary? Further IBULL extended a loan of INR 400M (\$U.S. 7.3M) to CERAON. The games continue.

Why?

CONCLUSION

We believe shareholders of the various IndiaBulls group entities are within their right to proclaim egregious misconduct on the part of current management and lack of oversight by the board.

We believe shareholders should use all means available within the Indian Companies Act, and other provisions put in place by the Indian regulatory system for minority shareholder protection, to elect a new board and dispose of current management.

We rate all stocks of the IndiaBulls group as SELL.

We give the Company a zero rating on corporate governance. Valuation opinions on the IndiaBulls group stocks are meaningless, as are reported earnings and cash flows by the group companies.

*Sell all IndiaBulls
group Stocks.*



ATTACHMENT

FORM 2 Return of allotment

[Pursuant to section 75(1) of the Companies Act, 1956]

Table A

Name of the company	Indiabulls Infrastructure Development Limited
Date of allotment	12th May, 2011
Type of share allotted (Equity or Preference)	Equity Shares
Nominal Amount per share (in Rs.)	10/-
Premium/(Discount) amount per share (in Rs.)	Nil
Total number of Allottees	2 (Two)
Brief particulars in respect of terms and condition, voting rights etc.	New Shares shall rank pari passu in all respects with existing shares

Table B (List of allottees, applicable in case of allotment of shares payable in cash)

Sl. No.	Name & Occupation of Allottee(s)	Address of Allottee(s)	Nationality of the Allottee(s)	Number of shares allotted	Total amount paid (including premium) (in Rs.)	Total amount to be paid on calls (including premium) outstanding (in Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	FIM Limited	608, St. James Court, St. Dennis Street, Port Louis, Mauritius	Mauritius	31,236,395	312,363,950	Nil
2	Hexagram Investments Private Limited	IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius	Mauritius	10,412,132	104,121,320	Nil
TOTAL				41,648,527	416,485,270	Nil

For **Indiabulls Infrastructure Development Limited**

Mehul Johnson
Director

Indiabulls Infrastructure Development Limited

Registered Office: "Indiabulls House" 4th Floor, Vdyots Building, 100, Haripur Street, Connaught Place, New Delhi - 110 001. Tel: (011) 3047 6500 Fax: (011) 4152 9071
FOR COMPANY NAME ONLY - VERITAS INVESTMENT RESEARCH CORPORATION

Indiabulls

CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE EXTRA ORDINARY GENERAL MEETING OF MEMBERS OF INDIABULLS INFRASTRUCTURE DEVELOPMENT LIMITED HELD ON 27TH DAY OF APRIL, 2011, AT THE REGISTERED OFFICE OF THE COMPANY AT F-60, MALHOTRA BUILDING, SECOND FLOOR, CONNAUGHT PLACE, NEW DELHI – 110 001.

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, and subject to compliance with applicable laws, the Memorandum of Association and Articles of Association of the Company and receipt of such approvals and consents necessary under applicable law, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company to create, offer, issue and allot:

- (i) 31,236,395 (Thirty One Million Two Hundred Thirty Six Thousand and Three Hundred Ninety Five) equity shares of face value Rs. 10/- (Rupees Ten Only) each to FIM Limited for cash at par for an aggregate consideration of Rs. 312,363,950 (Rupees Three Hundred Twelve Million Three Hundred Sixty Three Thousand and Nine Hundred Fifty only); and
- (ii) 10,412,132 (Ten Million Four Hundred Twelve Thousand and One Hundred Thirty Two) equity shares of face value Rs. 10/- (Rupees Ten Only) each to Hexagram Investments Private Limited for cash at par for an aggregate consideration of Rs. 104,121,320 (Rupees One Hundred Four Million One Hundred Twenty One Thousand and Three Hundred Twenty only).

RESOLVED FURTHER THAT the shares, to be issued pursuant to the foregoing resolution, shall rank *pari passu* in all respects with the existing equity shares of the Company and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company.

RESOLVED FURTHER THAT any one of the Directors or Mr. Sudhir Khullar or Mr. Suresh Kumar Jain, be and are hereby severally authorized to finalize and execute all necessary documents and other papers as may be required in order to complete the abovementioned issuance and to do all acts, deeds and things as they may in their absolute discretion consider necessary, proper, desirable or appropriate for effecting the said issuance and to settle any question, difficulty or doubt that may arise in this regard.”

For Indiabulls Infrastructure Development Limited

Mehul Johnson
Director

Indiabulls

CERTIFIED TRUE COPY OF THE EXPLANATORY STATEMENT TO THE SPECIAL RESOLUTION PASSED AT THE EXTRA ORDINARY GENERAL MEETING OF MEMBERS OF INDIABULLS INFRASTRUCTURE DEVELOPMENT LIMITED HELD ON 27TH DAY OF APRIL, 2011, AT THE REGISTERED OFFICE OF THE COMPANY AT F-60, MALHOTRA BUILDING, SECOND FLOOR, CONNAUGHT PLACE, NEW DELHI-110 001.

Item No. 2:

In order to augment its existing financial resources for implementing its business plans, the Board proposes to raise further capital and for this purpose the Company has been in discussions with: (i) FIM Limited, an existing shareholder of the Company; and (ii) Hexagram Investments Private Limited, not an existing shareholder of the Company (hereinafter collectively referred to as “Investors”). The Investors are SEBI Registered Foreign Venture Capital Investors (FVCI) and their investment would fall within the purview of Schedule 6 of Foreign Exchange Management (Transfer or Issue of Securities by a person resident outside India) Regulations, 2000, as amended.

It is proposed that an aggregate of 41,648,527 equity shares of face value Rs. 10 each would be issued to the Investors, such that FIM Limited shall subscribe to 31,236,395 equity shares and Hexagram Investments Private Limited shall subscribe to 10,412,132 equity shares, in each case, at a mutually agreed issue price of Rs. 10/- per share. Further it is proposed that the shares shall be issued to the Investors within six months from the date of receipts of subscription money from the respective investor.

Post the issuance of shares to the Investors, there will be no change in control and Management of the Company. There was no intention of director/ key management persons to subscribe to the present offer of said shares and the aforesaid preferential issue is solely to the Investors.

Shareholding pattern of the Company before and after the offer is as follows:

SHAREHOLDING PATTERN OF THE COMPANY BEFORE THE ISSUANCE:

Sl. No.	Name of Shareholder	No. of Equity shares of Rs. 10/- each	% holding
1.	FIM Limited	7,500,000	9.19
2.	Karrick Limited	2,500,000	3.06
3.	Ariston Investments Sub C Limited	6,617,647	8.11
4.	Indiabulls Real Estate Limited (alongwith six nominees)	65,000,000	79.64
	Total	81,617,647	100.00

SHAREHOLDING PATTERN OF THE COMPANY AFTER THE ISSUANCE*:

Sl. No.	Name of Shareholder	No. of Equity shares of Rs. 10/- each	% holding
1.	FIM Limited	38,736,395	31.42
2.	Karrick Limited	2,500,000	2.03
3.	Hexagram Investments Private Limited	10,412,132	8.45
4.	Ariston Investments Sub C Limited	6,617,647	5.37
5.	Indiabulls Real Estate Limited (alongwith six nominees)	65,000,000	52.73
	Total	123,266,174	100.00

* Assuming each of FIM Limited and Hexagram Investments Private Limited subscribe to shares as aforesaid.

Indiabulls

In terms of Section 81(1A) of the Companies Act, 1956 the consent of the members of the Company, by way of special resolution, is necessary to issue shares, as referred above.

The Company has obtained a certificate from a Company Secretary in Practice certifying that the aforesaid issuance is being made in accordance with Unlisted Public Companies (Preferential Allotment) Rules, 2003 and the said certificate is available for inspection of the members of the Company.

Your Directors recommend the resolution for the approval of the members.

None of the Directors of the Company is in any way concerned or interested in the resolution.

For Indiabulls Infrastructure Development Limited

Mehul Johnson
Director

IIC Limited
Standalone Profit and Loss Statement for period 01/04/2010 to 31/03/2011

[610000] General information about financial statements

Unless otherwise specified, all monetary values are in INR

	01/04/2010 to 31/03/2011	11/03/2010 to 31/03/2010
Disclosure of general information about company [abstract]		
Disclosure of company information [abstract]		
Name of company	^(A) IIC Limited	
Corporate identity number	U70200DL2010PLC199960	
Permanent account number of entity	AACCI2448B	
Address of registered office of company	1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110 001	
Type of industry	Commercial and Industrial	
Disclosure of document information [abstract]		
Date of board meeting when final accounts were approved	01/09/2011	
Date of start of reporting period	01/04/2010	11/03/2010
Date of end of reporting period	31/03/2011	31/03/2010
Nature of report standalone consolidated	Standalone	
Content of report	Profit and Loss Statement	
Description of presentation currency	INR	
Level of rounding used in financial statements	Actual	
Type of profit and loss statement	Main	

Footnotes

(A) Formerly Indiabulls Infrastructure Company Limited

APPENDIX 2 continued

[200000] Income Statement [Main]

Unless otherwise specified, all monetary values are in INR

	01/04/2010 to 31/03/2011	11/03/2010 to 31/03/2010	10/03/2010
Income statement - main [abstract]			
Total income [abstract]			
Operating revenue, net	354,64,50,330	38,57,16,381	
Other income	75,12,960	0	
Total income	355,39,63,290	38,57,16,381	
Total expenditure [abstract]			
Consumption materials changes inventories	0	0	
Manufacturing other operating expenses [abstract]			
Manufacturing service costs	0	0	
Contract cost	251,68,66,085	28,96,97,893	
Employee related expenses	2,18,15,093	0	
Administrative selling other expenses	1,14,04,683	3,16,920	
Manufacturing other operating expenses	255,00,85,861	29,00,14,813	
Depreciation amortisation impairment	3,31,052	0	
Interest financial charges	2,09,55,142	0	
Total expenditure	257,13,72,055	29,00,14,813	
Net profit loss continuing operations	98,25,91,235	9,57,01,568	
Net profit (loss) before tax, prior period and extraordinary items	98,25,91,235	9,57,01,568	
Net profit loss before tax	98,25,91,235	9,57,01,568	
Provision taxation	^(A) 29,45,03,395	^(B) 3,25,96,944	
Net profit loss before minority interest share joint venture	68,80,87,840	6,31,04,624	
Net profit loss	68,80,87,840	6,31,04,624	
Profit (Loss) Carried to Balance Sheet	75,11,92,464	6,31,04,624	0
Basic earnings per share [abstract]			
Basic earnings per share before extraordinary items	^(C) [INR/shares] 323.38	^(D) [INR/shares] 40.71	
Basic earnings per share	[INR/shares] 323.38	[INR/shares] 40.71	
Diluted earnings per share [abstract]			
Diluted earnings per share before extraordinary items	^(E) [INR/shares] 323.38	^(F) [INR/shares] 40.71	
Diluted earnings per share	[INR/shares] 323.38	[INR/shares] 40.71	

Footnotes

(A) Provision for Taxation -Current tax 294,241,656 -Deferred tax 261,739

(B) Provision for Taxation -Current tax 32,628,544 -Deferred tax (31,600)

(C) Face Value Per Share (Rs.) 10.00

(D) Face Value Per Share (Rs.) 10.00

(E) Face Value Per Share (Rs.) 10.00

(F) Face Value Per Share (Rs.) 10.00

APPENDIX 2 continued

[200100] Schedule - Income

Unless otherwise specified, all monetary values are in INR

	01/04/2010 to 31/03/2011	11/03/2010 to 31/03/2010
Operating revenue, net [abstract]		
Operating revenue, gross [abstract]		
Revenue contract	(A)309,62,96,402	(B)38,57,16,381
Other operating revenues	(C)45,01,53,928	0
Operating revenue, gross	354,64,50,330	38,57,16,381
Operating revenue, net	354,64,50,330	38,57,16,381
Other income [abstract]		
Receipt income investments [abstract]		
Receipt income current investments [abstract]		
Receipt interest current investments [abstract]		
Receipt interest current bank deposits	(D)7,05,819	0
Receipt interest current debt securities	(E)15,116	0
Receipt interest current investments	7,20,935	0
Receipts dividend current investments [abstract]		
Receipt dividend current mutual funds	63,77,025	0
Receipts dividend current investments	63,77,025	0
Receipt income current investments	70,97,960	0
Receipt income investments	70,97,960	0
Other receipts	(F)4,15,000	0
Other income	75,12,960	0

