



# Real Estate

BSE Sensex: 9,647

S&amp;P CNX: 2,935

10 February 2009

COMPANY NAME	PG.	
DLF (Buy, Rs153)	9	<p><b>3QFY09 marked the end of all pretence by developers:</b> While the real estate sector has been in a downturn since September 2007, 3QFY09 would be remembered as the quarter when most developers came out of their denial mode and acknowledged the severity of the downturn in the real estate industry. Several companies announced drastic measures to effectively deal with the situation: i) suspending several ongoing projects, ii) postponing new launches, iii) recalibrating development plans etc. Most companies revised downwards their guidance for delivery, sales and profits by 50-70%.</p> <p><b>RBI announced a bailout package for real estate sector:</b> Another significant event during 3QFY09 was RBI's bailout package for the real estate sector. RBI allowed banks to undertake initial restructuring of commercial loans of real estate companies till June 2009, without the loans being classified as NPAs. Consequently, most real estate companies used the window provided by RBI to refinance or reschedule their debt repayments obligation falling due up to March 2009.</p> <p><b>EBITDA margin down significantly:</b> During 3QFY09, EBITDA margin was down by ~800bp on an average. EBITDA margins across key RE companies have dropped significantly largely led by decline in realizations and higher revenue contribution from the low margin bearing affordable housing segment (as most RE companies reclassified their products in order to cater to the affordable homes segment).</p> <p><b>PAT higher due to interest cost capitalization:</b> Since 1QFY09, RE companies have been consistently capitalizing bulk of their interest expenses. As a result, the reported net profit is higher than actual. During 3QFY09, interest cost capitalized by DLF stood at Rs2.1b (~69% of interest cost during 3QFY09) and for Puravankara it stood at Rs257m (~96% of its interest cost). We estimate that the interest cost capitalized for Unitech stood at Rs2.5b (~72% of interest cost during 3QFY09).</p> <p><b>Valuation and view:</b> We have lowered our FY10 NAV for all RE companies in our coverage universe to account for: (1) further delay in project launches and completion across verticals, (2) lower price assumptions across all projects across verticals, and (3) higher cap rates for the commercial and retail projects. Due to the virtual paralysis in the real estate sector since November 2008, we believe 4QFY09 could be worse than 3QFY09 and we expect FY09-10 to be a period of consolidation, in which industry leaders would be differentiated from peers. We believe developers with staying power would utilize this consolidation phase to emerge stronger. Focus on companies with: (1) high visibility on monetization of assets over the next 3-5 years, (2) low leverage and robust financials, and (3) strong execution track record. Our top pick remains <b>DLF</b>.</p>
HDIL (Neutral, Rs85)	10	
Indiabulls Real Estate (Buy, Rs105)	11	
Mahindra Lifespaces (Buy, Rs126)	12	
Puravankara Projects (Buy, Rs41)	13	
Unitech (Neutral, Rs32)	14	
Omaxe (Not Rated, Rs48)	15	
Orbit Corporation (Not Rated, Rs56)	16	
Parsvnath Developers (Not Rated, Rs41)	17	

## VALUATION SUMMARY

COMPANY	CMP (RS/SH)	MCAP (RS B)	EPS (RS/SH)		P/E (X)		BV (RS/SH)		P/BV (X)	
			FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10
DLF	153	263	29.6	15.6	5.2	9.8	119.1	128.9	1.3	1.3
Unitech	32	52	6.3	3.2	5.1	9.9	28.5	31.7	1.1	1.1
IBREL	105	27	1.5	4.0	71.0	26.1	176.4	178.6	0.6	0.6
HDIL	85	23	27.3	20.1	3.1	4.2	161.7	181.8	0.5	0.5
Mah Lifespaces	126	5	17.0	27.5	7.4	4.6	220.0	244.8	0.6	0.6
Puravankara	41	9	6.9	5.0	6.0	8.3	62.2	66.1	0.7	0.7

Prices as of 10 February 2009

Source: MOSL

## QUARTERLY FINANCIALS (RS M)

COMPANY	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09
<b>Revenues</b>							
DLF	30,738	32,499	35,984	43,065	38,106	37,444	13,667
Unitech	8,656	10,135	11,421	11,600	10,317	9,831	4,894
IBREL	64	253	378	682	97	816	389
MLL	348	343	434	596	482	303	557
HDIL	4,433	4,649	4,966	9,751	5,701	4,776	3,138
Puravankara	1,204	1,410	1,505	1,539	1,576	1,394	800
Bombay Dyeing	1,262	1,682	2,916	3,477	3,149	2,456	3,188
<b>EBITDA</b>							
DLF	22,039	22,637	25,014	27,829	23,445	22,170	7,720
Unitech	5,005	5,071	7,344	4,818	6,084	6,092	2,443
IBREL	-13	-38	-129	143	13	-95	-171
MLL	55	27	83	214	70	35	82
HDIL	2,364	2,562	3,320	8,639	4,655	2,705	950
Puravankara	401	578	568	527	589	471	150
Bombay Dyeing	213	285	-127	156	-227	-674	-62
<b>EBITDA Margin (%)</b>							
DLF	72	70	70	65	62	59	56
Unitech	58	50	64	42	59	62	50
IBREL	-19	-15	-34	21	14	-12	-44
MLL	16	8	19	36	15	12	15
HDIL	53	55	67	89	82	57	30
Puravankara	33	41	38	34	37	34	19
Bombay Dyeing	17	17	-4	4	-7	-27	-2
<b>PAT</b>							
DLF	15,155	20,185	21,450	21,769	18,640	19,354	6,708
Unitech	3,670	4,101	5,232	3,603	4,233	3,589	1,380
IBREL	70	342	3,033	490	69	80	113
MLL	73	52	112	222	98	112	113
HDIL	2,027	2,294	2,702	7,083	3,179	2,657	757
Puravankara	440	602	631	727	619	505	175
Bombay Dyeing	179	143	-370	215	-484	-1,040	-578

MLL standalone numbers

Source: Company/MOSL

*Our coverage universe reported 23% YoY decline in revenues during 3QFY09*

*EBITDA margin for our coverage universe declined 1,350bp YoY due to slump in sales and higher contribution from low margin mid-income housing segment*

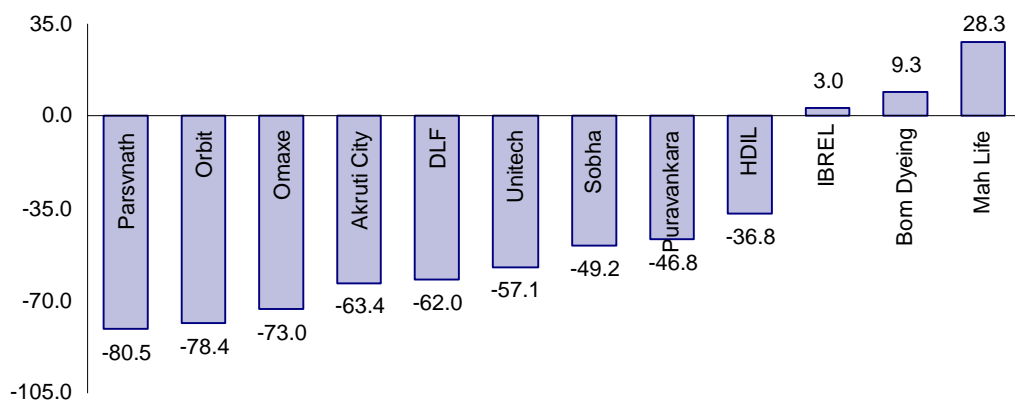
*Net profit for our coverage universe declined by 46.5% YoY; IBREL reported the maximum decline with PAT down 96% YoY*

**3QFY09 marked the end of all pretence by developers:** While the real estate sector has been in a downturn since September 2007, 3QFY09 would be remembered as the quarter when most developers came out of their denial mode and acknowledged the severity of the downturn in the real estate industry. Several companies announced drastic measures to effectively deal with the situation: i) suspending several ongoing projects, ii) postponing new launches, iii) recalibrating development plans etc. Most companies revised downwards their guidance for delivery, sales and profits by 50-70%.

**Muted results across companies:** Historically, 3Q is supposed to be one of the best quarters for RE companies as it is a representative of the festive season sales. Most of the RE companies posted muted results in 3QFY09 with revenues declining both on QoQ and YoY basis. EBITDA margins declined on account of decline in realizations and increased contribution from the low margin bearing mid-income housing segment. Lower margins and high interest expenditure negatively impacted earnings as well. While the net profit for leading companies like DLF and Unitech declined ~70% YoY, relatively smaller companies like Parsvnath, Omaxe, IBREL, Sobha and Orbit were worst hit with net profit declining by 90-95% YoY.

