



Press Release

Indiabulls Real Estate Limited

December 07, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple/ Complex/ Highly complex)
Long term - Proposed NCD	50.00	IVR A-/ Rating Watch with Negative Implications (IVR A Minus under Rating Watch with Negative Implications)	Rating Revised	Simple
Total	50.00			

Infomerics has taken consolidated approach of evaluation by combining the financial results of Indiabulls Real Estate Limited and its subsidiaries as they are in the same line of businesses (real estate), under a common management. IBREL operates by way of separate subsidiaries for its various projects.

List of the subsidiaries consolidated is provided in Annexure 2.

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in the rating takes into account the subdued performance during FY23 and H1FY24 as reflected in substantial decline in the revenues and significant net losses reported along with addition of corporate guaranteed proposed debt in one of its subsidiary.

The rating also factors decline in the operational performance as reflected in decline in the total area sold and pre-sales booking during FY23 as compared to FY22.

However, the ratings on the debt facilities of Indiabulls Real Estate Limited (IBREL or 'Company') takes into consideration the overall debt reduction from Rs. 256 Cr as at end of Q4FY23 to Rs. 204 Cr. as at end of Q2FY24 and large amount of unrecognised revenue from inventory already sold, which shall be recognised in P&L upon receipt of OC as per the Ind-As Accounting Standard. The rating also takes comfort from the adequate liquidity with cash and bank balance of Rs. 637 Cr. as of September 30, 2023.



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The Rating Watch with Negative Implications continues on account of ongoing merger of certain assets of Embassy group with IBREL and its likely impact on the credit risk profile of IBREL. Infomerics will continue to monitor the developments in this regard and will resolve the watch once clarity emerges on the merger transaction.

The ratings continue to reflect experienced management team, established track record, improving capital structure, availability of land bank and unsold inventory. The ratings also factor Subdued operational performance for FY23, high dependence on customer advances and cyclical nature of industry, subject to regulations.

Key Rating Sensitivities:

Upward Factors

- Reduced inventory with improved cash flow and revenue growth on a consistent basis.
- Significant improvement in revenue with improvement in profitability.

Downward Factors

- Any significant time & cost overrun in its ongoing projects.
- Slower than expected sales.
- Any decline in revenue and/or profitability, increase in debt and inventory levels leading to deterioration in credit metrics.

List of Key Rating Drivers with Detailed Description:

Key Rating Strengths:

Experienced management team

Indiabulls is a well-diversified group and has emerged as one of the leading business conglomerates in country with business interests across sectors like consumer finance, real estate, infrastructure & construction leasing, pharmaceuticals etc. The operations of the company are professionally managed by competent personnel. The new management took control of the company under the leadership of Mr. Sachin Shah w.e.f. 28th February, 2023. The board has appointed a new Chief Operating Officer, Chief Financial Officer and Group Compliance Officer and Company Secretary. The New Management is committed to have the



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highest level of transparency and Corporate Governance standards which will eventually increase the value of Stakeholders thereby IBREL would continue benefiting from its existing competent management.

Improving capital Structure

IBREL's capital structure has seen a substantial improvement in the recent years. With the business strategy of focusing on asset light model, the company has divested much of its properties and assets and reduced its debt from the sales proceeds. The long-term debt to equity ratio moved from 0.84x in FY20 to 0.07x in FY23. The credit metrics are expected to improve further in the upcoming years. The company raised Rs. 865 Cr. through issue of shares to institutional investors. Company had launched its QIP (Qualified Institutional Placement) issue on March 7 and closed it on April 12, 2022. The Company also entered a term sheet for Disposal of Land Parcel in Gurgaon. Proceeds from above were primarily used towards retirement of certain existing debt, customer refund liabilities, and construction of various ongoing projects keeping it in lines with company's goal of zero net debt in the current financial year.