Footnotes

(A) Tax Deducted at Source Rs. 92,845,167

(B) Tax Deducted at Source Rs. 11,376,703

(C) Tax Deducted at Source Rs. 48,836,260

(D) Tax Deducted at Source Rs. 69,974

(E) Interest on Optionally Convertible Debentures

(F) Miscellaneous Income

APPENDIX 2 continued

[200200] Schedule - Expenditure

Unless otherwise specified, all monetary values are in INR

	01/04/2010 to 31/03/2011	11/03/2010 to 31/03/2010
Employee related expenses [abstract]		
Employees remuneration benefits [abstract]		
Salary wages bonus	2,15,72,207	0
Retirement benefits [abstract]		
Gratuity	^(A) 1,57,284	0
Provident fund	^(B) 12,642	0
Retirement benefits	1,69,926	0
Employees remuneration benefits	2,17,42,133	0
Staff welfare expenses	72,960	0
Employee related expenses	2,18,15,093	0
Administrative selling other expenses [abstract]		
Administrative general expenses [abstract]		
Telephone postage	^(C) 1,84,919	^(D) 710
Printing stationery	13,247	0
Travelling conveyance	1,77,836	0
Legal professional charges	55,34,589	0
Rent rates and taxes [abstract]		
Rates and taxes	18,06,117	1,50,000
Rent rates taxes	18,06,117	1,50,000
Auditors remuneration	1,00,000	50,000
Directors sitting fees	0	0
Managerial remuneration [abstract]		
Managerial remuneration	0	0
Registration filing fees	50,954	0
Other administrative general expenses	^(E) 32,34,021	^(F) 1,16,210
Administrative general expenses	1,11,01,683	3,16,920
Selling distribution expenses [abstract]		
Advertising promotional expenses	3,03,000	0
Selling distribution expenses	3,03,000	0
Write-off assets liabilities [abstract]		
Bad debts advances written off	0	0
Administrative selling other expenses	1,14,04,683	3,16,920
Manufacturing service costs [abstract]		
Cost power fuel	0	0
Cost repairs maintenance [abstract]		
Cost repairs maintenance	0	0
Cost insurance	0	0
Manufacturing service costs	0	0
Contract cost [abstract]		
Site labour supervision cost contracts	^(G) 47,92,13,956	^(H) 28,96,97,893
Material cost contract	203,76,52,129	0
Contract cost	251,68,66,085	28,96,97,893
Consumption materials changes inventories [abstract]		
Consumption raw other materials [abstract]		
Consumption raw materials [abstract]		
Consumption raw materials	0	0
Consumption stores spares [abstract]		
Consumption stores spares	0	0
Cost traded goods [abstract]		
Cost traded goods	0	0
Increase decrease inventories [abstract]		

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Increase decrease finished goods [abstract]		
Increase decrease finished goods	0	0
Increase decrease work-in progress [abstract]		
Increase decrease work-in progress	0	0
Consumption materials changes inventories	0	0
Depreciation amortisation impairment [abstract]		
Depreciation amortisation expenses [abstract]		
Depreciation tangible assets	3,31,052	0
Depreciation amortisation expenses	3,31,052	0
Depreciation amortisation impairment	3,31,052	0
Interest financial charges [abstract]		
Interest expense borrowings [abstract]		
Interest expense short-term loans [abstract]		
Interest expense short-term loans others	1,93,90,683	0
Interest expense short-term loans	1,93,90,683	0
Interest expense other borrowings	15,51,953	0
Interest expense borrowings	2,09,42,636	0
Other financing charges	12,506	0
Interest financial charges	2,09,55,142	0
Provision taxation [abstract]		
Provision current tax	29,42,41,656	3,26,28,544
Provision deferred tax	2,61,739	-31,600
Provision taxation	^(I) 29,45,03,395	^(J) 3,25,96,944

Footnotes

- (A) Provision for Gratuity, Compensated Absences and Superannuation Expenses
(B) Contribution to Provident Fund and Other Funds
(C) Communication Expenses Rs 177,229 Postage and Telegram Rs 7,690
(D) Postage and Telegram
(E) Tender Expenses Rs 3,170,375 Miscellaneous Expenses Rs 63,646
(F) Preliminary Expenses
(G) Labour and Other expenses
(H) Labour and Other expenses
(I) Provision for Taxation -Current tax 294,241,656 -Deferred tax 261,739
(J) Provision for Taxation -Current tax 32,628,544 -Deferred tax (31,600)

[200300] Additional Details - Income Statement

Unless otherwise specified, all monetary values are in INR

	01/04/2010 to 31/03/2011	11/03/2010 to 31/03/2010
Additional information regarding income and expenses [abstract]		
Operating revenue, net [abstract]		
Operating revenue, gross [abstract]		
Revenue contract [abstract]		
Revenue domestic contracts	309,62,96,402	38,57,16,381
Revenue contract	^(A) 309,62,96,402	^(B) 38,57,16,381
Other operating revenues	^(C) 45,01,53,928	0
Operating revenue, gross	354,64,50,330	38,57,16,381
Operating revenue, net	354,64,50,330	38,57,16,381
Receipt income investments [abstract]		
Receipt income investments non-trade	70,97,960	0
Receipt income investments	70,97,960	0

Footnotes

- (A) Tax Deducted at Source Rs. 92,845,167
 (B) Tax Deducted at Source Rs. 11,376,703
 (C) Tax Deducted at Source Rs. 48,836,260

[400500] Notes - Foreign Exchange Transactions

Unless otherwise specified, all monetary values are in INR

	01/04/2010 to 31/03/2011
Disclosure of foreign exchange transactions [text block]	Textual information (1) [See below]

Textual information (1)**Disclosure of foreign exchange transactions [text block]**

15. 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.

[402300] Notes - Directors Remuneration and Other Information**01/04/2010 to 31/03/2011****Details of directors**

Unless otherwise specified, all monetary values are in INR

	1	2	3
Name of director	ASHOK KUMAR SHARMA	SURESH KUMAR JAIN	HITNDER KUMAR
Director identification number of director	00010912	00061282	02349392
Date of birth of director	06/12/1969	09/09/1965	27/10/1975
Designation of director	Director	Director	Director
Qualification of director	Chartered Accountant	Chartered Accountant	Chartered Accountant
Shares held by director	[shares] 0	[shares] 0	[shares] 0
Director remuneration [abstract]			
Total salary to director	0	0	0
Basic pay director	0	0	0
Allowances director	0	0	0
Perquisites director	0	0	0
Commission director	0	0	0
Sitting fees director	0	0	0
Stock compensation director	0	0	0
Post retirement benefits director	0	0	0
Other compensation director	0	0	0
Director remuneration	0	0	0

[402400] Notes - Auditors Remuneration

Unless otherwise specified, all monetary values are in INR

	01/04/2010 to 31/03/2011	11/03/2010 to 31/03/2010
Auditors remuneration [abstract]		
Audit fees	1,00,000	50,000
Consultancy fees auditors [abstract]		
Consultancy fees auditors	0	0
Auditors remuneration	1,00,000	50,000

IINFC Limited
Standalone Profit and Loss Statement for period 13/04/2010 to 31/03/2011

[610000] General information about financial statements

Unless otherwise specified, all monetary values are in INR

	13/04/2010 to 31/03/2011
Disclosure of general information about company [abstract]	
Disclosure of company information [abstract]	
Name of company	IINFC Limited
Corporate identity number	U70101DL2010PLC201535
Permanent account number of entity	AACCI2727B
Address of registered office of company	1A, Hamilton House, 1st Floor, Connaught Place, New Delhi - 110 001
Type of industry	Commercial and Industrial
Disclosure of document information [abstract]	
Date of board meeting when final accounts were approved	01/09/2011
Date of start of reporting period	13/04/2010
Date of end of reporting period	31/03/2011
Nature of report standalone consolidated	Standalone
Content of report	Profit and Loss Statement
Description of presentation currency	INR
Level of rounding used in financial statements	Actual
Type of profit and loss statement	Main

APPENDIX 2 continued

[200000] Income Statement [Main]

Unless otherwise specified, all monetary values are in INR

	13/04/2010 to 31/03/2011
Income statement - main [abstract]	
Total income [abstract]	
Operating revenue, net	(A)606,93,33,202
Other income	4,72,902
Total income	606,98,06,104
Total expenditure [abstract]	
Consumption materials changes inventories	0
Manufacturing other operating expenses [abstract]	
Manufacturing service costs	0
Contract cost	(B)522,08,86,656
Employee related expenses	0
Administrative selling other expenses	3,25,155
Manufacturing other operating expenses	522,12,11,811
Interest financial charges	27,43,723
Total expenditure	522,39,55,534
Net profit loss continuing operations	84,58,50,570
Net profit (loss) before tax, prior period and extraordinary items	84,58,50,570
Net profit loss before tax	84,58,50,570
Provision taxation	28,08,49,397
Net profit loss before minority interest share joint venture	56,50,01,173
Net profit loss	56,50,01,173
Profit (Loss) Carried to Balance Sheet	56,50,01,173
Basic earnings per share [abstract]	
Basic earnings per share before extraordinary items	(C)[INR/shares] 5,650.01
Basic earnings per share	[INR/shares] 5,650.01
Diluted earnings per share [abstract]	
Diluted earnings per share before extraordinary items	(D)[INR/shares] 5,650.01
Diluted earnings per share	[INR/shares] 5,650.01

Footnotes

(A) Revenue from Operations

(B) Construction Contracts Expenses

(C) Face Value Per Share Rs. 10/-

(D) Face Value Per Share Rs. 10/-

APPENDIX 2 continued

[200100] Schedule - Income

Unless otherwise specified, all monetary values are in INR

	13/04/2010 to 31/03/2011
Operating revenue, net [abstract]	
Operating revenue, gross [abstract]	
Revenue services, gross [abstract]	
Revenue real estate property development	(A)581,93,33,202
Revenue other services	(B)25,00,00,000
Revenue services, gross	606,93,33,202
Operating revenue, gross	606,93,33,202
Operating revenue, net	(C)606,93,33,202
Other income [abstract]	
Receipt income investments [abstract]	
Receipt income current investments [abstract]	
Receipt interest current investments [abstract]	
Receipt interest current bank deposits	(D)4,592
Receipt interest current investments	4,592
Receipts dividend current investments [abstract]	
Receipt dividend current mutual funds	(E)4,68,310
Receipts dividend current investments	4,68,310
Receipt income current investments	4,72,902
Receipt income investments	4,72,902
Other income	4,72,902

Footnotes

(A) Revenue from Constructions Contracts

(B) Income From Advisory Services

(C) Revenue from Operations

(D) Interest on Fixed Deposits - Gross

(E) Dividends on Units of Mutual Fund - Non Trade

APPENDIX 2 continued

[200200] Schedule - Expenditure

Unless otherwise specified, all monetary values are in INR

	13/04/2010 to 31/03/2011
Employee related expenses [abstract]	
Employees remuneration benefits [abstract]	
Salary wages bonus	0
Employees remuneration benefits	0
Employee related expenses	0
Administrative selling other expenses [abstract]	
Administrative general expenses [abstract]	
Printing stationery	3,020
Legal professional charges	26,025
Rent rates and taxes [abstract]	
Rates and taxes	27,440
Rent rates taxes	27,440
Auditors remuneration	1,00,000
Directors sitting fees	0
Managerial remuneration [abstract]	
Managerial remuneration	0
Other administrative general expenses	(A)1,68,670
Administrative general expenses	3,25,155
Selling distribution expenses [abstract]	
Selling distribution expenses	0
Write-off assets liabilities [abstract]	
Bad debts advances written off	0
Administrative selling other expenses	3,25,155
Manufacturing service costs [abstract]	
Cost power fuel	0
Cost repairs maintenance [abstract]	
Cost repairs maintenance	0
Cost insurance	0
Manufacturing service costs	0
Contract cost [abstract]	
Site labour supervision cost contracts	(B)100,71,51,217
Material cost contract	(C)396,37,35,439
Other claims contracts	(D)25,00,00,000
Contract cost	(E)522,08,86,656
Consumption materials changes inventories [abstract]	
Consumption raw other materials [abstract]	
Consumption raw materials [abstract]	
Consumption raw materials	0
Consumption stores spares [abstract]	
Consumption stores spares	0
Cost traded goods [abstract]	
Cost traded goods	0
Increase decrease inventories [abstract]	
Increase decrease finished goods [abstract]	
Increase decrease finished goods	0
Increase decrease work-in progress [abstract]	
Increase decrease work-in progress	0
Consumption materials changes inventories	0
Interest financial charges [abstract]	
Interest expense borrowings [abstract]	
Interest expense short-term loans [abstract]	

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Interest expense short-term loans others	(F)27,35,342
Interest expense short-term loans	27,35,342
Interest expense borrowings	27,35,342
Other interest charges	(G)1,834
Other financing charges	(H)6,547
Interest financial charges	27,43,723
Provision taxation [abstract]	
Provision current tax	28,08,79,563
Provision deferred tax	-30,166
Provision taxation	28,08,49,397

Footnotes

(A) Total of Tender Expenses INR 50,000, Preliminary Expenses INR 116,220 and Stamp Duty and Franking Charges INR 2,450.