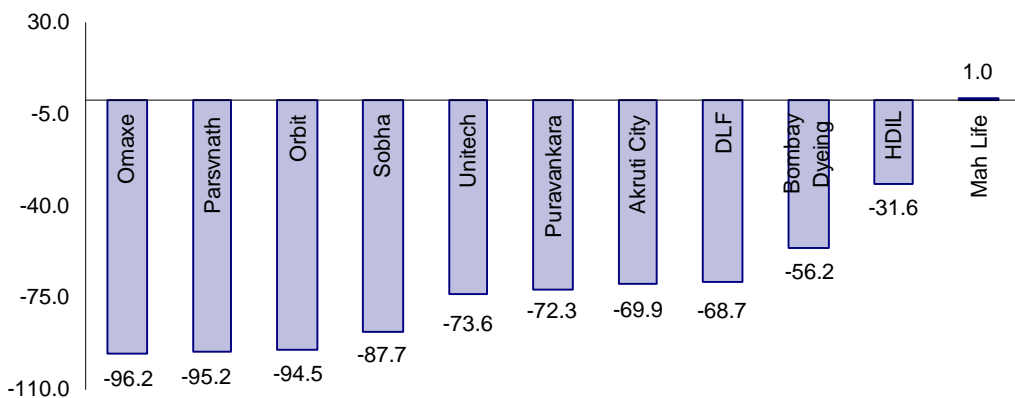
SALES DETRIORATE ON WEAK SENTIMENT

Revenues declined ~42% for key RE companies; Parsvnath's revenues declined the highest, down ~81% YoY



NET PROFIT FOR KEY RE COMPANIES PLUMMETED ~70% YOY

Net profit across key RE companies declined ~70% YoY; Omaxe and Parsvnath were worst hit, profits down >95% YoY



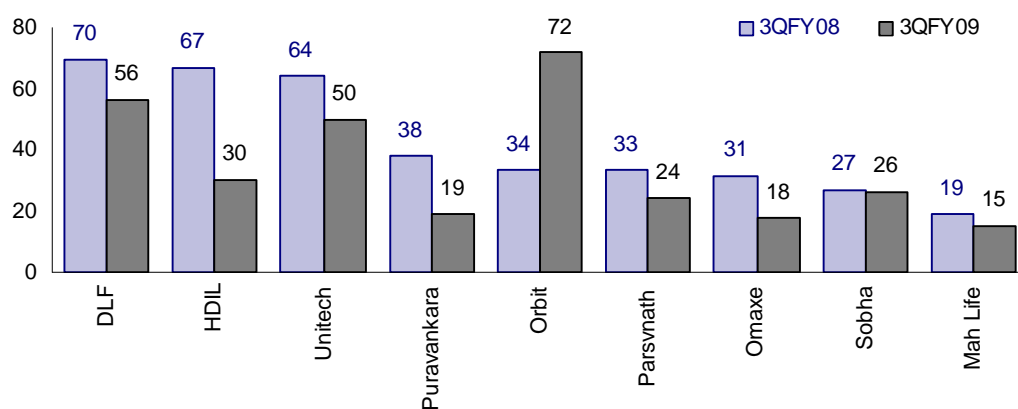
MLL standalone numbers

Source: MOSL/Company/Bloomberg

**EBITDA Margins down significantly:** During 3QFY09, EBITDA margin was down by ~800bp on an average. EBITDA margins across key RE companies have dropped significantly largely led by decline in realizations and higher revenue contribution from the low margin bearing affordable housing segment (as most RE companies reclassified their products in order to cater to the affordable homes segment). EBITDA margins are likely to remain under pressure going forward, as revenue would be dominated by the mid-income affordable housing segment.

EBITDA MARGINS SHRINK: LOWEST SINCE THE PAST 4-6 QUARTERS (%)

*Key RE companies reported sharp decline in EBITDA margins; reduced by ~800bp YoY*



MLL standalone numbers

Source: MOSL/Company/Bloomberg

**RBI announced a bailout package for real estate sector:** Another significant event during 3QFY09 was RBI's bailout package for the real estate sector. RBI allowed banks to undertake initial restructuring of commercial loans of real estate companies till June 2009, without the loans being classified as NPAs. Consequently, most real estate companies used the window provided by RBI to refinance or reschedule their debt repayments obligation falling due up to March 2009.

**Liquidity strain deferred from FY09 to FY10:** We believe though RBI's restructuring window has provided some reprieve to the debt strapped RE companies, the high debt repayment obligation in FY10 continues to pose concern, given the fact that property transactions have dried up considerably thereby delaying the monetization of assets. In 3QFY09, the average net debt/equity for key RE companies stood at 1.1x.

## KEY RE COMPANIES HAVE HIGH LEVERAGE (RS M)

COMPANY	DEBT	NET WORTH	DEBT/ EQUITY (X)	CASH	NET DEBT	NET DEBT/ EQUITY (X)	DEBT DUE BY MAR-09
IBREL	2,460	69,333	0.0	27,000	-24,540	-0.4	0
MLL*	3,470	8,557	0.4	3,570	-100	0.0	0
DLF	155,250	247,520	0.6	6,970	148,280	0.6	20,000
Puravankara	7,676	13,251	0.6	374	7,302	0.6	400
HDIL	40,551	44,057	0.9	972	39,579	0.9	0
Pasravnath	19,270	19,930	1.0	2,590	16,680	0.8	1,000
Omaxe	21,461	14,199	1.5	2,500	18,961	1.3	850
Sobha^	17,831	9,882	1.8	286	17,545	1.8	8,500
Unitech	100,000	45,710	2.2	10,000	90,000	2.0	6,000
Bombay Dyeing *	14,158	3,959	3.6	561	13,597	3.4	0

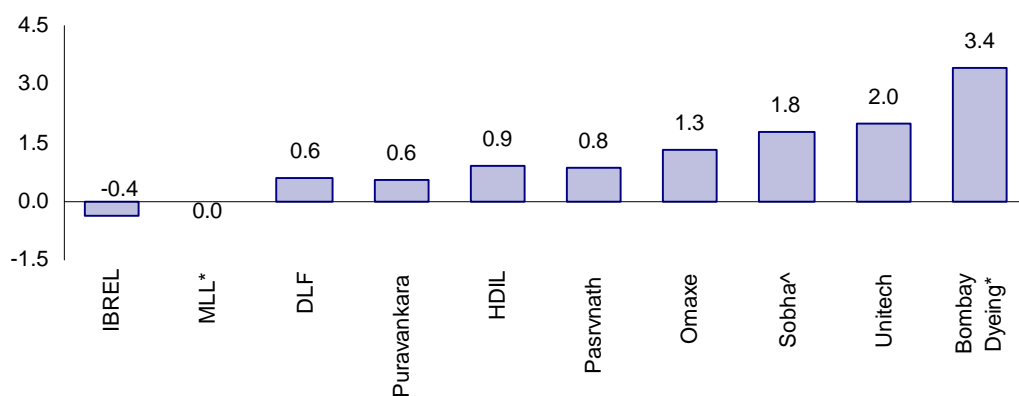
Note: \* as of FY08, ^ as of 2QFY09

Source: Company/MOSL

## STRAIN ON FINANCIALS

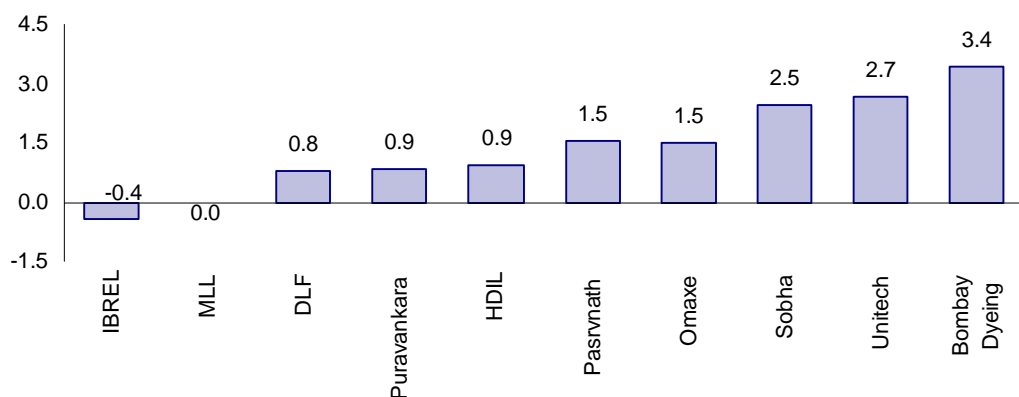
## NET DEBT/EQUITY (X)

Average net debt/equity  
for key RE companies  
stands at 1.1x



## NET DEBT/EQUITY INCL LAND COST O/S (X)

Average net debt/equity for  
key RE companies increases  
to 1.4x, if one includes the  
land cost outstanding



Source: Company/MOSL

### PAT higher due to interest cost capitalization

Since 1QFY09, RE companies have been consistently capitalizing bulk of their interest expenses. As a result, the reported net profit is higher than actual. During 3QFY09, interest cost capitalized by DLF stood at Rs2.1b (~69% of interest cost during 3QFY09) and for Puravankara it stood at Rs257m (~96% of its interest cost). We estimate that the interest cost capitalized for Unitech stood at Rs2.5b (~72% of interest cost during 3QFY09).