Availability of Land Bank and Unsold Inventory

The company through acquisitions and government allotments has created a sizeable land bank of 1856 acres spread across Mumbai, NCR, Chennai. This land bank is sufficient for proposed development over the next 5-7 years. In addition to the said land bank, the company also possesses 1,424 acres of SEZ land in Nashik, Maharashtra. As on March 31, 2023, total sold receivables stood at Rs. 2,056 crore and unsold inventory of Rs. 10,612 crores, providing revenue visibility.

Key Rating Weaknesses:

Subdued operational performance for FY23 and H1FY24

The total operating income of the company stood at Rs. 586.77 Cr. in FY23; a 59% decline from the previous year wherein the revenue stood at Rs. 1444.78 Cr. for FY22 mainly on account of decline in area sold to 1.2 msf from 1.7 msf. This is also on account of fewer new launches as the company has been focusing on completion of its existing ongoing projects. The Pre-Sales booking for FY23 declined to Rs. 957 Cr. as compared to Rs. 1,383 Cr. in



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FY22. The PAT loss increased to Rs 607.59 Cr. in FY23 against the loss of Rs 137.28 Cr. registered in the previous year mainly due to the expenditure that has been incurred for the development of the property. Company follows IND AS 23 pertaining to borrowing cost which indicates that an entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Therefore, the cost of sales includes the capitalized interest expenses for company's projects. Gross debt stood at Rs. 256 Cr. as against Rs. 1,310 in FY22, bringing the finance cost down 75% y-o-y basis. The leverage ratio improved at the end of March 31, 2023, compared to March 31, 2022, due to an increase in the TNW by 7.04% coupled with decrease in Total debt. The company's revenue in H1FY24 has decreased by 15.45 % as compared to H1FY23 due to lower offer of possession of properties issued to the customers.

PAT includes provision (exceptional item) in Q1FY24 wrt. Share Purchase Agreement executed on November 01, 2019, by the Company's subsidiary Brenformexa Limited ("Brenformexa") with Clivedale Overseas Limited ("Clivedale").

High Dependence on Customer Advances

The company primarily depends on advances received from its customers and external borrowings to fund its operations. With the strategy to reduce the total debt to zero, IBREL's future operations would depend largely on the advances received from the customers. However, as per the principles of Ind AS 115; currently customer advances accounts to the entire collection made towards the projects are and remain pending to be recognized as revenue due to receipt of OC remaining pending.

Cyclical Nature of Industry; Subject to Regulations

Real estate industry is unorganized, localized, and subject to local and central regulations. The Indian real estate industry is highly cyclical with volatile cash flows. The sector is also subject to multiple regulatory approvals; thus, the timely receipt of regulatory approval is critical for the timely launches of new project phases and future sales/collections.



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Analytical Approach: Consolidated Approach

Infomerics has taken consolidated approach of evaluation by combining the financial results of Indiabulls Real Estate Limited and its subsidiaries as they are in the same line of businesses (real estate), under a common management. IBRL operates by way of separate subsidiaries for its various projects.

List of the subsidiaries consolidated is provided in Annexure 2.

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Rating methodology for Structure Debt Transaction \(Non-securitisation transaction\)](#)

[Consolidation of Companies](#)

[Criteria of Rating Outlook](#)

Liquidity –Adequate

The company maintains moderate cash and bank balance to meet its liquidity requirements. Company recorded cash and cash equivalents of Rs. 608 Cr. and has gross debt repayment of Rs. 637 Cr. in H1FY24. The liquidity position looks adequate with the cash cover well above unity over FY23-FY26. The overall liquidity position of the company is **Adequate**.

About the Company:

Indiabulls Real Estate Limited (IBREL), incorporated on 04th April 2006, is engaged in real estate development, directly as well as through various subsidiaries as well as associate companies. IBREL is primarily involved in construction and development of properties, project management, investment advisory and construction services.



