



# Indiabulls Real Estate Limited

Annual Report 2010-11

QUALITY |  
ON TIME

**Indiabulls**  
REAL ESTATE

## Forward-looking statement

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

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



# Contents

---

## **Company Overview**

- 1 Company Information
- 2 Business Update
- 6 Chairman's Message

## **Board and Management Reports**

- 8 Management Discussion and Analysis Report
- 14 Directors' Report
- 21 Corporate Governance Report

## **Financial Statements**

- 36 Consolidated Financials
- 108 Standalone Financials
- 188 Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956
- 204 Balance Sheet Abstract & Company's General Business Profile

## Company Information

<p><b>Board of Directors</b></p> <p>Mr. Sameer Gehlaut Mr. Saurabh K Mittal Mr. Rajiv Rattan Mr. Vipul Bansal Mr. Narendra Gehlaut Brig. Labh Singh Sitara Mr. Shamsheer Singh Ahlawat Mr. Aishwarya Katoch Mr. Karan Singh Mr. Prem Prakash Mirdha</p>	<p><b>Registered Office</b></p> <p>F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110 001, INDIA Website: <a href="http://realestate.indiabulls.com">http://realestate.indiabulls.com</a></p>
<p><b>Company Secretary</b></p> <p>Mr. Ravi Telkar</p>	<p><b>Corporate Offices</b></p> <ol style="list-style-type: none"> <li>1. Indiabulls House, Indiabulls Finance Centre, Tower 1, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013, Maharashtra</li> <li>2. Indiabulls House, 448-451, Udyog Vihar, Phase V, Gurgaon - 122 016, Haryana</li> </ol>
<p><b>Bankers</b></p> <p>HDFC Bank Limited Axis Bank Limited Yes Bank Limited ICICI Bank Limited Union Bank of India IndusInd Bank Limited United Bank of India</p>	<p><b>Statutory Auditors</b></p> <p>Sharma Goel &amp; Co. Chartered Accountants</p> <p><b>Registrar and Share Transfer Agent</b></p> <p>Karvy Computershare Private Limited Plot no. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081</p>

## Business Update

### Key Financial Highlights: FY 2010-11

	<b>FY 10-11</b> (Without Effect of Demerger of IBWSL)	<b>FY 10-11</b> (With Effect of Demerger of IBWSL)
Income from Operations (Rs. Cr.)	1513.21	1432.51
PBT (Rs. Cr.)	335.26	306.73
PAT (Rs. Cr.)	201.32	177.41
Basic EPS (in Rs.)	4.34	3.75

- **15% final dividend has been proposed.**
- Indiabulls Wholesale Services Ltd. (IBWSL) was demerged on 31st March 2011 and the record date for determining eligibility of IBREL shareholders as recipients of IBWSL shares was 25th April 2011.
- Timely execution of large projects resulting into higher confidence amongst buyers has resulted into manifold increase in revenues and profits in FY 11.
- Total sales for the year FY 11 is Rs. 4,837 Crores for an area of 5.94 msft as against Rs. 1,405 Crores for 3 msft in FY 10, thus an increase of 244.27% and 98% respectively in sales value and the area sold.
- Total leased area as on 31st March 2011 stands at 1.61 msft.
- Total Land acquired in FY 11 worth Rs. 2,339.83 Crores for 192.75 Acres (which includes Rs. 2,078 Crores for Bharat and Poddar Mills bought in NTC Auction) as against Rs. 133.38 Crores for 76.63 Acres in FY 10.
- Scheme of demerger for Power Business was filed on 17th January 2011 which has been approved by the Stock Exchanges and subsequently the company has filed the Scheme with the Hon'ble High Court.
- Indiabulls Real Estate has been assigned **A+ (Single A Plus) rating** for its long term debt (Term Loans and NCDs) and **PR1 + (PR One Plus) rating** for its short-term facilities for tenure up to one year. (This is the **highest rating** that can be assigned for short-term debt)