#### KEY RE COMPANIES HAVE STARTED CAPITALIZING SUBSTANTIAL AMOUNT OF INTEREST EXPENSES (RS M)

COMPANY	PERIOD	INTEREST EXP	GROSS DEBT	INTEREST EXP
				AS % OF GROSS DEBT
DLF	3QFY09	938	101,900	3.7
	FY08	2,980	76,106	3.9
Unitech	3QFY09	967	100,000	3.9
	FY08	2,804	70,000	4.0
HDIL	3QFY09	142	40,551	1.4
	FY08	249	31,127	0.8
Puravankara	3QFY09	12	8,269	0.6
	FY08	36	6,524	0.6
Sobha*	3QFY09	286	19,000	6.0
	FY08	597	17,831	3.3
Parsvnath	3QFY09	179	20,843	3.4
	FY08	391	18,205	2.1
IBREL*	3QFY09	67	2,460	10.9
	FY08	286	3,389	8.4
Omaxe	3QFY09	295	21,461	5.5
	FY08	587	16,971	3.5

Note: \* indicates debt amount as of 2QFY09; IBREL gross debt excludes Rs7,990m of compulsorily convertible debentures

Source: Company/MOSL

### Revising estimates

We have lowered our FY09 and FY10 earnings estimates across our coverage universe, mainly to factor in expected delays in certain large projects, increase in construction cost and expected correction in real estate prices. We estimate a decline in net profit for FY09 and FY10 across our coverage universe, except for MLL, where we model net profit to increase by 6% YoY in FY09 and by 61% YoY in FY10.

#### EARNINGS REVISION

COMPANY	RECO	CMP (RS)	MCAP (RS B)	OLD EPS (RS)		REV EPS (RS)		REV EPS GR. (%)		P/E (X)	
				FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E
DLF	Buy	153	263	38.7	34.0	29.6	15.6	-35.5	-47.4	5.2	9.8
Unitech	Neutral	32	52	7.4	6.4	6.5	3.1	-36.0	-52.1	4.9	10.2
IBREL	Buy	105	27	12.2	12.0	1.5	4.1	-90.5	172.6	67.8	25.6
HDIL	Neutral	85	23	43.0	45.5	27.0	20.4	-59.0	-24.4	3.1	4.2
Mah Lifespaces	Buy	126	5	24.0	73.0	17.0	27.5	6.4	61.4	7.4	4.6
Puravankara	Buy	41	9	8.8	10.5	6.9	5.0	-38.9	-27.8	6.0	8.3
Bombay Dyeing	Buy	155	6	38.3	33.7	38.3	33.7	785.8	-11.9	4.0	4.6

Source: MOSL

### Valuation and view

We have lowered our FY10 NAV for all RE companies in our coverage universe to account for: (1) further delay in project launches and completion across verticals, (2) lower price assumptions across all projects across verticals, and (3) higher cap rates for the commercial and retail projects.

Due to the virtual paralysis in the real estate sector since November 2008, we believe 4QFY09 could be worse than 3QFY09 and we expect FY09-10 to be a period of consolidation, in which industry leaders would be differentiated from peers. We believe developers with staying power would utilize this consolidation phase to emerge stronger. Focus on companies with: (1) high visibility on monetization of assets over the next 3-5 years, (2) low leverage and robust financials, and (3) strong execution track record. Our top pick remains **DLF**.

#### VALUATION SUMMARY

COMPANY	CMP (RS/SH)	MCAP (RS B)	EPS (RS/SH)		P/E (X)		BV (RS/SH)		P/BV (X)	
			FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10
DLF	153	263	29.6	15.6	5.2	9.8	119.1	128.9	1.3	1.3
Unitech	32	52	6.3	3.2	5.1	9.9	28.5	31.7	1.1	1.1
IBREL	105	27	1.5	4.0	71.0	26.1	176.4	178.6	0.6	0.6
HDIL	85	23	27.3	20.1	3.1	4.2	161.7	181.8	0.5	0.5
Mah Lifespaces	126	5	17.0	27.5	7.4	4.6	220.0	244.8	0.6	0.6
Puravankara	41	9	6.9	5.0	6.0	8.3	62.2	66.1	0.7	0.7

Prices as of 10 February 2009

Source: MOSL

#### RE NAVS ACROSS COMPANIES (RS/SHARE)

PARTICULARS	DLF	UNITECH	IBREL	HDIL	MAHINDRA LIFESPACES	PURA VANKARA	BOM DYEING
Apartments	122	70	80	121	164	205	72
Villas	10	46	0	0	0	0	0
Plots/Inst Plots	28	8	0	0	0	0	0
Commercial	142	70	108	103	0	9	797
Hotels	9	34	0	0	0	0	0
Retail	59	14	34	136	0	0	0
Others	7	13	31	231	350	0	0
<b>Total</b>	<b>368</b>	<b>255</b>	<b>252</b>	<b>591</b>	<b>514</b>	<b>215</b>	<b>870</b>
Add: Misc	38	18	0	0	0	0	37
<b>Gross Asset Value</b>	<b>406</b>	<b>273</b>	<b>252</b>	<b>591</b>	<b>514</b>	<b>215</b>	<b>907</b>
Less: Tax	74	63	55	141	0	45	183
Add: Cash	6	9	65	9	90	2	0
Less: Debt	84	53	44	149	0	34	123
Less: Land Cost	19	18	53	20	0	13	0
Less: Operating Exp	33	23	25	51	0	19	74
<b>Net Asset Value</b>	<b>211</b>	<b>80</b>	<b>229</b>	<b>240</b>	<b>590</b>	<b>105</b>	<b>527</b>
CMP (Rs/sh)	153	32	105	85	126	41	155
% Disc	-28	-60	-54	-65	-79	-61	-71

Source: MOSL

## COMPARATIVE FINANCIALS

	Y/E END	CMP (RS)	SALES		EBITDA		NP		NPM (%)
			SALES (RS M)	GR. (%)	EBITDA (RS M)	GR. (%)	NP (RS M)	GR. (%)	
DLF	Mar-08	153	144,375	447.4	97,151	552.1	78,108	304.4	54.1
	Mar-09		102,742	-28.8	61,215	-37.0	50,933	-34.8	49.6
	Mar-10		81,771	-20.4	39,158	-36.0	26,789	-47.4	32.8
Unitech	Mar-08	32	41,152	25.1	22,038	20.5	16,686	27.2	40.5
	Mar-09		33,292	-19.1	16,983	-22.9	10,629	-36.3	31.9
	Mar-10		36,798	10.5	12,275	-27.7	5,093	-52.1	13.8
IBREL	Mar-08	105	1,407	910.8	-20	350.1	4,002	2,763.3	284.6
	Mar-09		1,486	5.7	-772	3,818.8	396	-90.1	26.6
	Mar-10		2,340	57.4	232	-130.0	1,048	164.8	44.8
HDIL	Mar-08	85	23,804	97.7	16,921	155.6	14,098	157.3	59.2
	Mar-09		16,892	-29.0	9,494	-43.9	7,436	-47.3	44.0
	Mar-10		21,035	24.5	9,834	3.6	5,618	-24.4	26.7
Mahindra Lifespaces	Mar-08	126	2,311	6.8	654	112.1	664	271.2	28.7
	Mar-09		3,293	42.5	1,464	123.8	696	4.7	21.1
	Mar-10		5,446	65.4	2,165	47.9	1,122	61.4	20.6
Puravankara	Mar-08	41	5,658	35.7	2,075	55.3	2,400	85.9	42.4
	Mar-09		4,859	-14.1	1,378	-33.6	1,467	-38.9	30.2
	Mar-10		4,608	-5.2	1,308	-5.1	1,060	-27.8	23.0
Bombay Dyeing	Mar-08	155	9,337	87.3	648	-4.5	167	-53.4	1.8
	Mar-09		13,166	41.0	2,663	311.2	1,479	785.8	11.2
	Mar-10		14,699	11.6	2,547	-4.3	1,303	-11.9	8.9