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Financials (Consolidated):

Rs Crore

For the year ended/ As on*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Income	1444.78	586.77
PAT	-137.29	(607.59)
Total Debt	1328.91	255.50
Tangible Net Worth	3320.66	3582.95
PAT margin (%)	-8.91	-103.55
Overall Gearing Ratio (x)	0.40	0.07

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)				Rating History for the past 3 years			
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2019-20	
1.	Proposed Long Term Facilities – Proposed Term Loan	Long Term	-- (Reduced from Rs. 224.50 Cr.)	--	--	--	IVR AA-/ CWDI (Nov. 12, 2021) IVR A/ CWDI (Sept. 15, 2022) IVR A+/ CWDI (Sept. 22, 2022)	IVR AA-/ Stable (June 02, 2020) IVR A+ Under CWDI (May 08, 2020) IVR AA- / Stable (Nov. 13, 2020)	
2.	Proposed Long Term Facilities – Proposed NCD	Long Term	50.00 (Reduced from Rs. 120 Cr.)	IVR A-/ Rating Watch with Negative Implications	IVR A/ Rating Watch with Negative Implications (June 07, 2023)	IVR A+/ Rating Watch with Negative Implications (Mar 31, 2023)	IVR AA-/ CWDI (Nov. 12, 2021) IVR A/ CWDI (Sept. 15, 2022)	IVR AA- / Stable (Nov. 13, 2020)	



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)				Rating History for the past 3 years			
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2019-20	
							IVR A+/ CWDI (Sept. 22, 2022)		
3.	Long Term Facilities –NCD	Long Term	-- (Reduced from Rs. 150 Cr.)	--	--	--	IVR AA-/ CWDI (Nov. 12, 2021) IVR A/ CWDI (Sept. 15, 2022) IVR A+/ CWDI (Sept. 22, 2022)	--	
6.	Short Term Facilities – Commercial Paper	Short Term	-- (Reduced from Rs. 1000 Cr.)	--	--	--	IVR A1+/ CWDI (Nov. 12, 2021) IVR A1/ CWDI (Sept. 15, 2022) IVR A1+/ CWDI (Sept. 22, 2022)	IVR A1+ (June 02, 2020) IVR A1+ (May 08, 2020) IVR A1+ (Nov. 13, 2020)	

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed NCD	-	-	-	50.00	IVR A-/ Rating Watch with Negative Implications



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Annexure 2: List of companies considered for consolidated analysis:

Name of subsidiary	Country of incorporation/principal place of business	Proportion of ownership interest as at 30 September 2023
Aedos Real Estate Company Limited	India	100.00%
Airmid Properties Limited	India	100.00%
Airmid Real Estate Limited	India	100.00%
Albasta Developers Limited	India	100.00%
Albasta Infrastructure Limited	India	100.00%
Albasta Properties Limited	India	100.00%
Albasta Real Estate Limited	India	100.00%
Albina Real Estate Limited	India	100.00%
Amadis Land Development Limited	India	100.00%
Angles Constructions Limited	India	100.00%
Apesh Constructions Limited	India	100.00%
Apesh Properties Limited	India	100.00%
Apesh Real Estate Limited	India	100.00%
Ariston Investments Limited	Mauritius	100.00%
Ashkit Constructions Limited	India	100.00%
Athena Builders And Developers Limited	India	100.00%
Athena Buildwell Limited	India	100.00%
Athena Infrastructure Limited	India	100.00%
Athena Land Development Limited	India	100.00%
Aurora Builders And Developers Limited	India	100.00%
Brenformexa Limited	Cyprus	100.00%
Bridget Builders And Developers Limited	India	100.00%
Catherine Builders & Developers Limited	India	100.00%
Ceres Constructions Limited	India	100.00%
Ceres Estate Limited	India	100.00%
Ceres Infrastructure Limited	India	100.00%
Ceres Land Development Limited	India	100.00%
Ceres Properties Limited	India	100.00%
Citra Developers Limited	India	100.00%
Citra Properties Limited	India	100.00%
Cobitis Real Estate Limited	India	100.00%
Corus Real Estate Limited	India	100.00%
Dev Property Development Limited	Isle of Man	100.00%
Devona Developers Limited	India	100.00%
Devona Infrastructure Limited	India	100.00%
Devona Properties Limited	India	100.00%
Diana Infrastructure Limited	India	100.00%
Diana Land Development Limited	India	100.00%