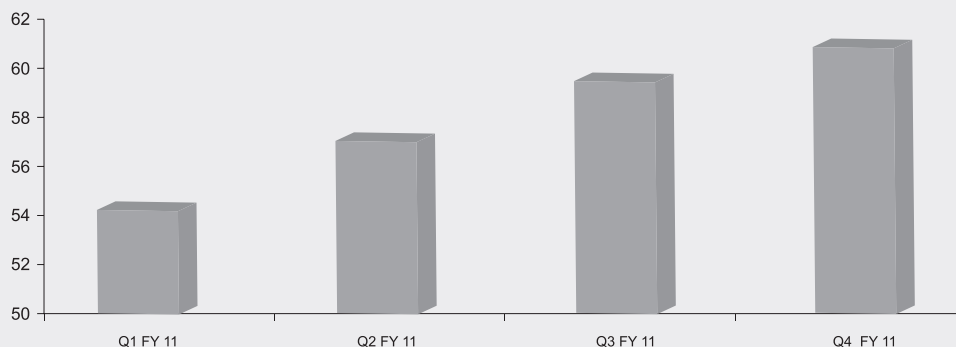
## Diversified Portfolio

<b>Super Premium</b>	<ul style="list-style-type: none"> <li>• 5.5 msft in Area under Development</li> <li>• Expected Average Sales Price of Rs. 25,000/sft</li> </ul>
<b>Premium</b>	<ul style="list-style-type: none"> <li>• 27.09 msft in Area under Development</li> <li>• Expected Average Sales Price of Rs. 5,000/sft</li> </ul>
<b>MID Income</b>	<ul style="list-style-type: none"> <li>• 28.33 msft in Area under Development</li> <li>• Expected Average Sales Price of Rs. 2,500/sft</li> </ul>

The Area Under Development (AUD) as on 31st March 2011 is 60.92 msft.

## Area Under Development

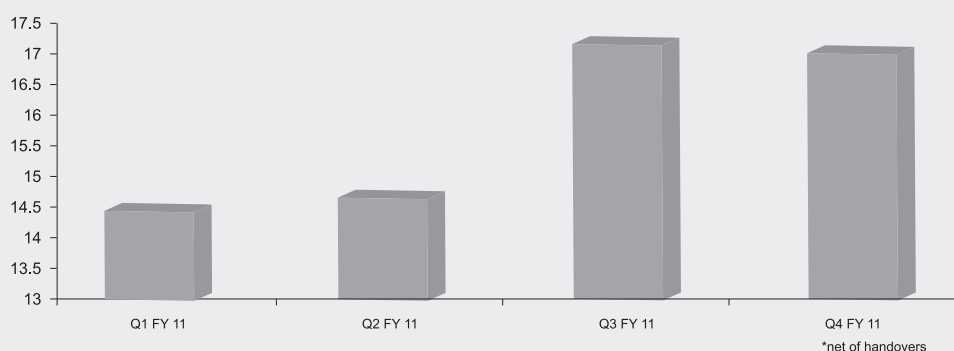
Area Under Development in million sft.



- Area Under Development (AUD): **Increased by 43%** from 42.6 msft in FY 10 to 60.92 msft in FY 11
- The Area Under Development (AUD) increased by 2.05 msft in Q4 due to new launches, aggregating total AUD to 60.92 msft.

## Area Under Construction

Area Under Construction in million sft\*.



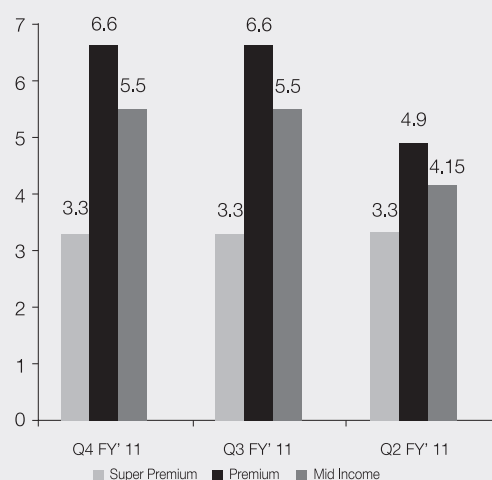
- Area Under Construction (AUC): **Increased by 91.46%** from 8.9 msft in FY 10 to 17.04 msft in FY 11. This figure of AUC is net of handovers in FY 11