(B) Labour and Other expenses

(C) Material Consumed

(D) Consultancy Expenses

(E) Construction Contracts Expenses

(F) Interest on Loans

(G) Interest Others

(H) Bank Charges

[200300] Additional Details - Income Statement

Unless otherwise specified, all monetary values are in INR

	13/04/2010 to 31/03/2011
Additional information regarding income and expenses [abstract]	
Operating revenue, net [abstract]	
Operating revenue, gross [abstract]	
Revenue services, gross [abstract]	
Domestic revenue services	606,93,33,202
Revenue services, gross	606,93,33,202
Operating revenue, gross	606,93,33,202
Operating revenue, net	(A)606,93,33,202
Receipt income investments [abstract]	
Receipt income investments non-trade	4,72,902
Receipt income investments	4,72,902

Footnotes

(A) Revenue from Operations

[400500] Notes - Foreign Exchange Transactions

Unless otherwise specified, all monetary values are in INR

	13/04/2010 to 31/03/2011
Disclosure of foreign exchange transactions [text block]	Textual information (1) [See below]

Textual information (1)

Disclosure of foreign exchange transactions [text block]

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.

[402300] Notes - Directors Remuneration and Other Information

13/04/2010 to 31/03/2011

Details of directors

Unless otherwise specified, all monetary values are in INR

	1	2	3
Name of director	ASHOK KUMAR SHARMA	SURESH KUMAR JAIN	HITNDER KUMAR
Director identification number of director	00010912	00061282	02349392
Date of birth of director	06/12/1969	09/09/1965	27/10/1975
Designation of director	Director	Director	Director
Qualification of director	Chartered Accountant	Chartered Accountant	Chartered Accountant
Shares held by director	[shares] 0	[shares] 0	[shares] 0
Director remuneration [abstract]			
Total salary to director	0	0	0
Director remuneration	0	0	0

[402400] Notes - Auditors Remuneration

Unless otherwise specified, all monetary values are in INR

	13/04/2010 to 31/03/2011
Auditors remuneration [abstract]	
Audit fees	1,00,000
Consultancy fees auditors [abstract]	
Consultancy fees auditors	0
Auditors remuneration	1,00,000



**INDIABULLS REAL ESTATE LIMITED
CODE OF CONDUCT
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT**

This Code of Conduct shall be applicable to all Board Members and also to Senior Management Staff immediately one level below the Board Members. The code shall come into force with effect from the first day of January, 2007.

A. Key Requirements of the Code

The Board Members and the Senior Management team shall act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

1. Shall act in accordance with the highest standard of personal and professional integrity, honesty and ethical conduct in discharge of duties and responsibilities.
2. Shall act in utmost good faith and fulfill the fiduciary obligations without allowing their independence of judgment to be compromised.
3. Shall avoid and disclose actual and apparent conflicts of personal interest with the interests of the Company and to disclose all contractual interest, whether directly or indirectly, with the Company.
4. Shall not, in his official capacity, enter into business with (a) a relative or (b) a Private Limited Company in which he or his relative is a Member or a Director (c) a Public Limited Company in which he or his relative holds 2% or more paid-up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Board unless otherwise permitted by law.
5. Shall avoid having any personal and/or financial interest in any business dealings concerning the Company.
6. Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members / Company.
7. Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company.
8. Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to

- pursue such opportunity and allow him to avail such opportunity.
9. Shall not accept any offer, payment or anything of value from customers, vendors, consultants etc; that is perceived as intended, directly or indirectly, to influence any business decision.
 10. Shall not make any statement which has the effect of adverse criticism of any policy or action of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders.

Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him.

11. Shall not commit any offence involving moral turpitude.
12. Shall not compete, whether directly or indirectly with the Company.
13. Shall promote professionalism in the Company.
14. Shall maintain confidentiality of the Company's business.
15. Shall not charge personal expenses to the Company.
16. Shall inform the Company immediately about emergency situation that may disqualify him from Directorship.

B. Compliance of Law

The Board Members and the Senior Management personnel shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers and to know when to seek advice from the Finance and Secretarial and Legal department and shall comply with all laws, rules and regulations applicable to the business of the company.

C. Prevention of Insider Trading

The Board Members and the Senior Management team shall comply with the Code of Internal Procedures and conduct for prevention of Insider Trading in dealing with securities of the Company.

D. Protection of Assets

The Board Members and the Senior Management team shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gain.

E. Conduct of Business

The Board Members and the Senior Management team shall conduct the Company's business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders.

The Board Members and the Senior Management team shall not be involved in any activity that would have any adverse effect on the objectives of the Company or against national interest. The corporate objectives to be pursued shall be to sustain the competitive edge of the company and not to indulge in any activity which is detrimental to the society at large.

F. Reporting

The Directors and the Senior Management team shall immediately bring to the notice of the Board about any unethical behavior, actual or suspected fraud or violation of company's policies.

G. Compensation and Disclosures

The fees and compensation payable to the Board Members (both executive and non-executive) shall be fixed in accordance with the approvals as per the applicable provisions of law and the same will be fully disclosed in the Annual Report to the Members.

H. Insertion of the Code in website

As required by clause 49 of the listing agreement this code and any amendments thereto shall be posted on the website of the Company.

I. Compliance Officer

Company Secretary of the Company shall be the Compliance Officer for the purpose of this code.

J. Acknowledgement of receipt and Affirmation of compliance of the Code

All the board members and the senior management team shall furnish to the compliance officer, their acknowledgement of the receipt of the code in the format prescribed under Appendix I to this code and shall within 30 days of close of every financial year affirm compliance with the code in the format prescribed under Appendix II to this code.

K. Violations of the Code

Any violations of this code shall be promptly brought to the notice of (a) the Board of Directors in case any such violation is on the part of a board member and (b) the Chairman & CEO of the company in case the violation is on part of any senior management personnel, by the Compliance officer.

The Board of Directors or the Chairman & CEO of the company, as the case may be shall upon receipt of report of any violation, take such action as is deemed appropriate in the interests of the company.

L. Waivers and Amendments of the Code

Any amendment or waiver of any provision of this code can be made only by the Board of Directors and shall promptly be disclosed on the company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment or waiver.



Auditors' Report to the Members of Indiabulls Resources Limited

1. We have audited the attached Balance Sheet of Indiabulls Resources 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 (Auditors' Report) Order, 2003 further 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, 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 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 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 No: 000643N

Sd/-
Ashutosh Gupta
Partner
Membership No.085972
Place: New Delhi
Date : April 21, 2010



ANNEXURE TO THE AUDITORS' REPORT
 (Referred to in paragraph 3 of our report of even date)

Indiabulls Resources Limited

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.
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 No: 000643N

Sd/-
Ashutosh Gupta
Partner
Membership No.085972
Place: New Delhi
Date : April 21, 2010

Balance Sheet as at March 31, 2010

		As at March 31, 2010	Amount in Rupees As at March 31, 2009
Schedule			
<u>Sources of Funds</u>			
Shareholders' Funds			
Share Capital	1	500,000	500,000
Loan Funds			
Unsecured Loans	2	6,324,613,000	6,324,700,000
	Total	<u>6,325,113,000</u>	<u>6,325,200,000</u>
<u>Application of Funds</u>			
Investments	3	5,000,000	5,000,000
Current Assets, Loans and Advances			
Inventories	4	64,400	64,400
Cash and Bank Balances	5	11,207	109,604
Loans and Advances	6	675,903,318	675,903,318
		<u>675,978,925</u>	<u>676,077,322</u>
Less: Current Liabilities and Provisions			
Current Liabilities	7	55,150	11,030
		<u>55,150</u>	<u>11,030</u>
Net Current Assets		675,923,775	676,066,292
Profit and Loss Account (Debit Balance)		5,644,189,225	5,644,133,708
	Total	<u>6,325,113,000</u>	<u>6,325,200,000</u>

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN: 000643N

For and on behalf of the Board

Sd/-
Ashutosh Gupta
Partner
Membership No. 085972

Sd/-
Piyush Kishor Rach
Director

Sd/-
Vivek Tukaram Sutar
Director

Place: New Delhi
Date: April 21, 2010

Place: New Delhi
Date: April 21, 2010

Profit & Loss for the year ended March 31, 2010

		Amount in Rupees	
		For the year ended March 31, 2010	For the year ended March 31, 2009
Schedule			
INCOME			
Other Income	8	-	112,106,430
Total		<u>-</u>	<u>112,106,430</u>
EXPENDITURE			
Cost of Real Estate Projects Under Development			
Opening Balance		64,400	64,400
Add: Additions during the year/period		-	-
Less: Closing Balance		<u>64,400</u>	<u>64,400</u>
Administrative and Other Expenses	9	55,517	5,552,120,364
Interest Expenses	10	-	198,157,100
Total		<u>55,517</u>	<u>5,750,277,464</u>
Profit/(Loss) Before Tax		(55,517)	(5,638,171,034)
Provision for Tax			
-Current Tax		-	-
-Deferred Tax		-	-
Profit/(Loss) After Tax		<u>(55,517)</u>	<u>(5,638,171,034)</u>
Balance of Profit/(Loss) Brought Forward		(5,644,133,708)	(5,962,674)
Balance of Profit/(Loss) Carried Forward		<u>(5,644,189,225)</u>	<u>(5,644,133,708)</u>

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN: 000643N

For and on behalf of the Board

Sd/-
Ashutosh Gupta
Partner
Membership No. 085972

Sd/-
Piyush Kishor Rach
Director

Sd/-
Vivek Tukaram Sutar
Director

Place: New Delhi
Date: April 21, 2010

Place: New Delhi
Date: April 21, 2010



Auditors' Report to the Members of Fornax Properties Limited

1. We have audited the attached Balance Sheet of Fornax 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



(c) in the case of Cash Flow Statement, of the cash flows of the Company for the year vended on that date.

For Sharma Goel & Co.
Chartered Accountants
FRN No:-000643N

Sd/-
Anil Gupta
Partner
Membership No. 086386
Place: New Delhi,
Date: April 23, 2010



Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Fornax 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(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 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.
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. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investment and timely entries have been made therein. All share, securities, debentures and other investments have been held by the Company in its own name.
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.
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 No:-000643N

Sd/-
Anil Gupta
Partner
Membership No. 086386
Place: New Delhi,
Date: April 23, 2010

Balance Sheet as at March 31, 2010

Amount in Rupees

	Schedule	As at March 31, 2010	As at March 31, 2009
I. Sources of Funds			
Shareholders' Funds			
Share Capital	1	500,000	500,000
Loan Funds			
Unsecured Loans	2	12,707,823,562	13,900,153,791
Total		12,708,323,562	13,900,653,791
II. Application of Funds			
Investments	3	500,000	500,000
Current Assets, Loans and Advances			
Cash and Bank Balances	4	574,928	827,014
Loans and Advances	5	14,407,702,020	13,877,349,454
		14,408,276,948	13,878,176,468
Less: Current Liabilities and Provisions			
Current Liabilities	6	1,753,146,656	6,537,594
		1,753,146,656	6,537,594
Net Current Assets		12,655,130,292	13,871,638,874
Profit and Loss Account (Debit Balance)		52,693,270	28,514,917
Total		12,708,323,562	13,900,653,791

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN :000643N

For and on behalf of the Board

Sd/-
Anil Gupta
Partner
Membership No. 086386

Sd/-
Rajeev Pitkar
Director

Sd/-
Mukul Bansal
Director

Place : New Delhi.
Date : April 23, 2010

Place : New Delhi
Date : April 23, 2010

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

Amount in Rupees

	Schedule	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME			
Other Income	7	969,172	72,074,280
		<u>969,172</u>	<u>72,074,280</u>
EXPENDITURE			
Administrative and Other Expenses	8	56,153	24,945
Interest and Finance Charges	9	25,091,372	100,701,850
		<u>25,147,525</u>	<u>100,726,795</u>
Profit / (Loss) Before Tax		(24,178,353)	(28,652,515)
Provision for Tax			
-Current Tax		-	-
-Deferred Tax		-	-
Profit / (Loss) After Tax		<u>(24,178,353)</u>	<u>(28,652,515)</u>
Prior year adjustments			
-Taxation		-	(303)
Profit / (Loss) After Tax and prior year adjustments		<u>(24,178,353)</u>	<u>(28,652,212)</u>
Balance of Profit / (Loss) Brought Forward		(28,514,917)	137,295
Balance of Profit / (Loss) Carried Forward		<u>(52,693,270)</u>	<u>(28,514,917)</u>

As per our report of even date

For Sharma Goel & Co.
Chartered Accountants
FRN :000643N

For and on behalf of the Board

Sd/-
Anil Gupta
Partner
Membership No. 086386
Place : New Delhi.
Date :April 23, 2010

Sd/-
Rajeev Pitkar
Director
Place : New Delhi
Date :April 23, 2010

Sd/-
Mukul Bansal
Director

General Circular No: 2 /2011

No: 51/12/2007-CL-III
Government of India
Ministry of Corporate Affairs

5th floor, `A' Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi-110 001.