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Name of subsidiary	Country of incorporation/principal place of business	Proportion of ownership interest as at 30 September 2023
Edesia Constructions Limited	India	100.00%
Edesia Developers Limited	India	100.00%
Edesia Infrastructure Limited	India	100.00%
Elena Constructions Limited	India	100.00%
Elena Properties Limited	India	100.00%
Fama Builders And Developers Limited	India	100.00%
Fama Construction Limited	India	100.00%
Fama Estate Limited	India	100.00%
Fama Infrastructure Limited	India	100.00%
Fama Land Development Limited	India	100.00%
Fama Properties Limited	India	100.00%
Fornax Constructions Limited	India	100.00%
Fornax Real Estate Limited	India	100.00%
Galium Builders And Developers Limited	India	100.00%
Grand Limited	Jersey	100.00%
Hermes Builders And Developers Limited	India	100.00%
Hermes Properties Limited	India	100.00%
IB Assets Limited	India	100.00%
IB Holdings Limited	India	100.00%
Indiabulls Buildcon Limited	India	100.00%
Indiabulls Commercial Estate Limited	India	100.00%
Indiabulls Commercial Properties Limited	India	100.00%
Indiabulls Constructions Limited	India	100.00%
Indiabulls Engineering Limited	India	100.00%
Indiabulls Estate Limited	India	100.00%
Indiabulls Housing and Land Development Limited	India	100.00%
Indiabulls Housing Developers Limited	India	100.00%
Indiabulls Industrial Infrastructure Limited	India	89.01%
Indiabulls Infraestate Limited	India	100.00%
Indiabulls Infrastructure Projects Limited	India	100.00%
Indiabulls Land Holdings Limited	India	100.00%
Indiabulls Lands Limited	India	100.00%
Indiabulls Multiplex Services Limited	India	100.00%
Indiabulls Projects Limited	India	100.00%
Indiabulls Property Management Trustee Pte. Limited	Singapore	100.00%
Indiabulls Realty Company Limited	India	100.00%
Ivonne Infrastructure Limited	India	100.00%
Juventus Constructions Limited	India	100.00%
Juventus Estate Limited	India	100.00%
Juventus Infrastructure Limited	India	100.00%



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Name of subsidiary	Country of incorporation/principal place of business	Proportion of ownership interest as at 30 September 2023
Juventus Land Development Limited	India	100.00%
Juventus Properties Limited	India	100.00%
Kailash Buildwell Limited	India	100.00%
Kaltha Developers Limited	India	100.00%
Karakoram Buildwell Limited	India	100.00%
Karakoram Properties Limited	India	100.00%
Kenneth Builders & Developers Limited	India	100.00%
Lavone Builders And Developers Limited	India	100.00%
Lenus Constructions Limited	India	100.00%
Lenus Infrastructure Limited	India	100.00%
Lenus Properties Limited	India	100.00%
Linnet Constructions Limited	India	100.00%
Linnet Developers Limited	India	100.00%
Linnet Infrastructure Limited	India	100.00%
Linnet Properties Limited	India	100.00%
Linnet Real Estate Limited	India	100.00%
Lorena Builders Limited	India	100.00%
Lorena Constructions Limited	India	100.00%
Lorena Developers Limited	India	100.00%
Lorena Infrastructure Limited	India	100.00%
Lorena Real Estate Limited	India	100.00%
Lorita Developers Limited	India	100.00%
Lucina Builders and Developers Limited	India	100.00%
Lucina Buildwell Limited	India	100.00%
Lucina Estate Limited	India	100.00%
Lucina Land Development Limited	India	100.00%
Lucina Properties Limited	India	100.00%
M Holdco I Limited	Mauritius	100.00%
M Holdco II Limited	Mauritius	100.00%
M Holdco III Limited	Mauritius	100.00%
Mabon Constructions Limited	India	100.00%
Mabon Infrastructure Limited	India	100.00%
Mabon Properties Limited	India	100.00%
Majesta Builders Limited	India	100.00%
Majesta Constructions Limited	India	100.00%
Majesta Developers Limited	India	100.00%
Majesta Infrastructure Limited	India	100.00%
Majesta Properties Limited	India	100.00%
Makala Infrastructure Limited	India	100.00%
Manjola Infrastructure Limited	India	100.00%
Mariana Constructions Limited	India	100.00%