Source: MOSL

## COMPARATIVE VALUATION

	Y/E END	CMP (RS/SH)	EV (RS M)	EPS (RS/SH)	P/E (X)	EV/		DIV.		ROE (%)	ROCE (%)	BV (RS/SH)	P/BV (X)
						EBITDA (X)	DPS (RS/SH)	YIELD (%)					
DLF	Mar-08	153	361,331	45.8	3.3	3.7	4.0	2.6	39.7	43.0	97.6	1.6	
	Mar-09		395,931	29.6	5.2	6.5	2.7	1.7	21.2	17.4	119.1	1.3	
	Mar-10		384,893	15.6	9.8	9.8	1.4	0.9	10.4	9.7	128.9	1.2	
Unitech	Mar-08	32	123,146	10.2	3.1	5.6	0.3	0.8	46.1	21.5	22.2	1.4	
	Mar-09		128,947	6.3	5.1	7.6	0.1	0.2	22.1	12.7	28.5	1.1	
	Mar-10		122,854	3.2	9.9	10.0	0.0	0.1	10.2	9.7	31.7	1.0	
IBREL	Mar-08	105	12,446	15.6	6.7	-	13.5	12.9	8.9	10.3	170.6	0.6	
	Mar-09		10,118	1.5	67.8	-13.1	7.0	6.7	0.8	1.9	176.4	0.6	
	Mar-10		-16,978	4.1	25.6	-73.3	8.0	7.6	2.1	3.9	178.6	0.6	
HDIL	Mar-08	85	45,782	65.8	1.3	2.7	5.0	5.9	38.7	23.0	169.8	0.5	
	Mar-09		56,270	27.3	3.1	5.9	4.1	4.8	16.9	11.1	161.7	0.5	
	Mar-10		53,835	20.1	4.2	5.5	2.0	2.4	11.1	9.5	181.8	0.5	
Mahindra Lifespaces	Mar-08	126	7,528	16.0	7.9	11.5	2.5	2.0	7.8	8.0	207.2	0.6	
	Mar-09		6,744	17.0	7.4	4.6	4.0	3.2	7.7	12.3	220.0	0.6	
	Mar-10		7,426	27.5	4.6	3.4	8.0	6.4	11.2	16.7	244.8	0.5	
Puravankara	Mar-08	41	9,474	11.2	3.7	4.6	2.0	4.8	19.8	15.0	56.8	0.7	
	Mar-09		10,113	6.9	6.0	7.3	0.7	1.8	11.1	7.1	62.2	0.7	
	Mar-10		8,497	5.0	8.3	6.5	0.6	1.3	7.5	6.5	66.1	0.6	
Bombay Dyeing	Mar-08	155	19,585	4.3	35.9	30.2	3.5	2.3	4.1	5.1	102.5	1.5	
	Mar-09		18,536	38.3	4.0	7.0	5.0	3.2	31.7	14.2	135.9	1.1	
	Mar-10		21,404	33.7	4.6	8.4	5.0	3.2	22.5	13.2	164.6	0.9	

Source: MOSL



DLF

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	DLFU IN
	REUTERS CODE
S&P CNX: 2,935	DLF.BO

10 February 2009

Buy

Previous Recommendation: Buy

Rs153

Equity Shares (m)	1,722.0	YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
52-Week Range	899/124	END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
1,6,12 Rel. Perf. (%)	-32/-36/-39	3/07A	26,374	19,316	12.6	-27.2	12.1	13.6	54.3	30.6	13.5	23.8
MCap. (Rs b)	262.6	3/08A	144,375	78,120	45.8	262.8	3.3	1.6	39.7	43.0	2.5	3.7
MCap. (US\$ b)	5.4	3/09E	102,742	50,933	29.6	-35.5	5.2	1.3	21.2	17.4	3.9	6.5
		3/10E	81,771	26,789	15.6	-47.4	9.8	1.2	10.4	9.7	4.7	9.8

### 3QFY09 results below estimates; suspends work on ~25% ongoing projects; sales to DAL to be delayed

- DLF's reported 3QFY09 numbers were below expectations with revenue at Rs13.6b v/s our est of Rs32.5b and net profit at Rs6.7b v/s our est of Rs14b. DAL sales declined by 68% YoY and 55% QoQ to Rs6.5b, while Non-DAL sales declined by 47% YoY and 64% QoQ to Rs8.4b. DAL continued to account for ~44% of total revenue and ~35% of total PBT. Receivables from DAL have increased from ~Rs48b in 2QFY09 to ~Rs55b in 3QFY09.
- EBITDA margin declined 1,303bp YoY to 56.5% v/s 69.5% in 3QFY08.
- Reported net profit declined 68.7% YoY to Rs6.7b v/s Rs21.5b in 3QFY08. The decline in net profit would have been even more significant had DLF not capitalized ~69% of its interest cost.

### Outlook

- In 3QFY09, the management has adopted several critical measures to effectively deal with the downturn. It has: 1) put on hold ~26% of its ~62msf of ongoing projects aggregating to ~16msf (commercial 12msf and retail 4msf) for lack of project financing, 2) guided for substantial delay in sales to DAL for the remaining ~10msf of commercial projects, 3) postponed all new launches for the retail lease vertical, 4) suspended all hotel projects other than projects under Hilton JV for lack of funds.
- Our FY10 NAV for DLF is Rs211/sh. Our NAV does not include potential value creation from i) Bidadi and Dankuni project, ii) value creation possibility from subsidiary companies in the construction, life insurance and entertainment business, and iii) potential value unlocking from large SEZs.
- We view DLF as one of the best managed real estate company in India due to its robust business model. **Buy.**

QUARTERLY PERFORMANCE										(Rs Million)
Y/E MARCH	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>30,738</b>	<b>32,499</b>	<b>35,984</b>	<b>43,065</b>	<b>38,106</b>	<b>37,444</b>	<b>13,667</b>	<b>13,525</b>	<b>142,287</b>	<b>102,742</b>
Change (%)	-	-	-	-	24.0	15.2	(62.0)	-68.6	440.1	-27.8
Total Expenditure	8,699	9,863	10,970	15,236	14,661	15,274	5,947	5,645	44,768	41,527
<b>EBITDA</b>	<b>22,039</b>	<b>22,637</b>	<b>25,014</b>	<b>27,829</b>	<b>23,445</b>	<b>22,170</b>	<b>7,720</b>	<b>7,880</b>	<b>97,518</b>	<b>61,215</b>
% Change	-	-	-	-	6.4	-2.1	-69.1	-71.7	556.0	-37.2
As % of Sales	71.7	69.7	69.5	64.6	61.5	59.2	56.5	58.3	68.5	59.6
Depreciation	166	110	148	362	546	505	788	412	785	2,250
Interest	1,077	36	788	1,079	541	469	938	1,301	2,980	3,249
Other Income	472	993	528	658	357	958	1,361	337	2,652	3,013
<b>PBT</b>	<b>21,268</b>	<b>23,484</b>	<b>24,606</b>	<b>27,048</b>	<b>22,715</b>	<b>22,154</b>	<b>7,356</b>	<b>6,504</b>	<b>96,405</b>	<b>58,728</b>
Tax	6,037	3,301	3,218	4,978	3,766	2,813	537	679	17,534	7,795
Effective Tax Rate (%)	28.4	14.1	13.1	18.4	16.6	12.7	7.3	10.4	18.2	13.3
<b>Reported PAT</b>	<b>15,231</b>	<b>20,182</b>	<b>21,389</b>	<b>22,070</b>	<b>18,949</b>	<b>19,341</b>	<b>6,818</b>	<b>5,825</b>	<b>78,120</b>	<b>50,933</b>
Change (%)	-	-	-	-	24.4	-4.2	(68.1)	-73.6	303.4	-34.8
Profit/(Loss) of Associates/ Minority	76.00	(3.00)	61.1	-301.0	308.4	12.10	-110.3	-	-313.0	210.20
<b>Adj. PAT</b>	<b>15,155</b>	<b>20,185</b>	<b>21,450</b>	<b>21,769</b>	<b>18,640</b>	<b>19,354</b>	<b>6,708</b>	<b>5,825</b>	<b>78,108</b>	<b>50,723</b>
Change (%)	-	-	-	-	23.0	-4.1	(68.7)	-73.2	303.3	-35.1

E: MOSL Estimates

## HDIL

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	HDIL IN
	REUTERS CODE
S&P CNX: 2,935	HDIL.BO

10 February 2009

Neutral

Previous Recommendation: Neutral

Rs85

Equity Shares (m)	275.5
52-Week Range	700/69
1,6,12 Rel. Perf. (%)	-22/-42/-44
M.Cap. (Rs b)	23.3
M.Cap. (US\$ b)	0.5

