

CHAIRMAN’S MESSAGE

Dear Shareholders,

Over the last several years, Real Estate sector has gone through transformational changes like RERA, GST, and the recent credit slowdown by the Non Banking Financial Company (NBFC) and Housing Finance Companies (HFC) has put a lot of stress in the sector. Despite the adverse environment, your company had robust collections exceeding ₹ 2,600 crores for the year. We also delivered 9.7 million sqft across various projects in Mumbai and NCR. Just as One Indiabulls Centre created the benchmark for Office development in Mumbai, Blu Estate & Club has created a new benchmark for uber-luxury living in the heart of the city – Worli.

Commercial Real Estate is quite robust, and your projects have 98% occupancy. Even on the Residential side, all indicators are pointing towards end of the down-cycle. The transformational changes in the sector (RERA, GST) coupled with the recent credit slowdown has constrained the available supply. At the same time, affordability is at multi-year high, and home mortgage rates are at a multi-year low leading to higher demand. These changes have polarized the industry, and the organized/established players stand to benefit with higher market share.

Government has embarked on an audacious mission to grow India into a \$5 trillion economy by 2024, and Real Estate is expected to contribute 13% to the GDP. At the same time, Institutional investments in Real Estate has seen a quantum jump from ₹ 46,500 crores in 2009-2013 to ₹ 140,000 crores in 2014-2018. The Government initiatives coupled with huge Institutional capital inflows will provide a further impetus to the sector.



Sameer Gehlaut
Founder and Chairman

Company Business Overview

Your Company is one of the largest real estate companies in India, with a well-diversified presence in both commercial and residential real estate development and has projects across the price spectrum, from mid-income, premium to the super luxury space.

Indiabulls Real Estate Limited

100%			100%			50%		
Development Portfolio			Office Rental Portfolio			JV Portfolio with Blackstone (Associate Company)		
Development	Area (Mn. sq. ft.)	Sales Value (₹ Cr)	Rental	Area (Mn. sq. ft.)	Annuity Revenue (₹ Cr)	Rental	Area (Min. sq. ft.)	Annuity Revenue (₹ Cr)
Completed	1.6	724	Under Construction [#]	2.4	460	Completed & owned	3.6	714
Under Construction	21.8	16,919				Under Construction [#]	1.4	291
Planned	14.6	8,916				Development	Area (Mn. sq. ft.)	Sales Value (₹ Cr)
Land Bank	Area (Acres)					Under construction	1.6	3,561
Mumbai, NCR & Chennai	1,929							
Nashik SEZ	1,424							

[#] Annualized Annuity Revenue by FY22 on basis of 98% occupancy. Our completed properties have 98% occupancy as on date.

CHAIRMAN'S MESSAGE (Contd..)

Zero Net Debt in FY20

Your Company has embarked on a clear and simple path to achieve Zero Net Debt in FY 20 through the following steps –

- Unlock the value of 'Commercial and Leasing' business by divesting these assets with Third Party Investors/ internationally renowned Private Equity players. The expected Equity Value would be ~ ₹ 4,400 Cr - ₹ 4,800 Cr.
- In light of continuing Brexit related issues and uncertainty around it, the London property market remains sluggish. Your company will divest the Hanover Square property, London, and the sale would release an Enterprise Value of £ 200 million.

The above steps will generate over ₹ 6,000 Cr, thereby reducing the Net Debt of your Company to Zero in FY 20, and leaving surplus cash for further growth of the Company.

Growth Strategy

Your Company will focus on its core markets - Mumbai Metropolitan Region & National Capital Region for sustainable growth, and strengthening of its on-going businesses.

- It will routinely sell the under construction office properties to Investors, and deploy those funds to acquire additional land parcels/unfinished projects for further development.
- Your company will focus on asset light model through JV development with land owners/other developers without incurring significant upfront land acquisition cost.
- Your company has an unexploited fully paid Land Bank of 1,929 acres, and is spread across Mumbai, NCR, Chennai, and additional 1,424 acres of Nashik SEZ. The land bank has the growth potential for Development & Rental portfolio worth atleast ₹ 5,000 Cr on replacement value basis.
- Execution of ongoing & planned projects would generate a Net Surplus of ₹ 12,907 Cr. This excludes all the projects and assets that will be sold in FY 20.

Performance highlights: Sustaining growth momentum

In the year gone by, your Company has continued a commendable financial and operational performance. It gives me immense pleasure to convey the performance highlights for 2018-19 as follows:

- Total Revenues ₹ 5,223 Crores
- Profit after Tax (PAT) ₹ 504 Crores

Best Practices

Your company employs best-in-class practices in Construction Technology (Aluform, Jumpform) to provide superior quality and strength to the buildings. Our project management teams apply the standard practices across projects, and in FY 19 we delivered 9.7 million sqft across various projects – Blu Estate & Club (Worli), Indiabulls Greens (Panvel), Indiabulls Golf City (Savroli), Centrum Park (Gurgaon), Enigma (Gurgaon), and Mega Mall (Jodhpur).

Each of our projects enjoy a distinct infrastructure advantage in the micro-market. They are benefitting from the Government push on the various infrastructure projects like Mumbai Metro, Dwarka Expressway, Trans-Harbour sea link, Navi Mumbai International Airport, etc.

CHAIRMAN'S MESSAGE (Contd..)

Our commitment and trust

We always pursue and attempt to do better for your Company. Despite the adverse market conditions, your company aims to get to Zero Net Debt in FY 20. Your Company also has clear path of growth through its huge pipeline of Existing Projects, Planned Projects, and Land bank. It also aims to harness the lucrative development opportunities, which are now available for larger organized developers, through the asset light JV development model.

Finally, I express my gratitude to our employees for their consistent, committed and dedicated efforts in achieving the objectives of the Company and for their engagement in our challenging journey. Also, I am thankful to our valued shareholders, bankers and all business associates for their continuous faith and support for accompanying us in our exciting journey.

Thank you!

Sameer Gehlaut

Founder & Chairman