## Area Under Construction Summary

### Residential (area under construction)

	Q4 FY11	Q3 FY11	Q2 FY11
Region	Area (msft)	Area (msft)	Area (msft)
Super Premium	3.3	3.3	3.3
Premium	6.6	6.6	4.9
Mid - Income	5.5	5.5	4.15
<b>Total</b>	<b>15.4</b>	<b>15.4</b>	<b>12.35</b>

Residential projects under construction (msft)



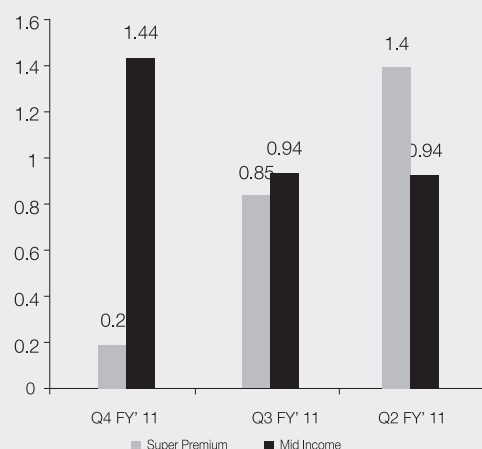
### Commercial (area under construction)

	Q4 FY11	Q3 FY11	Q2 FY11
Region	Area (msft)	Area (msft)	Area (msft)
Super Premium	0.20	0.85	1.4
Premium	00	00	00
Mid - Income	1.44	0.94	0.94
<b>Total</b>	<b>1.64</b>	<b>1.79</b>	<b>2.34</b>

**\*0.65 msft of commercial space has been handed over in Q4**

<b>Grand Total</b>	<b>17.04</b>	<b>17.19</b>	<b>14.69</b>
--------------------	--------------	--------------	--------------

Commercial projects under construction (msft)





## Land Bank - Future Development

Area (In Acres)	Residential	Commercial	Total
Opening Balance	434.00	56.00	490.00
Additions in the Year	192.75	0.00	192.75
Less: Moved to AUD	91.85	10.00	101.85
Closing Balance	534.90	46.00	580.90

\*2,551 Acres of Nashik SEZ not included in the above

- Total land acquired in FY 11 worth Rs. 2,339.83 Crores for 192.75 Acres as against Rs. 133.38 Crores for 76.63 Acres in FY 10
- **All Land mentioned in the table is fully paid for and in our possession**



## Chairman's message

Dear Shareholders,

The year 2010-11 ushered in new set of opportunities and challenges for Indian real estate, which was a test of professionalism for our company. Having taken our lessons well from the meltdown of 2008 and 2009, 'caution' and 'diligence' were the key words that defined your company's strategy over the last two years. And notwithstanding the current wave of indifference surrounding the sector, your company has emerged stronger and resilient by balancing caution with diligence, evaluating all the potential opportunities with pragmatism.

The sector is facing some headwinds currently due to monetary tightening by the RBI, rising input costs, delayed clearances and policy uncertainty. While we have to live within the overall macro environment, your company is poised at the right threshold to take a giant leap in years to come.

### Timely execution: The key

Timely execution of large projects has resulted into higher confidence amongst buyers, which in turn manifested itself into manifold increase in revenues and profits in FY 11. I am happy to inform a quantum **jump of 244%** in our total sales for the year FY 11 to Rs 4,837 crores as against Rs 1,405 crores in FY 10. The corresponding area sold almost doubled to 5.94 msft from 3 msft a year ago. The Profit after Tax (PAT) stood at 201.32 crores as opposed to 6.75 crores a year ago. Total leased area as on 31st March 2011 stood at 1.61 msft, an increase of .91 msft during the year. Your company has proposed 15% final dividend for the year.

### Acquiring Prime land at strategic locations

We continue to look for assets with a discerning eye - land parcels whose development potential would yield



massive returns in the long run. Total land acquired in FY 11 was worth Rs. 2,340 crores for 192.75 acres, as against Rs 133.38 crores for 76.63 acres in FY 10. This includes the most prized and coveted acquisition of Bharat and Podar Mills (bought in NTC auction) in the heart of Mumbai. This super prime property is one of the last few remaining land parcels in the central hub of Worli, and is a strategic fit with our focus on city-centric assets in the commercial metropolis. The proposed project on this property would encompass high end commercial space, ultra luxury apartments, and a deluxe hospitality project as also upmarket premium housing complex.