Dated: 8th February, 2011

To

All Regional Directors
All Registrar of Companies

Subject: Direction under Section 212(8) of the Companies Act, 1956.

Sir,

It has been noticed that a large number of companies are approaching the Ministry for exemption under Section 212(8) of the Companies Act, 1956. The matter was examined in the context of the globalizing Indian economy, the increased number of subsidiaries, and the introduction of accounting standards on consolidated financial statements. It has been decided to grant a general exemption provided certain conditions are fulfilled.

The Central Government hereby directs that provisions of Section 212 shall not apply in relation to subsidiaries of those companies which fulfil the following conditions:-

- (i) The Board of Directors of the Company has by resolution given consent for not attaching the balance sheet of the subsidiary concerned;
- (ii) The company shall present in the annual report, the consolidated financial statements of holding company and all subsidiaries duly audited by its statutory auditors;
- (iii) The consolidated financial statement shall be prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Security and Exchange Board of India;
- (iv) The company shall disclose in the consolidated balance sheet the following information in aggregate for each subsidiary including subsidiaries of subsidiaries:- (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend;
- (v) The holding company shall undertake in its annual report that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned and a note to the above effect will be included in the

annual report of the holding company. The holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand;

- (vi) The holding as well as subsidiary companies in question shall regularly file such data to the various regulatory and Government authorities as may be required by them;
- (vii) The company shall give Indian rupee equivalent of the figures given in foreign currency appearing in the accounts of the subsidiary companies along with exchange rate as on closing day of the financial year;

Yours faithfully

(Jaikant Singh)
Director

Indiabulls

ATTACHMENT FORM - 2

Table 'A'

Name of the Company:	Indiabulls Resources Limited
Date of Allotment	28.03.2010
Type of Share Allotted (Equity/Preference)	Preference Shares
Nominal Amount per share (in Rs.)	10/-
Premium/ (Discount) amount per share (in Rs.)	990/-
Total Number of allottees	1 (One)
Brief particulars in respect of terms and condition, voting right etc.	0.0001% Non-Cumulative Redeemable Preference Shares.

Table 'B'

List of Allottees

S. No.	Name & occupation of Allottee	Address of Allottee	Nationality of the Allottee	Number of shares allotted	Total amount paid (including Premium) (in Rupees)	Total amount to be paid on calls (including premium) outstanding (in Rs.)
1	Fornax Properties Limited	1A, Hamilton House, 1 st Floor, Connaught Place, New Delhi - 110 001	Indian	56,74,650	567,46,50,000/-	Nil

For Indiabulls Resources Limited

Director

FORM 2[Pursuant to section 75(1) of the
Companies Act, 1956]

Return of allotment

Form Language English हिन्दी**Note - All fields marked in are to be mandatorily filled.**

1.(a) *Corporate identity number (CIN) of company

(b) Global location number (GLN) of company

2.(a) Name of the company

(b) Address of the registered office of the company

(c) *e-mail ID of the company

3. Shares allotted payable in cash

Number of allotments Date of allotment (DD/MM/YYYY)

Kind of Shares	<input checked="" type="checkbox"/> Preference	<input type="checkbox"/> Equity
Brief particulars in respect of terms and conditions, voting rights etc. of shares	0.0001%Non-Cumulative Redeemable Preference	
Number of shares allotted	5,674,650	
Nominal amount per share (in Rs.)	10.00	
Total nominal amount (in Rs.)	56,746,500	
Amount paid per share on application (excluding premium) (in Rs.)	0.00	
Total amount paid on application (excluding premium) (in Rs.)	0.00	
Amount due and payable per share on allotment (excluding premium) (in Rs.)	0.00	
Total amount paid on allotment (excluding premium) (in Rs.)	0.00	
Premium amount per share due and payable (if any) (in Rs.)	990.00	
Total premium amount due and payable (if any) (in Rs.)	5,617,903,500	
Premium amount paid per share (if any)	990.00	
Total premium amount paid (if any) (in Rs.)	5,617,903,500	
Amount of discount per share (if any) (in Rs.)	0.00	
Total discount amount (if any) (in Rs.)		
Amount to be paid on calls per share (if any) (excluding premium) (in Rs.)	0.00	
Total amount to be paid on calls (if any) (excluding premium) (in Rs.)	0.00	

4. Shares allotted for consideration otherwise than in cash

Number of allotments

Date of allotment (DD/MM/YYYY)

Kind of Shares	<input type="checkbox"/> Preference	<input type="checkbox"/> Equity
Brief particulars in respect of terms and conditions, voting rights etc. of shares		
Number of shares allotted		
Nominal amount per share		
Total nominal amount (in Rs.)		
Amount to be treated as paid-up on each share (in Rs.)		
Premium amount per share (if any) (in Rs.)		
Total premium amount (if any) (in Rs.)		
Amount of discount per share (if any) (in Rs.)		
Total discount amount (if any) (in Rs.)		
The consideration for which such shares have been allotted		
(a) Property and assets acquired		
Description		
Amount (in Rs.)		
(b) Goodwill		
Description		
Amount (in Rs.)		
(c) Services (give nature of services)		
Description		
Amount (in Rs.)		
(d) Other items (to be specified)		
Description		
Amount (in Rs.)		

Whether an agreement or contract is executed in writing for allotting shares for consideration otherwise than in cash Yes No

5. Bonus shares issued

- (a) Date of allotment (DD/MM/YYYY)
- (b) Number of bonus shares
- (c) Nominal amount per share (in Rs.)
- (d) Amount to be treated as paid up per share (in Rs.)

6. Capital structure of the company after taking into consideration the above allotment(s)

- (a)* Authorised capital of the company (in Rs.)

Break up of Authorised capital

- *Number of equity shares Total amount of equity shares (in Rs.)
- Nominal amount per equity share
- *Number of preference shares Total amount of preference shares (in Rs.)
- Nominal amount per preference share
- Number of unclassified shares Total amount of unclassified shares (in Rs.)

- (b) Issued capital of the company (in Rs.)

Break up of Issued capital

- *Number of equity shares Total amount of equity shares (in Rs.)
- Nominal amount per equity share
- *Number of preference shares Total amount of preference shares (in Rs.)
- Nominal amount per preference share

- (c)*Subscribed capital of the company (in Rs.)

Break up of Subscribed capital

- *Number of equity shares Total amount of equity shares (in Rs.)
- Nominal amount per equity share
- *Number of preference shares Total amount of preference shares (in Rs.)
- Nominal amount per preference share

- (d)*Paid up capital of the company (in Rs.)

Break up of Paid up capital

- *Number of equity shares Total amount of equity shares (in Rs.)
- Nominal amount per equity share
- *Number of preference shares Total amount of preference shares (in Rs.)
- Nominal amount per preference share

- 7.(a) Date of passing the special resolution authorising issue under section 81 (DD/MM/YYYY)
 (b) Service request number (SRN) of Form 23
- 8.* Whether complete list of allottees has been enclosed as attachment Yes No
 In case No, then submit the details of all the allottees in a CD separately
9. Whether copy of the valuation report of properties/ rights and shares has been enclosed as attachment Yes No

Attachments

- | | | |
|--|---------------------------------------|---|
| 1. Copy of the resolution authorising the issue of bonus shares | <input type="button" value="Attach"/> | List of attachments
Indiabulls Resources Ltd form 2_list of allottee |
| 2. List of allottees (separate list for each allotment, refer instruction kit for format) | <input type="button" value="Attach"/> | |
| 3. Copy of the resolution for the issue of shares at a discount with a copy of the order of the Central Government | <input type="button" value="Attach"/> | |
| 4. Copy of the contract or agreement, if any, for allotment of share for consideration otherwise than in cash | <input type="button" value="Attach"/> | |
| 5. Copy of the valuation report of properties/ rights and shares | <input type="button" value="Attach"/> | |
| 6. Copy of Board or shareholders' resolution | <input type="button" value="Attach"/> | |
| 7. Optional attachment(s) - if any | <input type="button" value="Attach"/> | |
-

Verification

To the best of my knowledge and belief, the information given in this form and its attachments is correct and complete and proper stamp duty has been paid wherever required.

I have been authorised by the Board of directors' resolution number dated (DD/MM/YYYY) to sign and submit this form.

To be digitally signed by

Managing Director or director or manager or secretary of the company

* Designation



* Director identification number of the director or Managing Director; or Income-tax permanent account number(Income-tax PAN) of the manager; or Membership number, if applicable or income-tax PAN of the secretary (secretary of a company who is not a member of ICSI, may quote his/ her income-tax PAN)

Certificate

It is hereby certified that I have verified the above particulars (including attachment(s)) from the records of

and found them to be true and correct. I further certify that all required attachment(s) have been completely attached to this form and proper stamp duty has been paid wherever required.

- Chartered accountant (in whole-time practice) or Cost accountant (in whole-time practice) or
 Company secretary (in whole-time practice)

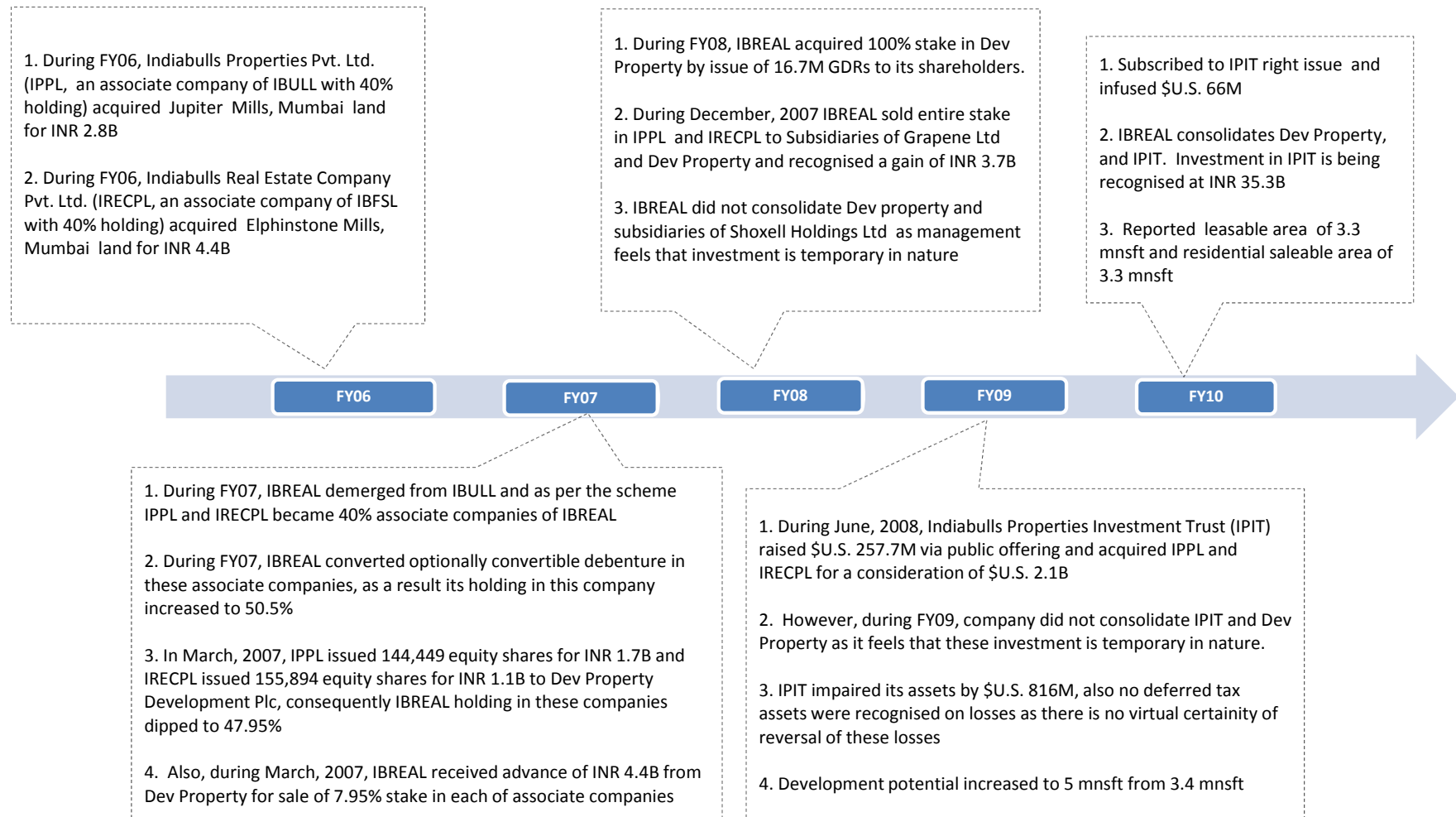
* Whether associate or fellow Associate Fellow



* Membership number or certificate of practice number

This eForm has been taken on file maintained by the registrar of companies through electronic mode and on the basis of statement of correctness given by the filing company.