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
3/07A	12,042	5,480	30.4	33.6	2.8	2.1	74.6	54.4	1.8	3.3
3/08A	23,804	14,098	65.8	116.1	1.3	0.5	38.7	23.0	1.9	2.7
3/09E	16,892	7,517	27.3	-58.5	3.1	0.5	16.9	11.1	3.3	5.9
3/10E	21,035	5,545	20.1	-26.2	4.2	0.5	11.1	9.5	2.6	5.5

## Dismal 3QFY09 results

- ✎ In 3QFY09, HDIL's revenue decreased 37% YoY to Rs3b. Revenue comprised proceeds from i) FSI sale of ~1msf at a realization of Rs2,600-2,700/sf (84% of total revenue) and ii) TDR sale of ~0.4msf at an average realization of ~Rs1,200/sf.
- ✎ EBITDA margin declined by 3,600bp YoY to 30.3% v/s 66.8% in 3QFY08, largely owing to reduction in TDR rates, which decreased by 52% QoQ to Rs1,200-1,300/sf during 3QFY09 v/s Rs2,100-2,300/sf in 2QFY09.
- ✎ Interest cost capitalized during 3QFY09 stood at Rs1.2b, which is ~90% of the gross interest cost.
- ✎ In 3QFY09, HDIL has written back Rs755m of excess provisioning of taxes and availed MAT credit of Rs336m, due to which the adjusted profit stands at Rs1.8b (down 31% YoY). Tax rate stood at 24.3% v/s 12.1% in 3QFY08.
- ✎ As of January 2009, HDIL has an inventory of ~1msf of construction TDRs for phase I of MIAL project, which is likely to be utilized in construction of HDIL's own projects.

## Outlook

- ✎ HDIL has managed to successfully utilize the restructuring window provided by RBI till June 2009 to reschedule/restructure Rs6.5b of short term bullet repayments, which were due prior to March 2009. However, bullet debt-repayment of ~Rs16b (Rs12.5b of NCD's) by March 2010 remains a key concern.
- ✎ Our NAV for HDIL is Rs240/share. We model TDR prices at Rs1,200/sf in our NAV calculation. We expect HDIL to trade at discount to its NAV due to the long-gestation of its key projects and high bullet repayment obligations by March 2010. Maintain **Neutral**.

## QUARTERLY PERFORMANCE

Y/E MARCH	FY08				FY09				(Rs Million)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY07	FY08	FY09E
<b>Sales</b>	4,433	4,649	4,966	9,751	5,701	4,776	3,138	3,277	12,042	23,804	16,892
Change (%)					28.6	2.7	-36.8	-66.4		97.7	-29.0
<b>Total Expenditure</b>	2,069	2,087	1,646	1,112	1,045	2,070	2,188	2,094	5,422	6,882	7,397
<b>EBITDA</b>	2,364	2,562	3,320	8,639	4,655	2,705	950	1,183	6,620	16,921	9,494
As % of Sales	53.3	55.1	66.8	88.6	81.7	56.7	30.3	36.1	55.0	71.1	56.2
Depreciation	2	3	4	9	12	6	18	22	55	22	58
Interest	98	162	441	682	1,451	141	142	249	206	1,408	1,984
Other Income	26	168	199	144	180	255	209	368	55	529	1,011
Extra-ordinary Income	0	0	0	0	0	0	1,092	0	0	0	1,092
<b>PBT</b>	2,289	2,565	3,074	8,093	3,372	2,812	1,000	1,280	6,251	16,020	8,464
Tax	262	271	372	1,011	193	156	244	356	771	1,922	948
Effective Tax Rate (%)	11.5	10.6	12.1	12.5	5.7	5.5	24.3	27.8	12.3	12.0	11.2
<b>Adj. PAT</b>	2,027	2,294	2,702	7,083	3,179	2,657	757	924	5,480	14,098	7,517
Change (%)	-	13.2	17.8	-	56.9	15.8	-72.0	-87.0		157.3	-46.7
<b>Reported PAT</b>	2,027	2,294	2,702	7,083	3,179	2,657	1,849	924	5,480	14,098	8,609
Change (%)	-	-	-	-	56.9	15.8	-31.6	-87.0		157.3	-38.9

E: MOSL Estimates

## Indiabulls Real Estate

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	IBREAL IN
	REUTERS CODE
S&P CNX: 2,935	INRL.BO

10 February 2009

Buy

Previous Recommendation: Buy

Rs105

Equity Shares (m)	255.8	YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
52-Week Range	671/82	END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
1,6,12 Rel. Perf. (%)	-11/-30/-41	3/07A	139	140	0.5	0.0	220.4	1.6	1.0	1.6	58.6	-1,861
M.Cap. (Rs b)	26.8	3/08A	1,407	4,002	15.6	2,763.3	6.7	0.6	8.9	10.3	8.8	-632
M.Cap. (Rs b)	0.6	3/09E	1,486	396	1.5	-90.1	71.0	0.6	0.8	1.9	6.8	-13.1
		3/10E	2,340	1,048	4.1	164.8	26.1	0.6	2.1	3.9	-7.3	-73.3

## 3QFY09 results below estimates

- IBREL declared results below estimates with revenue at Rs389m (up 3% YoY) and net profit at Rs113m (down 96%). 3QFY08 results included one-time other income of Rs4.5b. The key reason for this disappointment was delay at its Jupiter and Elphinstone project, due to which no rental or advisory income was booked.
- EBITDA loss was Rs171m v/s a loss of Rs129m in 3QFY08.

## Outlook

- IBREL is planning to launch several new projects across different verticals over the next one year. There have been significant developments at its Jupiter and Elphinstone projects - total development area has increased by ~47% from 3.4msf to ~5msf. However, the total leased area at the two properties has declined to ~0.7msf v/s 1.2msf in 2QFY09 due to cancellations, while the rentals have been renegotiated to Rs175-200/sf v/s Rs275/sf earlier.
- We believe IBREL is relatively better placed in the RE industry due to its robust financials. Our NAV for IBREL is Rs229/share. Residential vertical accounts for 35% of GAV and the commercial and retail vertical account for 47% and 15% of GAV respectively. Our NAV does not include potential value creation from i) power vertical (valued at Rs55b as per its 28.5% stake sale to PE investors) ii) retail vertical and iii) increase of ~1.6msf at its Jupiter and Elphinstone projects. Maintain **Buy**.

Y/E MARCH	QUARTERLY PERFORMANCE										(Rs Million)	
	FY08				FY09				FY08	FY09E		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Sales	64	253	378	682	97	816	389	184	1,407	1,486		
Change (%)	-	-	-	-	51.1	222.8	3.0	-73.0	910.4	5.7		
Total Expenditure	77	291	507	539	84	911	561	703	1,426	2,258		
EBITDA	-13	-38	-129	143	13	-95	-171	-519	-20	-772		
As % of Sales	-19.5	-15.2	-34.1	21.0	13.8	-11.7	-43.9	-281.8	-1.4	-51.9		
Depreciation	5	6	16	6	6	26	26	29	33	87		
Interest	23	44	161	286	141	80	10	348	522	579		
Other Income	143	529	4,540	845	238	623	563	675	6,240	2,099		
PBT	103	441	4,234	697	104	421	356	-221	5,665	660		
Tax	32	92	1,201	207	36	162	177	-111	1,598	264		
Effective Tax Rate (%)	31.3	20.9	28.4	29.7	34.5	38.6	49.6	50.2	28.2	40.0		
Minority Interest	0.0	7.4	0.0	0.0	-1.0	178.4	66.3	-243.7	64.6	0.0		
Reported PAT	70	342	3,033	490	69	80	113	134	4,002	396		
Change (%)	-	-	-	-	-2.1	-76.6	-96.3	-	2,760.9	-90.1		
Adj. PAT	70	342	3,033	490	69	80	113	134	4,002	396		
Change (%)	-	-	-	-	-2.1	-76.6	-96.3	-72.7	2,760.9	-90.1		

E: MOSL Estimates

## Mahindra Lifespaces

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	MLIFE IN
	REUTERS CODE
S&P CNX: 2,935	MALD.BO

Equity Shares (m)	40.8
52-Week Range	665/113
1,6,12 Rel. Perf. (%)	-24/-38/-36
M.Cap. (Rs b)	5.1
M.Cap. (US\$ b)	0.1

10 February 2009

Buy

Previous Recommendation: Buy

Rs126

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
3/07A	2,163	179	4.2	8.4	28.1	0.7	2.3	4.3	1.8	13.0
3/08A	2,311	664	16.0	271.2	7.7	0.6	7.8	8.0	3.3	11.5
3/09E	3,293	696	17.0	4.7	7.4	0.6	7.7	12.3	2.0	4.6
3/10E	5,446	1,122	27.5	61.4	4.6	0.5	11.2	16.7	1.4	3.4

## Robust 3QFY09 results

- MLIFE's standalone revenues increased 28% YoY to Rs557m, while reported net profit remained flat at Rs113m. In 3QFY09, EBITDA margin declined 423bp YoY to 14.8%, due to lower contribution from the commercial vertical. MLIFE has not provided detailed consolidated financials. As per MLIFE's press release, in 3QFY09, its consolidated total income increased by 53% YoY to Rs842m v/s Rs550m in 3QFY08, while net profit increased by 170% YoY to Rs145m v/s Rs54m in 3QFY08.
- In 3QFY09, MLIFE recorded rental income of ~Rs65m from its rental portfolio (includes rental income from Jaipur SEZ). Both the Jaipur and Chennai SEZ witnessed strong traction with five new client additions (3 in Jaipur SEZ and 2 in Chennai SEZ) during 3QFY09.