### Projects gaining momentum

During the year under review, our various existing housing projects gained momentum, while we launched several new ones at strategic locations.

- Our integrated housing project at Panvel, called '**Indiabulls Greens**' has seen steady progress with Phase 1 rapidly moving towards its targeted completion and Phase 2 booking witnessing huge interest. With the announcement of the proposed new international airport in the vicinity, the project is slated for a grand success.

“And notwithstanding the current wave of indifference surrounding the sector, your company has emerged stronger and resilient by balancing caution with diligence, evaluating all the potential opportunities with pragmatism.”

- Three of our high end residential projects in central Mumbai under the **"Sky"** banner witnessed lot of buying interest and are at various stages of construction.
- Work has been progressing at our **'Indiabulls Greens, Chennai'** project and initial sales have been robust; expected to pick up momentum soon.
- Our **'Centrum Park'** project at Gurgaon has been a hit with the middle class home buyers in the NCR and is progressing well.
- A new launch this year was **'Indiabulls Enigma'** at Gurgaon, endowed with green cover sprawling across 16 acres. Each apartment is open from three sides, giving unrestricted view of the complex as well as the surroundings.
- We have recently launched **'Indiabulls Sierra'** at Vizag, a residential property at a prime location: Madhurawada, near Rushikonda. The well-designed complex of 16 storey towers with beach being just 4 kms away from the project makes Indiabulls Sierra a spectacular place to live in.
- The project at Ahmedabad **'Riverside'** is the most recent one to be launched and is expected to be a landmark.
- Similarly, work at our housing project in Madurai and commercial project in Vadodara has also been underway.

#### Our credit rating reflects the long term belief

During the year, your company has been assigned A+ (Single A Plus) rating for its long term debt (Term Loans and NCDs). IBREL is one of the only two listed real estate majors in the country, and the only one among the new generation realty players to have been assigned this rating. The rating denotes that company's facilities/instruments are 'low credit risk' and offer adequate safety for timely servicing of debt obligations. In addition, IBREL has also been assigned a PR1+ (PR One Plus) rating for its short-term facilities for tenure up to one year. This is the highest rating that can be assigned for short term debt. The ratings are a reflection of Indiabulls Real Estate's strong fundamentals, execution track record, and low gearing which have manifested in good visibility of earnings.

#### Update on our power business

Our power business, in which IBREL holds 58.6% stake, is currently comprised of 5400 MW capacity under execution with two phases of 1350 MW each at Amravati and Nashik. Construction is in full swing at both Nashik and Amravati. First unit of 270 MW at Amravati is slated to commission by May 2012. The subsequent Units at Amravati are aimed to commission at the interval of 2 months, thereafter; i.e. Unit # 1 to 5 during the period May 2012 to Jan 2013. Similarly for Nashik, the first unit of 270 MW is slated to commission by Oct, 2012 & the subsequent Units to commission at the interval of 2 months thereafter; i.e. Unit # 1 to 5 during the period Sep, 2012 to April, 2013. Both the phases of these two projects aggregating 5400 MW have achieved financial closure.

#### Unlocking value

In line with our objective to unlock shareholders' value, the proposal to hive off IBREL's power and infrastructure business into a separate holding company called Indiabulls Infrastructure and Power Ltd ("IIPPL") is at an advanced stage of various statutory and regulatory processes. As per the scheme, Power Business of Indiabulls Real Estate along with its 58.6% of the equity shareholding of Indiabulls Power, will vest with Indiabulls Infrastructure & Power on a going concern basis. The proposed scheme has already got the requisite approval from the shareholders and after the approval from Hon'ble High Court of Delhi, each shareholder of Indiabulls Real Estate will get 2.95 equity shares of Indiabulls Infrastructure & Power for every share of Indiabulls Real Estate held by them. The scheme basically aims at crystallizing the valuation of Indiabulls Real Estate's Power Business in the hands of its ultimate beneficial owners, i.e. Indiabulls Real Estate's shareholders.

Thank you

Sameer Gehlaut  
Founder and Chairman