Time Chart for formation of Indiabulls Properties Investment Trust





Press Release

New Delhi

June 21, 2011

Siemens bags Rs.124 crores order from Indiabulls Infrastructure Company Limited

Siemens has won an order from Indiabulls Infrastructure Company Limited worth Rs. 124 crores to build 400/220kV Gas Insulated Switchgear (GIS) substation associated with 5x270 MW Sinnar Thermal Power Project at Nasik. The substation is scheduled for commissioning by October 2012.

The Power Transmission Division of Siemens Energy Sector has been awarded a key order from Indiabulls Infrastructure Company Limited, for supply, erection, testing and commissioning of 400/220kV Gas Insulated Switchgear (GIS) for power evacuation from Sinnar Thermal Power Plant at Nasik. The scope of the project includes complete system design, engineering, civil works, supply, installation, testing and commissioning of 400kV GIS and 220kV GIS switchyards including 315MVA interconnecting transformer, 80MVAR reactor and 400kV and 220kV EHV cables. The major services included in the order are civil works, unloading, storage, material handling, installation & commissioning services and construction management of the complete substation.

Sinnar Thermal Power Project at Nasik is one of the largest power plants in the state of Maharashtra and one of the crucial sources of power supply to Maharashtra and its neighboring states. The GIS connects this power plant with the Maharashtra State Electricity Transmission Co. Ltd., (MSETCL) for power evacuation for intra-state and inter-state sale.

The GIS switchyard at Sinnar Thermal Power Plant, Nasik is the vital link between the transmission network and power station and is given the top most priority in terms of reliability, availability and maintenance. Siemens GIS offers freedom from frequent maintenance and substantial space saving.

Commenting on the order Mr. A K Dixit, CEO- Energy Sector, Siemens Ltd said, "Siemens technological strength combined with years of experience will help improve reliability and quality of electricity supply, serving the increasing needs of industrial and residential consumers. The project will enable the Customer to improve the consistency of energy for their captive consumption and reduce their dependence on the grid"

Siemens Ltd., in which Siemens AG holds 75% of the capital, is the flagship listed company of Siemens AG in India. Siemens in India including Siemens Ltd. comprises 19 legal
Siemens Ltd.

Reference No. CC/PR/12/Energy 04 2011

Dr. Armin Bruck
Managing Director
130, Pandurang Budhkar Marg,
Worli, Mumbai - 400 018.
Tel. : (022) 2498 7000
Fax : (022) 2498 7500

Corporate Communication – Press Office
Mr. Viswakumar Menon
130, Pandurang Budhkar Marg,
Worli, Mumbai - 400 018.
Tel. : (022) 2498 7535 / 2498 7026
Fax : (022) 24987174

entities, is a leading provider of industry and infrastructure solutions with a business volume aggregating about Rs. 12,000 crore. It operates in the core business areas of Industry, Energy and Healthcare. It has nation-wide Sales and Service network, 21 manufacturing plants, a network of around 500 channel partners and employs about 18,000 people.



Auditors' Report to the Members of Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited)

1. We have audited the attached Balance Sheet of Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited) ("the Company") as at March 31, 2011, the annexed Profit and Loss Account and Cash Flow Statement for the period from October 07, 2010 to 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 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 basis, the 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
4. 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



- (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, 2011;
 - (b) in the case of Profit and Loss Account, of the loss of the Company for the period from October 07, 2010 to March 31, 2011.
 - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the period from October 07, 2010 to March 31, 2011.

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N


Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 20, 2011



Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)
Balance Sheet as at March 31, 2011

	<u>Schedule</u>	<u>Amount in Rupees</u>
<u>As at March 31, 2011</u>		
<u>Sources of Funds</u>		
<u>Shareholders' Funds</u>		
Share Capital	1	100,000
<u>Loan Funds</u>		
Unsecured Loans	2	761,250,000
	TOTAL	<u>761,350,000</u>
<u>Application of Funds</u>		
Deferred Tax Assets (Refer Note B xi of Schedule 6)		1,424
<u>Current Assets, Loans & Advances</u>		
Cash and Bank Balances	3	90,997
Other Current Assets (Refer Note B x of Schedule 6)		761,250,000
		<u>761,340,997</u>
<u>Less : Current Liabilities</u>		
Current Liabilities	4	11,030
		<u>11,030</u>
Net Current Assets		761,329,967
Profit and Loss Account (Debit Balance)		18,609
	TOTAL	<u>761,350,000</u>
Significant accounting policies and notes to accounts	6	

As per our report of even date
For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N

Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 20, 2011



For and on behalf of the Board of Directors of
Alona Infrastructure Private Limited

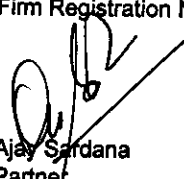
Arun Sangal
Director
DIN: 01485268
New Delhi, April 20, 2011

Santosh Kumar Mittal
Additional Director
DIN: 01511428

Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)
Profit & Loss Account for the period from October 07, 2010 to March 31, 2011

	<u>Schedule</u>	<u>Amount in Rupees</u>
		<u>For the period from October 07, 2010 to March 31, 2011</u>
<u>INCOME</u>		
Other Income		-
Total (A)		<u>-</u>
<u>EXPENDITURE</u>		
Administrative and Other Expenses	5	20,033
Total (B)		<u>20,033</u>
(Loss) Before Taxation (A-B)		<u>(20,033)</u>
Less : Provision for Taxation		
Current Tax		
Deferred Tax Charge/(Credit)		-
Net (Loss) for the Period		<u>(1,424)</u>
		<u>(18,609)</u>
Net (loss) Carried Forward to Balance Sheet		<u>(18,609)</u>
Earnings per Share (Refer Note B vi of Schedule 6)		
Basic and Diluted (Rs.)		(1.86)
Face Value per Share (Rs.)		10.00
Significant accounting policies and notes to accounts	6	


As per our report of even date
For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N


Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 20, 2011



For and on behalf of the Board of Directors of
Alona Infrastructure Private Limited


Arun Sangal
Director
DIN: 01485268
New Delhi, April 20, 2011


Santosh Kumar Mittal
Additional Director
DIN: 01511428

Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)
Cash Flow Statement for the period from October 07, 2010 to March 31, 2011

Amount in Rupees
For the period from
October 07, 2010 to
March 31, 2011

A Cash Flows from Operating Activities :	
Net Profit/(Loss) Before Tax	(20,033)
Adjustment for	
Operating Profit/(Loss) Before Working Capital Changes	(20,033)
Adjustments for:	
Increase/(Decrease) of Trade Payables and Other Liabilities	11,030
(Increase)/Decrease of Other Current Assets	(761,250,000)
Cash generated from(used in) operations	(761,259,003)
Taxes paid	-
Net Cash Generated from/(Used in) Operating Activities	(761,259,003)
B Cash Flows from Investing Activities	-
Net Cash Generated from/(Used in) Investing Activities	-
C Cash Flow from Financing Activities	
Proceeds from Issue of Equity Shares	100,000
Inter Corporate Deposit taken from Holding Company	761,250,000
Net Cash Generated From / (Used In) Financing Activities	761,350,000
D Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	90,997
E Cash and Cash Equivalents at the Beginning of the Period	-
F Cash and Cash Equivalents at the Close of the Period (D +E)	90,997

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
- Cash and Cash equivalents as at the close of the period include:

	As at March 31, 2011
Cash and Bank Balances (Refer Schedule 3)	
Cash on Hand	507
Balances with Scheduled Banks	
In Current Accounts	90,490
	<u>90,997</u>
As per Balance Sheet	90,997

As per our report of even date
 For A Sardana & Co.
 Chartered Accountants
 Firm Registration No.: -021890N

Ajay Sardana
 Partner
 Membership No. 089011
 New Delhi, April 20, 2011



For and on behalf of the Board of Directors of
 Alona Infrastructure Private Limited

Arun Sangal
 Director
 DIN: 01485268
 New Delhi, April 20, 2011

Santosh Kumar Mittal
 Additional Director
 DIN: 01511428

Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)
Schedules forming part of Balance Sheet as at March 31, 2011

	<u>Amount in Rupees</u>
	<u>As at March 31, 2011</u>
1. Share Capital	
<u>Authorised</u>	
10,000 Equity shares of Rs 10 each	100,000
<u>Issued, Subscribed & Paid up</u>	
10,000 equity shares of Rs 10 each fully paid up (The entire paid up equity share capital of the Company is held by the holding company - Alona Builders and Developers Private Limited & its nominees)	100,000
As per Balance Sheet	100,000
2. Unsecured Loan	
<u>Long Term</u>	
<u>Inter Corporate Deposit</u>	
From Holding Company	761,250,000
As per Balance Sheet	761,250,000
3. Cash and Bank Balances	
Cash on Hand	507
Balance with Scheduled Bank In Current Account	90,490
As per Balance Sheet	90,997
4. Current Liabilities	
(a) Due to Micro, Small and Medium Enterprises (Refer Note B ix of Schedule 6)	-
(b) Due to Others	-
Other Liabilities	11,030
As per Balance Sheet	11,030



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Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)

Schedules forming part of Profit & Loss Account for the period from October 07, 2010 to March 31, 2011

Amount in Rupees

For the period from
October 07, 2010 to
March 31, 2011

5. Administrative Expenses

Audit Fees (Including Service Tax Rs 1,030)	11,030
Preliminary Expenses	5,763
Miscellaneous Expenses	90
Rates and Taxes	3,150
As per Profit & Loss Account	<u>20,033</u>



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**Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)**

Schedule forming part of Financial Statements for the period from October 07, 2010 to March 31, 2011.

6. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant accounting policies

i. Basis of preparation of financial statements

These financial statements have been 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 Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006, as amended and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company throughout the reporting period. The Company was incorporated on October 07, 2010 and accordingly these financial statements are prepared for the first reporting period from October 07, 2011 to March 31, 2011.

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. Revenue Recognition

Income and Expenditure are recognized on accrual basis.

iv. 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.

v. 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.



Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)

vi. 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.

vii. Preliminary expenses

Preliminary expenses are charged off to the profit and loss account, as incurred.

viii. Investments

Investments are classified as long term and current investments. Long term investments are carried at cost less provision, if any, for any diminution other than temporary in their value. Unquoted current investments in units of mutual funds are valued at lower of cost or fair value.



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Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)

B. Notes on accounts**i. Overview:**

Alona Infrastructure Private Limited ("the Company") was incorporated on October 07, 2010. The main objects of the Company include inter alia carrying on the business of development of infrastructure and to undertake infrastructure projects and to purchase, sale, develop, construct, hire or otherwise acquire and deal in all real or personal estate/ properties.

In accordance with the provisions of Section 21 and other applicable provisions of the Companies Act, 1956, the members of the company at their Extraordinary General Meeting held on October 19, 2010, accorded their approval to change the name of the Company from Alona Real Estate Private Limited to Alona Infrastructure Private Limited. The Company has since received a fresh certificate of incorporation consequent upon change of name from Alona Real Estate Private Limited to Alona Infrastructure Private Limited from the Registrar of Companies, National Capital Territory of Delhi & Haryana dated October 19, 2010, in respect of the said change. Accordingly, the name of the Company was changed from Alona Real Estate Private Limited to Alona Infrastructure Private Limited.

ii. Previous year's figures

This is the first reporting period for the Company; hence, previous year figures have not been reported.

iii. Rounding off the figures

Figures are rounded off to the nearest Rupee wherever required.

iv. Contingent liabilities

There are no contingent liabilities to be reported as at March 31, 2011.

v. Current assets, loans and advances

In the opinion of the Directors, 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.

vi. Earnings per share

The basic earning 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.

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 October 07, 2010 to March 31, 2011
Net profit/(loss) attributable to equity shareholders (Rs.)	(18,609)
Nominal value per equity share – (Rs.)	10
Outstanding weighted average number of shares-Basic	10,000
Outstanding weighted average number of shares-Diluted	10,000
Basic and diluted earnings per Equity Share (Rs.)	(1.86)



Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)

vii. The Company has not entered into any derivative contracts during the period. There are no foreign currency exposures as at March 31, 2011.