## Outlook

- We expect the entire future capex requirement at the Jaipur SEZ to be self financed through sale of processing area and the residential vertical. MLL has healthy balance sheet with net cash of ~Rs200m and has no major land out standings or debtors. This coupled with its strong management pedigree differentiates the company from its peers. MLIFE trades at a P/E of 7.4x its FY09E EPS of Rs17 and a P/B of 0.6x its FY09E book value of Rs220/sh.
- We have lowered our NAV for MLIFE by 5.7% to Rs590/sh from Rs626/sh to account for lower realizations (Rs2,500/sf v/s Rs2,700/sf) for its residential project at the Chennai SEZ. Our NAV of Rs590/sh is based on SOTP valuations: 1) Chennai SEZ at Rs150/share, 2) Jaipur SEZ at Rs200/share, 3) Residential vertical at Rs164/share and 4) cash/other rental assets at Rs76/share. MLIFE is available at 76% discount to its NAV. Maintain **Buy**.

QUARTERLY PERFORMANCE										(Rs Million)	
Y/E MARCH	FY08				FY09			FY08	FY09		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	CONSOL	CONSOL		
<b>Sales</b>	<b>348</b>	<b>343</b>	<b>434</b>	<b>596</b>	<b>482</b>	<b>303</b>	<b>557</b>	<b>2,311</b>	<b>3,293</b>		
Change (%)	1.6	-24.5	3.8	75.1	38.4	-11.6	28.3	6.8	42.5		
<b>Total Expenditure</b>	<b>293</b>	<b>315</b>	<b>351</b>	<b>382</b>	<b>412</b>	<b>268</b>	<b>474</b>	<b>1,657</b>	<b>1,830</b>		
Cost of Projects	199	227	251	262	308	193	376	943	-		
Operating Expenses	0	34	33	54	85	19	43	370	-		
Employee Cost	21	19	20	22	19	19	22	121	-		
Other Expenditure	74	36	47	44	0	37	34	224	-		
<b>EBITDA</b>	<b>55</b>	<b>27</b>	<b>83</b>	<b>214</b>	<b>70</b>	<b>35</b>	<b>82</b>	<b>654</b>	<b>1,464</b>		
As % of Sales	15.9	8.0	19.1	36.0	14.6	11.7	14.8	28.3	44.4		
Depreciation	5	5	5	5	4	5	5	42	51		
Interest	0	0	0	1	0	1	0	21	212		
Other Income	126	207	52	94	58	114	67	335	0		
<b>PBT</b>	<b>176</b>	<b>229</b>	<b>130</b>	<b>303</b>	<b>123</b>	<b>144</b>	<b>145</b>	<b>901</b>	<b>1,200</b>		
Tax	54	31	18	81	26	33	32	237	522		
Effective Tax Rate (%)	30.8	13.3	13.7	26.8	21.0	22.6	21.9	26.3	43.5		
<b>Reported PAT</b>	<b>73</b>	<b>199</b>	<b>112</b>	<b>222</b>	<b>98</b>	<b>112</b>	<b>113</b>	<b>664</b>	<b>696</b>		
Change (%)	116.9	609.6	17.6	-1,557.2	33.0	-43.8	1.0	271.1	4.8		
<b>Adj. PAT</b>	<b>73</b>	<b>52</b>	<b>112</b>	<b>222</b>	<b>98</b>	<b>112</b>	<b>113</b>	<b>664</b>	<b>696</b>		
Change (%)	116.9	87.5	17.6	-1,557.2	33.0	112.8	1.0	271.1	4.8		

E: MOSL Estimates

## Puravankara Projects

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	PVKP IN
	REUTERS CODE
S&P CNX: 2,935	PPRO.BO

10 February 2009

Buy

Previous Recommendation: Buy

Rs41

Equity Shares (m)	213.5
52-Week Range	341/26
1,6,12 Rel. Perf. (%)	-7/-43/-44
M.Cap. (Rs b)	8.8
M.Cap. (US\$ b)	0.2

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
3/07A	4,169	1,291	6.0	-18.9	6.8	3.6	58.2	22.8	2.3	7.3
3/08A	5,658	2,400	11.2	85.9	3.7	0.7	19.8	15.0	1.7	4.6
3/09E	4,859	1,467	6.9	-38.9	6.0	0.7	11.1	7.1	2.1	7.3
3/10E	4,608	1,060	5.0	-27.8	8.3	0.6	7.5	6.5	1.8	6.5

## 3QFY09 results hit by sharp slowdown in RE

- Revenue, down 47% YoY to Rs800m, was negatively impacted by postponement of new launches and slow sales in the ongoing projects.
- Net profit declined 72% YoY to Rs175m, mainly on account of one-time direct cost of Rs131.8m, representing write-downs of completed properties.
- EBITDA margin decreased 2,004bp YoY to 18.7% v/s 37.8% in 3QFY08.
- Effective tax rate for 3QFY09 was low at 4.6%, as several projects qualify for the Section 80I (B) benefits and the company has availed of MAT credit on the same.
- For FY09, we expect 12% YoY growth in revenue to Rs6.4b and 24% YoY decline in net profit to Rs1.8b.
- In 3QFY09, PPL has managed to get fresh funding of Rs1.3b in 3QFY09 with repayment schedule of ~4 years. This would help the company to meet its near term debt obligations of ~Rs4b by March 2009.

## Outlook

- PPL is likely to be negatively impacted due to the current downturn.
- Our FY10 NAV for PPL is Rs105/sh. The residential vertical accounts for 96% of GAV and the commercial vertical accounts for 4% of GAV. Due to the high city centric exposure to Bangalore and high concentration in the residential vertical, we expect the stock to trade at significant discount to its NAV.
- PPL trades at a P/B of 0.6x its FY10 book value of Rs66/sh. It is better placed to counter the downturn due to its low DER of 0.6x and high quality landbank, largely in Tier 1 city of Bangalore. Maintain **Buy**.

## QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>1,204</b>	<b>1,410</b>	<b>1,505</b>	<b>1,539</b>	<b>1,576</b>	<b>1,394</b>	<b>800</b>	<b>1,089</b>	<b>5,658</b>	<b>4,859</b>
Change (%)	27.8	44.9	78.5	9.2	30.9	-1.2	-46.8	-29.2	35.7	-14.1
<b>Total Expenditure</b>	<b>803</b>	<b>832</b>	<b>937</b>	<b>1,011</b>	<b>987</b>	<b>923</b>	<b>651</b>	<b>921</b>	<b>3,583</b>	<b>3,481</b>
<b>EBITDA</b>	<b>401</b>	<b>578</b>	<b>568</b>	<b>527</b>	<b>589</b>	<b>471</b>	<b>150</b>	<b>168</b>	<b>2,075</b>	<b>1,378</b>
As % of Sales	33.3	41.0	37.8	34.3	37.4	33.8	18.7	15.5	36.7	28.4
Depreciation	0	0	0	0	0	0	0	1	0	1
Interest	1	-35	-62	-2	2	-4	0	8	-98	5
Share of Profit/Loss in	84	63	66	81	41	39	33	33	295	146
<b>PBT</b>	<b>483</b>	<b>676</b>	<b>697</b>	<b>611</b>	<b>629</b>	<b>513</b>	<b>183</b>	<b>212</b>	<b>2,468</b>	<b>1,537</b>
Tax	43	75	66	-117	10	9	8	43	67	70
Effective Tax Rate (%)	9.0	11.0	9.4	-19.1	1.5	1.7	4.6	20.2	2.7	4.5
<b>Reported PAT</b>	<b>440</b>	<b>602</b>	<b>631</b>	<b>727</b>	<b>619</b>	<b>505</b>	<b>175</b>	<b>169</b>	<b>2,401</b>	<b>1,467</b>
Change (%)	69.3	113.5	122.0	56.4	40.6	-16.1	-72.3	-76.7	85.9	-38.9