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Name of subsidiary	Country of incorporation/principal place of business	Proportion of ownership interest as at 30 September 2023
Mariana Properties Limited	India	100.00%
Mariana Real Estate Limited	India	100.00%
Milkyway Buildcon Limited	India	100.00%
Navilith Holdings Limited	Cyprus	100.00%
Nerissa Constructions Limited	India	100.00%
Nerissa Developers Limited	India	100.00%
Nerissa Infrastructure Limited	India	100.00%
Nerissa Properties Limited	India	100.00%
Nerissa Real Estate Limited	India	100.00%
Nilgiri Buildwell Limited	India	100.00%
Nilgiri Infraestate Limited	India	100.00%
Nilgiri Infrastructure Development Limited	India	100.00%
Nilgiri Infrastructure Limited	India	100.00%
Nilgiri Infrastructure Projects Limited	India	100.00%
Nilgiri Land Development Limited	India	100.00%
Nilgiri Land Holdings Limited	India	100.00%
Nilgiri Lands Limited	India	100.00%
Noble Realtors Limited	India	100.00%
Paidia Infrastructure Limited	India	100.00%
Parmida Properties Limited	India	100.00%
Platane Infrastructure Limited	India	100.00%
Selene Buildwell Limited	India	100.00%
Selene Infrastructure Limited	India	100.00%
Selene Land Development Limited	India	100.00%
Selene Properties Limited	India	100.00%
Sentia Constructions Limited	India	100.00%
Sentia Developers Limited	India	100.00%
Sentia Infrastructure Limited	India	100.00%
Sentia Real Estate Limited	India	100.00%
Sepset Developers Limited	India	100.00%
Sepset Real Estate Limited	India	100.00%
Serida Infrastructure Limited	India	100.00%
Serida Properties Limited	India	100.00%
Serpentes Constructions Limited	India	100.00%
Shivalik Properties Limited	India	100.00%
Sophia Constructions Limited	India	100.00%
Sophia Real Estate Limited	India	100.00%
Sylvanus Properties Limited	India	100.00%
Tapir Constructions Limited	India	100.00%
Tefia Land Development Limited	India	100.00%
Triton Buildwell Limited	India	100.00%



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Name of subsidiary	Country of incorporation/principal place of business	Proportion of ownership interest as at 30 September 2023
Triton Infrastructure Limited	India	100.00%
Triton Properties Limited	India	100.00%
Varali Constructions Limited	India	100.00%
Varali Developers Limited	India	100.00%
Varali Infrastructure Limited	India	100.00%
Varali Properties Limited	India	100.00%
Varali Real Estate Limited	India	100.00%
Vindhyachal Buildwell Limited	India	100.00%
Vindhyachal Developers Limited	India	100.00%
Vindhyachal Infrastructure Limited	India	100.00%
Vindhyachal Land Development Limited	India	100.00%
Vonnie Real Estate Limited	India	100.00%
Zeus Builders And Developers Limited	India	100.00%
Zeus Buildwell Limited	India	100.00%
Zeus Estate Limited	India	100.00%
Zeus Properties Limited	India	100.00%

Annexure 3: Facility wise lender details: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/ facilities: Not applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com