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

<u>Nature of relationship</u>	<u>Related party</u>
a) Related Parties Where Controls Exists:	
Individual Exercising Control:	Mr. Saurabh K Mittal (Up to October 19, 2010)
Holding Company:	Alona Builders and Developers Private Limited (with effect from October 20, 2010)
b) Other Related Parties:	
Entities under common control:	Ceres Real Estate Private Limited Indiabulls Mining Private Limited Hespera Realty Private Limited Ceres Power Transmission Private Limited Ceres Electricity Distribution Private Limited Lucerne Trading Services Private Limited Indiabulls Electricity Distribution Private Limited Ceres Energy Private Limited Hespera Realcon Private Limited Hespera Land Development Private Limited

c) Significant Transactions with Related Parties:

Amount (Rs.)

Nature of Transaction	Holding Company	Others	Total
Finance			
Issue of Equity Shares			
Mr. Sameer Gehlaut	--	99,990	99,990
Inter Corporate Deposits Taken			
Alona Builders and Developers Private Limited	761,250,000	--	761,250,000
Balance at the period end:			
Alona Builders and Developers Private Limited			
- Inter Corporate Deposits Taken	761,250,000	--	761,250,000

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.



Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)

ix. Micro, Small and Medium Enterprises and Small Scale Industrial undertakings

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 **2011**

1. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year -
2. The amount of interest paid by the buyer in terms of Section 16, of Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year -
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006. -
4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and -

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 **2011**

5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006 -

The above information and that given in Schedule 4 - "Current Liabilities and Provisions" 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.

x. During the reporting period ended March 31, 2011 the Company has paid Rs. 761,250,000 as upfront amount for part payment against 105,000,000 warrants of Indiabulls Power Limited. ("IPL"), which, if exercised, will entitle the Company an equal number of equity shares of IPL fully paid-up, of the face value of Rs. 2 each, anytime after November 30, 2010, but not later than May 29, 2012, in accordance with the terms of issue of such warrants.

xi. Deferred Tax:

In compliance with AS – 22 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has credited an amount of Rs. 1,424 as deferred tax credit to the profit and loss account.

The breakup of deferred tax assets into major components as at March 31, 2011 is as under:

Particulars	As at March 31, 2011 Amount (Rs.)
Deferred Tax Assets	
Arising on account of temporary differences due to:	
Preliminary Expenses	1,424
Total	1,424



Alona Infrastructure Private Limited
(Formerly Alona Real Estate Private Limited)

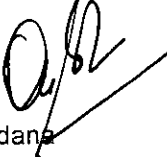
xii. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2011.

xiii. Considering the nature of Company's business and operations and based on the information available with the management, there are no reportable business segments in accordance with the requirements of Accounting Standard (AS) – 17 on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006 as amended. The Company operates within one geographical segment i.e. within India. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.


xiv. 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.

As per our report of even date
For A Sardana & Co.
Chartered Accountants
Firm Registration no. 021890N

For and on behalf of the Board of Directors of
Alona Infrastructure Private Limited


Ajay Sardana
Partner
Membership No. 089011
New Delhi, April 20, 2011




Arun Sangal
Director
DIN : 01485268
New Delhi, April 20, 2011


Santosh Kumar Mittal
Additional Director
DIN: 01511428



Auditors' Report to the Members of Alona Builders and Developers Private Limited

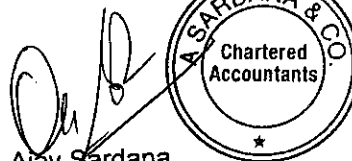
1. We have audited the attached Balance Sheet of Alona Builders and Developers Private Limited ("the Company") as at March 31, 2011 and the annexed Profit and Loss Account and Cash Flow Statement for the period from October 07, 2010 to March 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 basis, the 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
4. 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Act;



(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, 2011;
- (b) in the case of Profit and Loss Account, of the loss of the Company for the period from October 07, 2010 to March 31, 2011.
- (c) in the case of Cash Flow Statement, of the cash flows of the Company for the period from October 07, 2010 to March 31, 2011

For A Sardana & Co.
Chartered Accountants
Firm Registration No-021890N



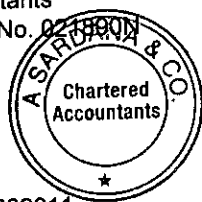
Ajay Sardana
Partner
Membership No. 089011
New Delhi, August 01, 2011

ALONA BUILDERS AND DEVELOPERS PRIVATE LIMITED
Balance Sheet as at March 31, 2011

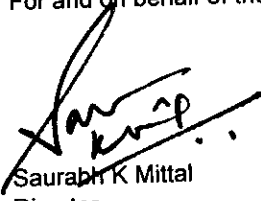
	<u>Schedule</u>	<u>Amount in Rupees</u> <u>As at</u> <u>March 31, 2011</u>
<u>Sources of Funds</u>		
<u>Share Holders' Funds</u>		
Share capital	1	100,000
<u>Loan Funds</u>		
Unsecured loans	2	25,000
	TOTAL	<u>125,000</u>
<u>Application of Funds</u>		
Investments	3	100,000
<u>Current Assets, Loans & Advances</u>		
Cash and bank balances	4	18,342
Loans and advances	5	<u>761,250,000</u>
		761,268,342
<u>Less : Current Liabilities</u>		
Current liabilities	6	<u>761,255,515</u>
		12,827
Net Current Assets		12,173
Profit and loss account (debit balance)		<u>125,000</u>
	TOTAL	<u>125,000</u>
Significant accounting policies and notes to accounts	8	

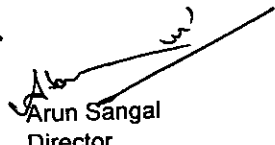
As per our report of even date
For A Sardana & Co.
Chartered Accountants
Firm Registration No. 02189011

Ajay Sardana
Partner
Membership No. 089011
New Delhi, August 01, 2011



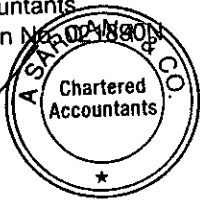
For and on behalf of the Board


Saurabh K Mittal
Director
DIN: 01175382
New Delhi, August 01, 2011



Arun Sangal
Director
DIN: 01485268

ALONA BUILDERS AND DEVELOPERS PRIVATE LIMITED
Profit & Loss Account for the period from October 07, 2010 to March 31, 2011

	<u>Schedule</u>	<u>Amount in Rupees</u>
		<u>For the period from October 07, 2010 to March 31, 2011</u>
<u>INCOME</u>		
Revenue from operations		-
Total (A)		-
<u>EXPENDITURE</u>		
Administrative expenses	7	12,173
Total (B)		12,173
(Loss) before taxation (A-B)		(12,173)
Less : Provision for taxation		-
Current tax		-
Deferred tax		(12,173)
Net (loss) for the period		(12,173)
Net (loss) carried over to balance sheet		(12,173)
Earnings per share (Refer Note II (vi) of Schedule 8)		(1.22)
Basic and diluted		10.00
Face value per share	8	
Significant accounting policies and notes to accounts		

As per our report of even date
 For A Sardana & Co.
 Chartered Accountants
 Firm Registration No. 089011

 Ajay Sardana
 Partner
 Membership No. 089011
 New Delhi, August 01, 2011

For and on behalf of the Board


 Saurabh K Mittal
 Director
 DIN: 01175382
 New Delhi, August 01, 2011


 Arun Sangal
 Director
 DIN: 01485268

ALONA BUILDERS AND DEVELOPERS PRIVATE LIMITED**Cash Flow Statement for the period from October 07, 2010 to March 31, 2011**

All Amount in Rupees
For the period from
October 07, 2010 to
March 31, 2011

A Cash Flows from operating activities :	
Net Profit/(Loss) before tax	(12,173)
Adjustment for	
Operating Profit/(Loss) before working capital changes	(12,173)
Adjustments for:	
Trade Payables and other liabilities	761,255,515
Cash generated from(used in) operations	761,243,342
Taxes Paid	-
Net cash generated from/(used in) operating activities	761,243,342
B Cash Flows from investing activities	
Loan given to subsidiary company	(761,250,000)
Investment in equity share capital in subsidiary company	(100,000)
Net cash generated from/(used in) investing activities	(761,350,000)
C Cash Flow from financing activities	
Proceeds from issue of equity share capital	100,000
Unsecured loan from director	25,000
Net cash generated from / (used In) financing activities	125,000
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	18,342
E Cash and cash equivalents at the beginning of the period	-
F Cash and cash equivalents at the close of the period (D +E)	18,342

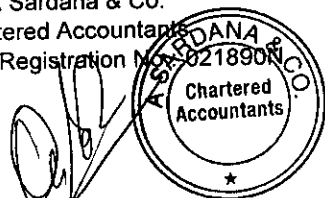
Note :

- 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
- Cash and Cash equivalents as at the close of the period include:

As at March 31, 2011

Cash and Bank Balances (Refer Schedule 4)	
Cash on Hand	342
Balances with Scheduled Banks	18,000
In Current Accounts	18,342

As per our report of even date
For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N



Ajay Sardana
Partner
Membership No. 089011
New Delhi, August 01, 2011

For and on behalf of the Board

Saurabh K Mittal
Director
DIN: 01175382
New Delhi, August 01, 2011

Arun Sangal
Director
DIN: 01485268

ALONA BUILDERS AND DEVELOPERS PRIVATE LIMITED
Schedules forming part of Balance Sheet as at March 31, 2011

Amount in Rupees

	<u>As at March 31, 2011</u>
<u>1. Share Capital</u>	
<u>Authorised</u>	
10,000 Equity shares of Rs 10 each	100,000
 <u>Issued, Subscribed & Paid up</u>	
10,000 Equity shares of Rs 10 each fully paid up	100,000
As per Balance Sheet	100,000
 <u>2. Unsecured Loans</u>	
Loan from Director	25,000
	25,000
 <u>3. Investments</u>	
<u>Long Term - (At Cost)</u>	
<u>In Trade, Unquoted</u>	
<u>In Fully paid up Equity Shares in Subsidiary Company</u>	
10,000 fully paid up equity shares of face value Rs. 10 each in Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited) (Refer Note II (ix) of Schedule 8)	100,000
As per Balance Sheet	100,000
Aggregate Book Value of Unquoted Investments	100,000
Aggregate Book Value of Quoted Investments	-
Aggregate Market Value of Quoted Investments	-
 <u>4. Cash and Bank Balances</u>	
Cash on hand	342
Balance with scheduled bank	
in current account	18,000
As per Balance Sheet	18,342
 <u>5. Loans & Advances</u>	
<u>(Unsecured, Considered good)</u>	
<u>Loan given to Subsidiary Company</u>	
Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited) (Maximum balance outstanding at any time during the period Rs 761,250,000)	761,250,000
As per Balance Sheet	761,250,000
 <u>6. Current Liabilities</u>	
Sundry Creditors	
(a) Due to micro, small and medium enterprises (Refer Note II (viii) of Schedule 8)	-
(b) Due to others	-
Other liabilities	761,255,515
As per Balance Sheet	761,255,515



ALONA BUILDERS AND DEVELOPERS PRIVATE LIMITED
Schedules forming part of Profit & Loss Account for the period from October 07, 2010 to March 31, 2011
Amount in Rupees

For the period from
October 07, 2010 to
March 31, 2011

7. Administrative Expenses

Audit fee (including service tax Rs 515)	5,515
Preliminary expenses	5,763
Postage and stamps	805
Miscellaneous expenses	90
As per Profit & Loss Account	12,173



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ALONA BUILDERS AND DEVELOPERS PRIVATE LIMITED
Schedules forming part of Balance Sheet as at March 31, 2011

Amount in Rupees

**As at
March 31, 2011**

1. Share Capital

Authorised

10,000 Equity shares of Rs 10 each

100,000

Issued, Subscribed & Paid up

10,000 Equity shares of Rs 10 each fully paid up

100,000

As per Balance Sheet

100,000

2. Unsecured Loans

Loan from Director

25,000

25,000

3. Investments

Long Term - (At Cost)

In Trade, Unquoted

In Fully paid up Equity Shares in Subsidiary Company

10,000 fully paid up equity shares of face value Rs. 10

each in Alona Infrastructure Private Limited (Formerly

Alona Real Estate Private Limited)

(Refer Note II (ix) of Schedule 8)

100,000

As per Balance Sheet

100,000

Aggregate Book Value of Unquoted Investments

100,000

Aggregate Book Value of Quoted Investments

-

Aggregate Market Value of Quoted Investments

-

4. Cash and Bank Balances

Cash on hand

342

Balance with scheduled bank

In current account

18,000

As per Balance Sheet

18,342

5. Loans & Advances

(Unsecured, Considered good)

Loan given to Subsidiary Company

Alona Infrastructure Private Limited (Formerly Alona Real

Estate Private Limited)

761,250,000

(Maximum balance outstanding at any time during the

period Rs 761,250,000)

As per Balance Sheet

761,250,000

6. Current Liabilities

Sundry Creditors

(a) Due to micro, small and medium enterprises

(Refer Note II (viii) of Schedule 8)

(b) Due to others

761,255,515

Other liabilities

761,255,515

As per Balance Sheet



ALONA BUILDERS AND DEVELOPERS PRIVATE LIMITED
chedules forming part of Profit & Loss Account for the period from October 07, 2010 to March 31, 201
Amount in Rupees

For the period from
October 07, 2010 to
March 31, 2011

7. Administrative Expenses

Audit fee (including service tax Rs 515)	5,515
Preliminary expenses	5,763
Postage and stamps	805
Miscellaneous expenses	90
As per Profit & Loss Account	12,173



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Alona Builders and Developers Private Limited

Schedule forming part of Financial Statements for the period from October 07, 2010 to March 31, 2011.

8. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. Significant accounting policies

i. Basis of preparation of financial statements

These financial statements have been 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 Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006, as amended and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company throughout the reporting period. The Company was incorporated on October 07, 2010 and accordingly these financial statements are prepared for the first reporting period from October 07, 2010 to March 31, 2011.

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. Revenue Recognition

Income and Expenditure are recognized on accrual basis.

iv. 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.

v. 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.



Alona Builders and Developers Private Limited

vi. 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.

vii. Preliminary expenses

Preliminary expenses are charged off to the profit and loss account, as incurred.

viii. Investments

Investments are classified as long term and current investments. Long term investments are carried at cost less provision, if any, for any diminution other than temporary in their value. Unquoted current investments in units of mutual funds are valued at lower of cost or fair value.



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Alona Builders and Developers Private Limited

II. Notes on accounts

i. Overview:

Alona Builders and Developers Private Limited ("the Company") was incorporated on October 07, 2010. The main objects of the Company include inter alia carrying on the business of development of infrastructure and to undertake infrastructure projects and to purchase, sale, develop, construct, hire or otherwise acquire and deal in all real or personal estate/ properties.

ii. Previous year's figures

This is the first reporting period for the Company; hence, previous year figures have not been reported.

iii. Rounding off the figures

Figures are rounded off to the nearest Rupee wherever required.

iv. Contingent liabilities

There are no contingent liabilities to be reported as at March 31, 2011.

v. Current assets, loans and advances

In the opinion of the Directors, 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.

vi. Earnings per share

<u>Particulars</u>	<u>For the period from October 07, 2010 to March 31, 2011</u>
Net profit/(loss) attributable to equity shareholders (Rs.)	(12,173)
Nominal value per equity share – (Rs.)	10
Outstanding weighted average number of shares-Basic	10,000
Outstanding weighted average number of shares-Diluted	10,000
Basic and diluted earnings per Equity Share (Rs.)	(1.22)

vii. The Company has not entered into any derivative contracts during the period. There are no foreign currency exposures as at March 31, 2011.



Alona Builders and Developers Private Limited

viii. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 **2011**

- 1. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year -
- 2. The amount of interest paid by the buyer in terms of Section 16, of Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year -
- 3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006. -
- 4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and -

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 **2011**

- 5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006 -

The above information and that given in Schedule 6 - "Current Liabilities and Provisions" 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.

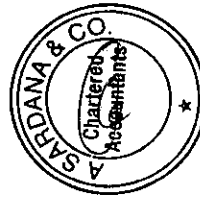


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Alona Builders and Developers Private Limited

ix. Statement of purchase and sale of trade unquoted long term investments during the period from October 07, 2010 to March 31, 2011

Name of the Company	For the period from October 07, 2010 to March 31, 2011									
	Opening Balance		Purchase		Sale		Closing Balance			
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
In Fully Paid up Equity Shares										
Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited)	--	--	10,000	100,000	--	--	10,000	100,000	10,000	100,000
Total	--	--	10,000	100,000	--	--	10,000	100,000	10,000	100,000



(This space has been intentionally left blank)

Alona Builders and Developers Private 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 on March 31, 2011.

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

<u>Nature of relationship</u>	<u>Related party</u>
a) Related Parties where controls exists:	
Individual exercising control	: Mr. Saurabh K Mittal
Subsidiary	: Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited)
b) Other Related Parties:	
Entities under common control:	Ceres Real Estate Private Limited Indiabulls Mining Private Limited Hespera Realty Private Limited Ceres Power Transmission Private Limited Ceres Electricity Distribution Private Limited Lucerne Trading Services Private Limited Indiabulls Electricity Distribution Private Limited Ceres Energy Private Limited Hespera Realcon Private Limited Hespera Land Development Private Limited

Significant Transactions with Related Parties: (Amount in Rs.)

Nature of Transaction	Subsidiary Company	Others	Total
Finance			
Issue of Equity Shares	--	100,000	100,000
Unsecured Loan from Director	--	25,000	25,000
Investment in Equity Shares	100,000	--	100,000
Loan given (maximum balance outstanding at any time during the period)	761,250,000	--	761,250,000



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Alona Builders and Developers Private Limited

Outstanding as at March 31, 2011:

(Amount in Rs.)

Nature of Transaction	Subsidiary Company	Others	Total
Finance			
Unsecured Loan from Director	--	25,000	25,000
Investments			
Investment in Equity Shares	100,000	--	100,000
Loan given (maximum balance outstanding at any time during the period)	761,250,000	--	761,250,000

Statement of Material Transactions

(Amount in Rs.)

Particulars	March 31, 2011
Unsecured Loan taken	
Mr. Saurabh K Mittal	25,000
Investments - In Equity Share Capital	
Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited)	100,000
Loan given (maximum balance outstanding at any time during the period)	
Alona Infrastructure Private Limited (Formerly Alona Real Estate Private Limited)	761,250,000

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.

xii. In the opinion of the Board of Directors, no provision is required towards diminution in value of Long Term Investments.

xiii. Considering the nature of Company's business and operations and based on the information available with the management, there are no reportable business segments in accordance with the requirements of Accounting Standard (AS) – 17 on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006 as amended. The Company operates within one geographical segment i.e. within India. Hence, no further disclosures are required in respect of reportable segments, under AS 17, other than those already provided in the financial statements.





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Alona Builders and Developers Private Limited

xiv. 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.


As per our report of even date
For A Sardana & Co.
Chartered Accountants
Firm Registration no. 021890N

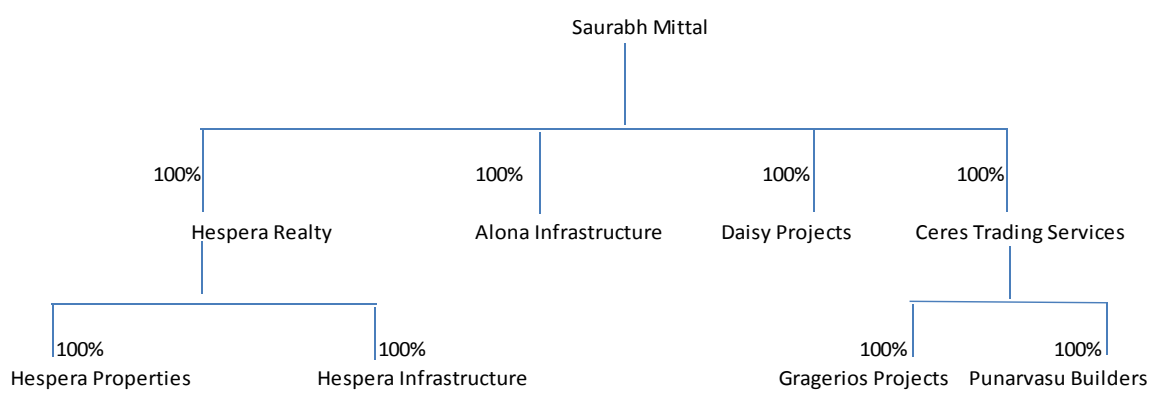
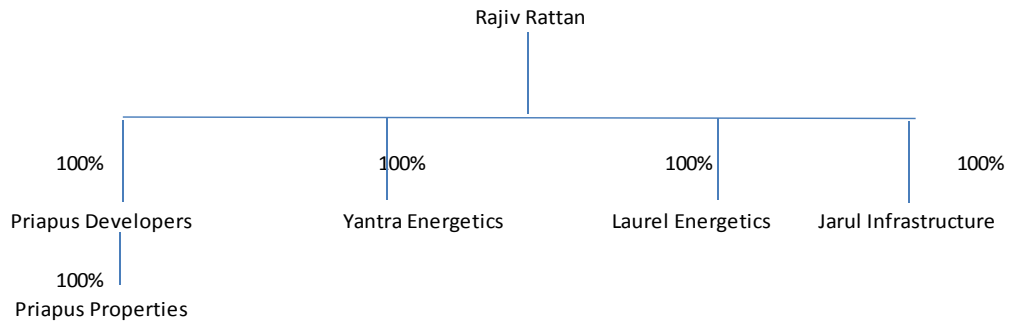
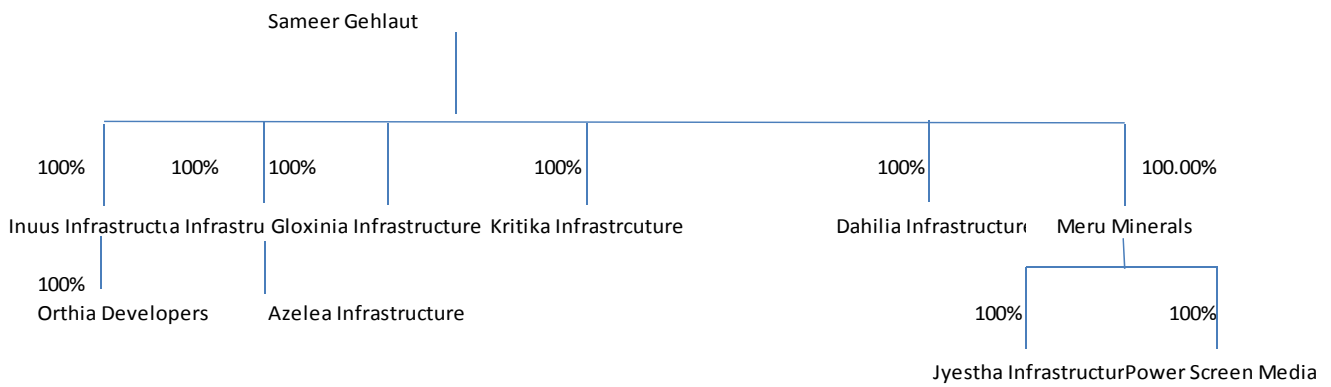
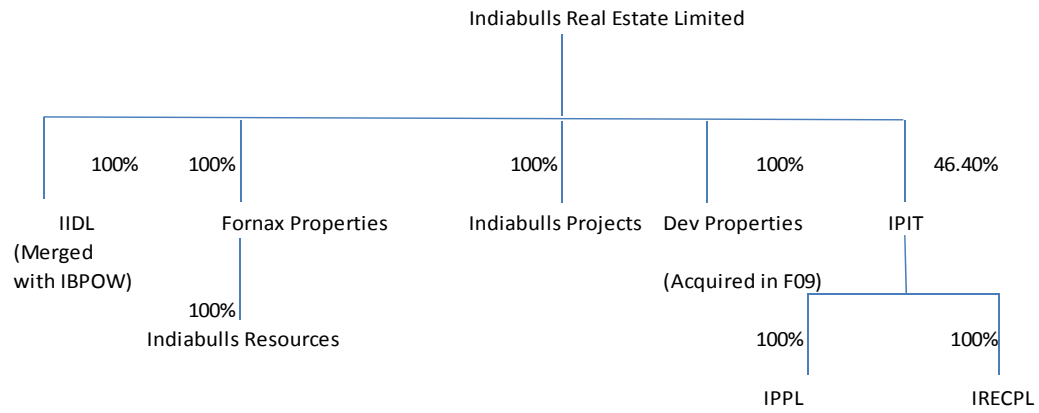