E: MOSL Estimates

Unitech

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	UT IN
S&P CNX: 2,935	REUTERS CODE
	UNTE.BO

10 February 2009

Neutral

Previous Recommendation: Neutral

Rs32

Equity Shares (m)	1,623.4
52-Week Range	430/22
1,6,12 Rel. Perf. (%)	-14/-46/-48
M.Cap. (Rs b)	51.7
M.Cap. (US\$b)	1.1

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
3/07A	32,898	13,055	8.0	1,841.9	4.0	1.3	65.5	42.4	2.5	4.5
3/08A	41,152	16,692	10.2	27.2	3.1	1.4	46.1	21.5	3.0	5.6
3/09E	33,292	10,216	6.3	-38.5	5.1	1.1	22.1	12.7	3.9	7.6
3/10E	36,798	5,219	3.2	-48.9	9.9	1.0	10.2	9.7	3.3	10.0

### 3QFY09 results disappoint

- Revenue was down 57% YoY to Rs4.9b (v/s our est of Rs8.8b). In our opinion, the key reason for the sharp decline in performance was i) postponement of all new planned launches, ii) sales almost completely drying up and iii) slowdown in construction activity across projects due to cash crunch.
- EBITDA margin declined 1,438bp YoY to 50% (v/s our est of 47%) due to increased contribution from the mid-income residential segment.
- Net profit decreased 74% YoY to Rs1.4b (v/s our est of Rs2b).
- In 3QFY09, UT's main thrust was on (i) reviewing its project with an emphasis to complete the pre-committed projects and (ii) generating additional cash flows through asset sale and infusion of project level private equity.

### Outlook

- UT has managed to successfully postpone its short term debt repayment obligation of ~Rs28b by March 2009 to only ~Rs6b. With this move, the fear of the company having to perform 'Fire Sale' of its assets to meet short term outstandings has been allayed. But the risk has only got temporarily postponed as the company still has Rs30-40b of bullet repayments falling due by March 2010.
- Our FY10 NAV for UT is Rs80/share. The residential vertical accounts for 45% of GAV and the commercial vertical accounts for 26% of GAV, while the retail and hotel projects account for 5% and 12% of GAV respectively. UT trades at P/E of 10.2x FY10E EPS of Rs3.1/sh and P/B 1.4x its FY10E BV of Rs23.5/sh. The near term focus on resolution of balance sheet issues may result in stock continuing to trade at a significant discount to the NAV. Maintain **Neutral**.

### QUARTERLY PERFORMANCE

(Rs Million)

	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	<b>8,656</b>	<b>10,135</b>	<b>11,421</b>	<b>11,600</b>	<b>10,317</b>	<b>9,831</b>	<b>4,894</b>	<b>8,251</b>	<b>41,404</b>	<b>33,292</b>
Change (%)	223.3	135.4	13.9	36.7	19.2	-3.0	-57.1	-28.9	24.8	-19.6
Total Expenditure	3,651	5,064	4,077	6,782	4,233	3,739	2,451	5,887	19,114	16,309
<b>EBITDA</b>	<b>5,005</b>	<b>5,071</b>	<b>7,344</b>	<b>4,818</b>	<b>6,084</b>	<b>6,092</b>	<b>2,443</b>	<b>2,364</b>	<b>22,290</b>	<b>16,983</b>
Change (%)	558.6	259.5	5.7	-5.5	21.5	20.2	-66.7	-50.9	9.7	-23.8
As of % Sales	57.8	50.0	64.3	41.5	59.0	62.0	49.9	28.7	53.8	51.0
Depreciation	32	30	55	89	68	38	53	83	205	242
Interest	601	790	980	434	1,079	1,341	967	1,122	2,804	4,510
Other Income	341	508	230	115	227	184	176	-161	1,397	426
Extra-ordinary Income	-	-	-	255	-4	0	-20	0	255	-4
<b>PBT</b>	<b>4,714</b>	<b>4,759</b>	<b>6,539</b>	<b>4,666</b>	<b>5,160</b>	<b>4,896</b>	<b>1,579</b>	<b>998</b>	<b>20,678</b>	<b>12,657</b>
Tax	1,044	660	1,307	973	927	1,300	219	-4	3,986	2,441
Effective Tax Rate (%)	22.1	13.9	20.0	20.9	18.0	26.5	13.9	-0.4	19.3	19.3
<b>Reported PAT</b>	<b>3,670</b>	<b>4,099</b>	<b>5,232</b>	<b>3,693</b>	<b>4,233</b>	<b>3,597</b>	<b>1,361</b>	<b>1,002</b>	<b>16,692</b>	<b>10,216</b>
<b>Adj PAT</b>	<b>3,670</b>	<b>4,101</b>	<b>5,232</b>	<b>3,603</b>	<b>4,233</b>	<b>3,589</b>	<b>1,380</b>	<b>1,002</b>	<b>16,619</b>	<b>10,220</b>
Change (%)	396.0	296.5	15.7	0.9	15.3	-12.5	-73.6	-72.2	27.3	-38.5

E: MOSL Estimates

Omaxe

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	OAXE IN
	REUTERS CODE
S&P CNX: 2,935	OMAX.BO

10 February 2009

Not Rated

Rs48

Equity Shares (m)	173.6	YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
52-Week Range	282/39	END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
1,6,12 Rel. Perf. (%)	-13/-65/-82	3/06A	8,143	1,205	2.5	-23.3	19.3	8.9	46.2	30.0	6.8	37.7
MCap. (Rs b)	8.3	3/07A	14,313	2,439	3.1	26.6	15.2	8.2	53.5	30.6	3.7	15.1
MCap. (US\$ b)	0.2	3/08A	22,816	4,949	5.7	81.1	8.4	2.9	35.0	25.7	2.6	9.1

**3QFY09: Dismal results**

- ✍ Omaxe reported dismal 3QFY09 results with revenue down 73% YoY to Rs1.8b and net profit down 96% YoY to Rs59m, impacted due to 103% YoY increase in interest cost to Rs295m v/s Rs145m in 3QFY08. During 3QFY09, Omaxe sold ~0.37msf area and offered possession for 1,149units v/s 249units in 2QFY09.
- ✍ EBITDA margin declined 1,320bp YoY to 18% due to higher contribution from plotted development.
- ✍ Area under construction has reduced from ~90msf in 2QFY09 to ~78msf in 3QFY09, as the company has changed its development plans to include more plotted development. Of the 78msf under construction, ~41msf has been sold.
- ✍ Area delivered stood at ~4.9msf and it has guided for delivery guidance of 10msf for FY09 and ~10-15msf in FY10.
- ✍ As of 3QFY09, the gross debt stood at 21b, of which Rs2b is due for repayment in FY09 and Rs3b is due for repayment in FY10, however the management is in the process of restructuring its loans and expects the debt repayment amount to reduce to Rs850m in FY09.

**Outlook**

- ✍ The management stated that they would focus on the completion of the existing pre-committed projects on its affordable housing foray. Omaxe has launched projects premium affordable homes in the range of Rs1.5-3.0m/unit christened *Panache* homes. It has plans to foray into the lower affordable housing segment in the range of Rs0.3-1m/unit through its 100% subsidiary, National Affordable Housing and Infrastructure.
- ✍ We believe companies such as Omaxe with high exposure to i) integrated housing, ii) high leverage and iii) high land cost outstanding are the most exposed to the real estate downturn. **Not Rated.**

**QUARTERLY PERFORMANCE**

	FY08				FY09				FY08	FY09
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	3,417	7,037	6,682	5,681	3,503	2,040	1,804	2,500	22,816	9,848
Change (%)	-	-	-	-	2.5	-71.0	-73.0	-56.0	-	-56.8
<b>Total Expenditure</b>	2,284	4,638	4,596	4,754	2,554	1,662	1,479	2,050	16,273	7,745
<b>EBITDA</b>	1,133	2,398	2,085	927	949	379	325	450	6,543	2,102
Change (%)	-	-	-	-	-16.2	-84.2	-84.4	-51.4	-	-67.9
As of % Sales	33.1	34.1	31.2	16.3	27.1	18.6	18.0	18.0	28.7	21.3
Depreciation	10	14	13	19	116	13	13	47	55	188
Interest	153	128	145	161	478	253	295	342	587	1,368
Other Income	8	85	100	69	405	94	64	80	261	644
Extra-ordinary income	0	5	0	-234	34	0	0	0	-228	34
<b>PBT</b>	978	2,336	2,027	1,049	726	207	81	141	6,390	1,156
Tax	244	732	486	-21	159	30	23	71	1,441	283
Effective Tax Rate (%)	25.0	31.3	24.0	-2.0	21.9	14.6	27.7	50.4	22.6	24.5
<b>Reported PAT</b>	733	1,604	1,542	1,070	567	177	59	70	4,949	873
Change (%)	-	-	-	-	-22.7	-89.0	-96.2	-93.5	-	-82.4
<b>Adj PAT</b>	733	1,604	1,542	836	601	177	59	70	4,721	907
Change (%)	-	-	-	-	-18.0	-89.0	-96.2	-91.6	-	-80.8

E: MOSL Estimates; Comparable quarterly numbers are not available, as 1QFY08 is the first quarter post listing.

