



Indiabulls Real Estate limited

Registered Office : F-60, Malhotra Building, 2nd Floor , Connaught Place , New Delhi-110001

FOR THE ATTENTION OF COMPANY’S SHAREHOLDERS

The Hon’ble High Court of Delhi has by its Order dated March 3, 2011 sanctioned the Scheme of Arrangement under Sections 391 to 394 of The Companies Act, 1956 for demerger of the following undertaking from Indiabulls Real Estate Limited (IBREL) to the Resulting Company:

Undertaking	Name of Resulting Company
Wholesale Trading Business	Indiabulls Wholesale Services Limited (IWSL)

In terms of the Scheme of Arrangement, the assets and liabilities relatable to the Demerged Undertaking have been transferred to the Resulting Company at values as appearing in the Books of Accounts of IBREL as on the opening hours of business on April 1, 2010.

This information is for the shareholders about the method of calculation of the Cost of Acquisition and Date of Acquisition to the Resulting Company’s (IWSL’s) shares and Cost of Acquisition of IBREL’s shares as per the Provisions of the Income Tax Act, 1961 and is based on expert’s opinion.

The cost of acquisition in respect of each shareholder will be different. The formula for ascertaining Cost of Acquisition in each case in IWSL as provided in Section 49(2C) of the Income Tax Act, 1961 will be as under:-

Cost of acquisition of shares in Indiabulls Wholesale Services Limited (IWSL) =

$$\text{Cost of acquisition of shares in Indiabulls Real Estate Limited (IBREL)} \times \frac{\text{Net book value of assets transferred to Indiabulls Wholesale Services Limited (IWSL)}}{\text{Net Worth of Indiabulls Real Estate Limited (IBREL)*}}$$

* pre demerger

The cost of acquisition of the shares of IBREL in the hands of the respective shareholders will be reduced by the cost of acquisition ascribable to the shares in IWSL.

For the purpose of determining the post demerger Cost of Acquisition of Equity Shares of IBREL and Resulting Company(IWSL) under the Income Tax Act 1961, the Shareholders are advised to apportion their pre-demerger cost of acquisition of IBREL shares in the following manner:-

Name of Company	% of Cost of Acquisition of IBREL Shares
Cost of acquisition in Indiabulls Real Estate Limited	92.04%
Cost of acquisition in Indiabulls Wholesale Services Limited	7.96%
	100.00%



IBREL has been advised that as per Section 47(vii) of the Income Tax Act, 1961, the issue of shares by the resulting company, in a scheme of demerger to the Shareholders of the demerged company in consideration of demerger of the undertaking will not be regarded as transfer. Accordingly, Date of Acquisition of shares of the Resulting Company will be deemed to be the date when the equity shares of the demerged company (IBREL) were acquired.

This communication is for the benefit of the shareholders and Indiabulls Real Estate Limited/Indiabulls Wholesale Services Limited takes no express or implied liability in providing this guidance.