Ajay Sardana
Partner
Membership No. 089011
New Delhi, August 01, 2011



For and on behalf of the Board


Saurabh K Mittal
Director
DIN: 01175382
New Delhi, August 01, 2011


Arun Sangal
Director
DIN : 01485268
New Delhi, August 01, 2011



Only for companies mentioned in the report

ANNEXURE 1 – FINANCIAL DOCUMENTS REVIEWED

S. No.	Company name	Documents Type
1.1	Airmid Aviation Services Private Limited	Annual Report F11
1.2	Airmid Aviation Services Private Limited	Annual Report F10
1.3	Airmid Aviation Services Private Limited	Annual Report F09
1.4	Airmid Aviation Services Private Limited	Annual Report F08
2.1	Airmid Developers Limited	Annual Report F11
2.2	Airmid Developers Limited	Annual Report F10
2.3	Airmid Developers Limited	Annual Report F09
2.4	Airmid Developers Limited	Annual Report F08
3.1	Albasta Infrastructure Limited	Annual Report F11
3.2	Albasta Infrastructure Limited	Annual Report F10
3.3	Albasta Infrastructure Limited	Annual Report F09
3.4	Albasta Infrastructure Limited	Annual Report F08
4.1	Albasta Power Limited	Annual Report F11
4.2	Albasta Power Limited	Annual Report F10
4.3	Albasta Power Limited	Annual Report F09
5.1	Alona Builders and Developers Private Limited	Annual Return F11
5.2	Alona Builders and Developers Private Limited	Annual Report F11
6	Alona Infrastructure Private Limited	Annual Report F11
7.1	Azalea Infrastructure Private Limited	Annual Return F11
7.2	Azalea Infrastructure Private Limited	Annual Report F11
8	Ceraon Ventures Private Limited	Charge Documents
9.1	Chloris Properties Limited	Annual Report F11
9.2	Chloris Properties Limited	Annual Report F10
9.3	Chloris Properties Limited	Annual Report F09
9.4	Chloris Properties Limited	Annual Report F08
10.1	Dahlia Infrastructure Private Limited	Annual Report F11
10.2	Dahlia Infrastructure Private Limited	Annual Return F11
11.1	Daisy Projects Private Limited	Annual Report F11
11.2	Daisy Projects Private Limited	Annual Return F11
12.1	Elena Power and Infrastructure Limited	Annual Report F11
12.2	Elena Power and Infrastructure Limited	Annual Report F10
12.3	Elena Power and Infrastructure Limited	Annual Report F09
13	Eurotus Infrastructure Limited	Annual Report F11
14.1	Fornax Properties Limited	Annual Report F11
14.2	Fornax Properties Limited	Annual Report F10
14.3	Fornax Properties Limited	Annual Report F09
14.4	Fornax Properties Limited	Annual Report F08

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15.1	Galactic Ventures Limited	Annual Report F10
15.2	Galactic Ventures Limited	Annual Report F09
16	Gloxinia Infrastructure Private Limited	Annual Report F11
17.1	Gragerious Projects Private Limited	Annual Report F10
17.2	Gragerious Projects Private Limited	Annual Report F11
17.3	Gragerious Projects Private Limited	Annual Return F11
18.1	Heliotrope Real Estate Private Limited	Annual Return F11
18.2	Heliotrope Real Estate Private Limited	Annual Report F11
19.1	Hespera Infrastructure Private Limited	Annual Return F11
19.2	Hespera Infrastructure Private Limited	Annual Report F11
19.3	Hespera Infrastructure Private Limited	Annual Report F10
20.1	Hespera Realty Private Limited	Annual Return F11
20.2	Hespera Realty Private Limited	Annual Report F11
20.3	Hespera Realty Private Limited	Annual Report F10
21.1	IIC Limited	Annual Return F11
21.2	IIC Limited	Annual Report F11
21.3	IIC Limited	Annual Report F10
22	IINFC Limited	Annual Report F11
23.1	Indiabulls Builders Limited	Annual Report F11
23.2	Indiabulls Builders Limited	Annual Report F10
23.3	Indiabulls Builders Limited	Annual Report F09
23.4	Indiabulls Builders Limited	Annual Report F08
23.5	Indiabulls Builders Limited	Annual Report F07
24.1	Indiabulls Financial Services Limited	Annual Report F12
24.2	Indiabulls Financial Services Limited	Annual Report F11
24.3	Indiabulls Financial Services Limited	Annual Report F10
24.4	Indiabulls Financial Services Limited	Annual Report F09
24.5	Indiabulls Financial Services Limited	Annual Report F08
24.6	Indiabulls Financial Services Limited	Annual Report F07
24.7	Indiabulls Financial Services Limited	Annual Report F06
24.8	Indiabulls Financial Services Limited	Annual Report F05
25.1	Indiabulls Infrastructure Development Limited	Annual Report F11
25.2	Indiabulls Infrastructure Development Limited	Annual Report F10
25.3	Indiabulls Infrastructure Development Limited	Annual Report F09
25.4	Indiabulls Infrastructure Development Limited	Annual Report F08
25.5	Indiabulls Infrastructure Development Limited	Annual Report F07
26.1	Indiabulls Power Limited	Annual Report F11
26.2	Indiabulls Power Limited	Annual Report F10

ANNEXURE (CONTINUED)

26.3	Indiabulls Power Limited	IPO Prospectus
27.1	Indiabulls Projects Limited	Annual Report F11
27.2	Indiabulls Projects Limited	Annual Report F10
27.3	Indiabulls Projects Limited	Annual Report F09
27.4	Indiabulls Projects Limited	Annual Report F08
28.1	Indiabulls Properties Investment Turst	IPO Prospectus
28.2	Indiabulls Properties Investment Turst	Annual Report F12
28.3	Indiabulls Properties Investment Turst	Annual Report F11
28.4	Indiabulls Properties Investment Turst	Annual Report F10
28.5	Indiabulls Properties Investment Turst	Annual Report F09
29.1	Indiabulls Properties Private Limited	Annual Return F11
29.2	Indiabulls Properties Private Limited	Annual Report F11
29.3	Indiabulls Properties Private Limited	Annual Report F10
29.4	Indiabulls Properties Private Limited	Annual Report F09
29.5	Indiabulls Properties Private Limited	Annual Report F08
29.6	Indiabulls Properties Private Limited	Annual Report F07
30.1	Indiabulls Real Estate Company Private Limited	Annual Return F11
30.2	Indiabulls Real Estate Company Private Limited	Annual Report F11
30.3	Indiabulls Real Estate Company Private Limited	Annual Report F10
30.4	Indiabulls Real Estate Company Private Limited	Annual Report F09
30.5	Indiabulls Real Estate Company Private Limited	Annual Report F08
30.6	Indiabulls Real Estate Company Private Limited	Annual Report F07
31.1	Indiabulls Real Estate Limited	Annual Report F11
31.2	Indiabulls Real Estate Limited	Annual Report F10
31.3	Indiabulls Real Estate Limited	Annual Report F09
31.4	Indiabulls Real Estate Limited	Annual Report F08
31.5	Indiabulls Real Estate Limited	Annual Report F07
31.6	Indiabulls Real Estate Limited	QIB Offer Document
31.7	Indiabulls Real Estate Limited	Analyst Presentation Q4FY12
31.8	Indiabulls Real Estate Limited	Analyst Presentation Q3FY12
31.9	Indiabulls Real Estate Limited	Analyst Presentation Q2FY12
31.10	Indiabulls Real Estate Limited	Analyst Presentation Q1FY12
31.11	Indiabulls Real Estate Limited	Analyst Presentation Q4FY11
31.12	Indiabulls Real Estate Limited	Analyst Presentation Q3FY11
31.13	Indiabulls Real Estate Limited	Analyst Presentation Q2FY11
31.14	Indiabulls Real Estate Limited	Analyst Presentation Q1FY11
31.15	Indiabulls Real Estate Limited	Analyst Presentation Q2FY10
32.1	Indiabulls Realtech Limited	Annual Report F11

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32.2	Indiabulls Realtech Limited	Annual Report F10
32.3	Indiabulls Realtech Limited	Annual Report F09
32.4	Indiabulls Realtech Limited	Annual Report F08
32.5	Indiabulls Realtech Limited	Annual Report F07
33.1	Indiabulls Resources Limited	Annual Report F10
33.2	Indiabulls Resources Limited	Annual Report F09
34.1	Indiabulls Securities Limited	Annual Report F11
34.2	Indiabulls Securities Limited	Annual Report F10
34.3	Indiabulls Securities Limited	Annual Report F09
34.4	Indiabulls Securities Limited	Annual Report F08
35	Indiabulls Wholesale Services Limited	Annual Report F11
36.1	Inuus Infrastructure Private Limited	Annual Return F11
36.2	Inuus Infrastructure Private Limited	Annual Report F11
36.3	Inuus Infrastructure Private Limited	Annual Report F10
37	Jarul Infrastructure Private Limited	Annual Report F11
38.1	Jyestha Infrastructure Private Limited	Annual Report F11
38.2	Jyestha Infrastructure Private Limited	Annual Report F10
38.3	Jyestha Infrastructure Private Limited	Annual Report F09
38.4	Jyestha Infrastructure Private Limited	Annual Report F08
38.5	Jyestha Infrastructure Private Limited	Annual Report F07
39.1	Kritikka Infrastructure Private Limited	Annual Report F11
39.2	Kritikka Infrastructure Private Limited	Annual Report F09
39.3	Kritikka Infrastructure Private Limited	Annual Return F11
40.1	Laurel Energetics Private Limited	Annual Report F11
40.2	Laurel Energetics Private Limited	Annual Return F11
41.1	Lucina Land Development Limited	Annual Report F11
41.2	Lucina Land Development Limited	Annual Report F10
41.3	Lucina Land Development Limited	Annual Report F09
41.4	Lucina Land Development Limited	Annual Report F08
42.1	Meru Minerals Private Limited	Annual Return F11
42.2	Meru Minerals Private Limited	Annual Report F11
42.3	Meru Minerals Private Limited	Annual Report F10
42.4	Meru Minerals Private Limited	Annual Report F09
42.5	Meru Minerals Private Limited	Annual Report F08
42.6	Meru Minerals Private Limited	Annual Report F07
43.1	Mugwort Real Estate Private Limited	Annual Return F11
43.2	Mugwort Real Estate Private Limited	Annual Report F11
44.1	Nettle Constructions Private Limited	Annual Return F11

ANNEXURE (CONTINUED)

44.2	Nettle Constructions Private Limited	Annual Report F11
45.1	Nilgiri Land Holdings Limited	Annual Report F11
45.2	Nilgiri Land Holdings Limited	Annual Report F10
45.3	Nilgiri Land Holdings Limited	Annual Report F09
45.4	Nilgiri Land Holdings Limited	Annual Report F08
46.1	Orthia Developers Private Limited	Annual Report F11
46.2	Orthia Developers Private Limited	Annual Report F10
47	Power Screen Media Private Limited	Annual Report F11
48.1	Priapus Developers Private Limited	Annual Return F11
48.2	Priapus Developers Private Limited	Annual Report F11
48.3	Priapus Developers Private Limited	Annual Report F10
49.1	Priapus Properties Private Limited	Annual Report F11
49.2	Priapus Properties Private Limited	Annual Report F10
50.1	Punarvasu Builders & Developers Private Limited	Annual Report F11
50.2	Punarvasu Builders & Developers Private Limited	Annual Return F11
51.1	Selene Construction Limited	Annual Report F11
51.2	Selene Construction Limited	Annual Report F10
51.3	Selene Construction Limited	Annual Report F09
52.1	Selene Estate Limited	Annual Report F11
52.2	Selene Estate Limited	Annual Report F10
52.3	Selene Estate Limited	Annual Report F09
52.4	Selene Estate Limited	Annual Report F08
53.1	Sentia Developers Limited	Annual Report F11
53.2	Sentia Developers Limited	Annual Report F09
54.1	Spire Constructions Private Limited	Annual Return F11
54.2	Spire Constructions Private Limited	Annual Report F11
54.3	Spire Constructions Private Limited	Annual Report F10
54.4	Spire Constructions Private Limited	Annual Report F09
54.5	Spire Constructions Private Limited	Annual Report F08
55.1	Store One Retain Limited	Annual Report F11
55.2	Store One Retain Limited	Annual Report F10
56.1	Valerian Real Estate Private Limited	Annual Return F11
56.2	Valerian Real Estate Private Limited	Annual Report F11
57.1	Yantra Energetics Private Limited	Annual Report F11
57.2	Yantra Energetics Private Limited	Annual Report F10

ANNEXURE – 2 – LEGAL DOCUMENTS REVIEWED

S. No.	Documents Type	Company Name
1	Court order - Scheme of arrangement	IPOW - IIDL
2	Court order - Scheme of arrangement	IBREAL - Dev Properties
3	Court order - Scheme of arrangement	IBFSL - IBREAL
4	Court order - Scheme of arrangement	IBREAL - IIPL
5	Information Memorandum	IBWSL
6	Court order - Scheme of arrangement	IBFSL - ICL

ANNEXURE – 3 – STOCK EXCHANGE FILINGS REVIEWED

S. No.	Documents Type	Company Name
1	Acquisition of shares by EWT	IBREAL
2	Acquisition of shares by EWT	IBFSL
3	Investment by IL&FS in Bharat Mills and Poddar Mills	IBREAL
4	Listing Announcement	IPIT
5	Agreement for sale of part of One Indiabulls Centre	IPIT
6	Development plan Change	IPIT
7	Resolution for issue of shares to Ariston	IIDL
8	Resolution for issue of shares to FIM & Hexagram Investment	IIDL
9	Form 2 - Allotment of Preference Shares	IIC Limited



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