## Orbit Corporation

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,647	ORB IN
	REUTERS CODE
S&P CNX: 2,935	ORCP.BO

10 February 2009

Not Rated

Rs56

Equity Shares (m)	36.4	YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
52-Week Range	728/38	END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
1,6,12 Rel. Perf. (%)	6/-81/-92	3/06A	171	29	0.6	25.0	93.2	2.3	4.5	5.4	35.7	87.6
M.Cap. (Rs b)	2.0	3/07A	1,915	713	9.8	1,544.2	5.7	1.0	23.6	26.7	1.8	4.8
M.Cap. (US\$ m)	41.5	3/08A	7,055	2,652	36.4	271.9	1.5	0.8	52.1	48.6	1.1	2.3

**3QFY09 results disappoint; no flat sales in the quarter; seeks debt restructuring for Rs2b short term debt**

- Orbit Corp (OCL) declared dismal 3QFY09 results with revenue down 78% YoY to Rs483m and net profit down 85% YoY to Rs30b.
- The net profit was negatively impacted by higher tax provisioning. The effective tax rate during 3QFY09 stood at 61% vs 28% in 3QFY08, which was on account of the loss incurred in its subsidiaries namely Orbit High city, Ahinsa Build tech and Orbit Residency. The tax pertained to profit of Rs137.5m in its subsidiary, Orbit Shelter.
- In 3QFY09, interest capitalized stood at Rs175.7m (~68% of the total interest cost), thereby inflating the profit to that extent. The interest capitalized represents cost towards Orbit Mandwah, Orbit Business Park (Andheri/Sakinaka) and Orbit Grandeur (SantaCruz).

**Outlook**

- The management believes that currently demand exists only at two ends: (i) for the affordable housing segment for the masses, and (ii) the super premium luxury housing segment. OCL did not manage to sell any flats during 3QFY09. However, it is hopeful that the sales would pick up from February 2009, as initial signs of recovery have been witnessed in January 2009. As of December 2008, OCL's gross debt stood at Rs4.6b (including project level CCD of Rs2b) and its net debt equity stood at 0.8x. The management is seeking debt restructuring of its short term obligations of ~Rs2b NCD. **Not Rated.**

QUARTERLY PERFORMANCE	(RS MILLION)										
	Y/E MARCH	FY08				FY09				FY08	FY09E
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	636	976	2,236	3,208	818	738	483	3,210	7,055	5,250	
Change (%)	-	-	-	-	28.7	-24.3	-78.4	0.1	268.4	-25.6	
<b>Total Expenditure</b>	356	484	1,202	1,760	487	382	136	2,250	4,209	3,255	
<b>EBITDA</b>	280	491	1,034	1,448	331	356	347	961	2,846	1,995	
EBITDA Margins (%)	44.0	50.3	46.2	45.1	40.5	48.2	71.8	29.9	40.3	38.0	
Depreciation	3	3	5	0	6	7	9	12	10	35	
Interest	46	38	277	0	59	156	260	126	361	600	
Other Income	8	6	14	24	3	2	0	20	52	25	
<b>PBT</b>	239	456	766	1,472	269	196	78	842	2,527	1,385	
Tax	57	57	215	248	87	59	48	222	575	416	
Effective Tax Rate (%)	23.6	12.5	28.0	16.8	32.2	29.9	61.3	26.4	22.8	30.0	
<b>Reported PAT</b>	183	399	551	1,225	182	137	30	620	1,951	970	
Change (%)					-0.4	-65.6	-94.5	-49.4	241.0	-50.3	

E: MOSL Estimates



## Parsvnath Developers

STOCK INFO.	BLOOMBERG
BSE SENSEX: 9,647	PARSV IN
	REUTERS CODE
S&P CNX: 2,935	PARV.BO

10 February 2009

Not Rated

Rs41

	YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
	END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
Equity Shares (m)	184.7										
52-Week Range	290/31										
1,6,12 Rel. Perf. (%)	-2/-68/-85										
M.Cap. (Rs b)	7.6										
M.Cap. (US\$ b)	0.2										
	3/06A	6,438	586	10.7	-32.1	3.8	0.0	0.0	0.0	0.0	1.8
	3/07A	15,103	3,099	15.8	47.3	2.6	0.5	331.8	0.0	0.6	1.3
	3/08A	17,713	4,244	23.0	45.2	1.8	0.4	70.8	68.0	1.5	3.4

**3QFY09: Below estimates; refinances Rs3b of debt; land acquisition continues**

- Parsvnath Developers (PDL) reported dismal 3QFY09 results with revenue down 80% YoY to Rs905m, while net profit dropped 95% YoY to Rs54m. While net sales was negatively impacted by sluggish sales and new launches, net profit was further impacted due to 116% YoY increase in interest cost to Rs179m v/s Rs83m in 3QFY08.
- EBITDA margin declined 910bp YoY to 24.2% due to higher staff cost.
- During 3QFY09, the company handed over possession of 288 residential units or 0.7msf, while it sold ~120units aggregating to ~1.1msf. During 4QFY09, it plans to launch two new projects aggregating to ~1.9msf in Delhi and Jaipur. As of December 2008, it had ~81msf of area under construction (DLF has ~47msf under construction), out of which ~44msf has already been presold to some extent.
- The management mentioned that they are still continuing with their land acquisition and during 3QFY09 the company acquired ~66acres in Tamil Nadu and ~91acres in Cochin. Among the real estate companies we cover, Parsvnath is the only company which is continuing its land acquisition even now.

**Outlook**

- As of December 2008, Parsvnath had total debt of Rs19b and cash of Rs2.6b, implying a net debt/equity of 0.8x. The management mentioned that it has managed to successfully refinance ~Rs3b of its short term debt outstandings by March 2009 and now has only ~Rs1b of debt repayment outstandings by March 2009.
- We believe companies such as Parsvnath with high exposure to i) integrated housing, ii) high leverage, and iii) high land cost outstandings are the most exposed to the real estate downturn. **Not Rated.**

**QUARTERLY PERFORMANCE**

									(RS M)	
	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Sales</b>	4,035	4,007	4,653	5,018	3,728	2,176	905	990	17,713	7,799
Change (%)	-	-	-	-	-7.6	-45.7	-80.5	-80.3	17.3	-56.0
<b>Total Expenditure</b>	2,623	2,469	3,104	3,372	2,528	1,796	686	750	11,569	5,010
<b>EBITDA</b>	1,412	1,538	1,549	1,646	1,200	380	219	240	6,145	2,789
Change (%)	-	-	-	-	-15.0	-75.3	-85.8	-85.4	47.2	-54.6
As of % Sales	35.0	38.4	33.3	32.8	32.2	17.5	24.2	24.2	34.7	35.8
Depreciation	49	46	62	83	58	70	77	79	239	283
Interest	33	97	83	179	174	186	179	189	391	729
Other Income	110	120	318	110	79	88	75	62	658	304
Extra-ordinary income	0	0	0	0	0	0	0	0	0	-1
<b>PBT</b>	1,440	1,515	1,722	1,495	1,048	212	38	34	6,172	2,082
Tax	418	488	596	427	308	-7	-16	15	1,928	300
Effective Tax Rate (%)	29.0	32.2	34.6	28.5	29.4	-3.2	-41.6	44.7	31.2	14.4
<b>Reported PAT</b>	1,022	1,028	1,126	1,069	740	219	54	19	4,244	1,782
Change (%)	-	-	-	-	-27.6	-78.7	-95.2	-98.3	45.2	-58.0
<b>Adj PAT</b>	1,022	1,028	1,126	1,069	740	219	54	19	4,244	1,781
Change (%)	-	-	-	-	-27.6	-78.7	-95.2	-98.3	45.2	-58.0

E: MOSL Estimates



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The MOST group and its Directors own shares in the following companies covered in this report: Nil

MOST has no broking relationships with the companies covered in this report.

MOST is engaged in providing investment-banking services in the following companies covered in this report: Nil

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