

May 13, 2009

BSE-30: 12,020

Sector view: **Neutral**Period Under Review:
May 2009

Capital raising activity picks up. The BSE Real Estate index gave returns of 9% over the past month. We observe considerable momentum in capital raising plans of real estate companies as excess liquidity flows into the market. However, on the other side, we continue to observe consensus downgrades post the weak 4QFY09 results.

Highlights for the month ended Tuesday, May 12, 2009

- Top gainers/losers for the month: HDIL (+30.3%), Unitech (22.2%), PHNX (+20.5%), Akruti (-42.1%)
- DLF has sold 2 mn sq. ft in its new project launch in SBM, Delhi which was priced at an all inclusive price of Rs6,000/sq. ft.
- Capital raising: (1) DLF promoters raise Rs39 bn from sale of 10% stake in DLF, (2) Unitech raised Rs16bn in a QIP, (3) IBREL has taken a board approval to US\$600 mn through a QIP.
- DLF and Unitech has approached the government to surrender five and three IT SEZ's respectively.

Key investments

- Sun Apollo Ventures has invested Rs3 bn to pick up a 15% stake in Mumbai-based developer Keystone Realtor.
- Morgan Stanley bought 5.1% equity stake in Unitech for Rs4 bn through the QIP route.

Key land deals/tenders

- IBREL has sold 15,730 sq. ft of area in its upcoming commercial complex at Lower Parel in central Mumbai for Rs19,000/sq. ft to the British Council (BCI).
- At an auction in Navi Mumbai, behind Belapur station, plots were sold at prices ranging between Rs21,111/sq. m to Rs32,600/sq. m. These are over twice the base price of Rs10,500/sq. m to 13,125/sq. m fixed by City and Industrial Development Corporation (CIDCO).

Key project announcements

- DLF launched 1,356 units in Phase I of Capital Greens, Delhi at a sale price of Rs6,000/sq. ft.
- Lodha launched its new project, Primero, a 52-storey structure, in the prime south central location of Mumbai priced at Rs20 mn onwards, for a 2-BHK flat.
- Tata Housing launched a 1,200 units low-cost housing project near Mumbai in Boisar ranging between Rs3.9-6.7 mn.
- Sobha has launched Sobha Sunscape, a project with 362 apartments in Off Kanakpura Road, Bangalore.

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MARKET PERFORMANCE

RELATIVE PERFORMANCE OF REAL ESTATE INDEX

STOCK PERFORMANCE

REAL ESTATE SECTOR VALUATION

REAL ESTATE CONSENSUS ESTIMATES

RELATIVE PERFORMANCE OF REAL ESTATE INDEX

Exhibit: Key performance of benchmark indices
(base 100 as of July 9, 2007)

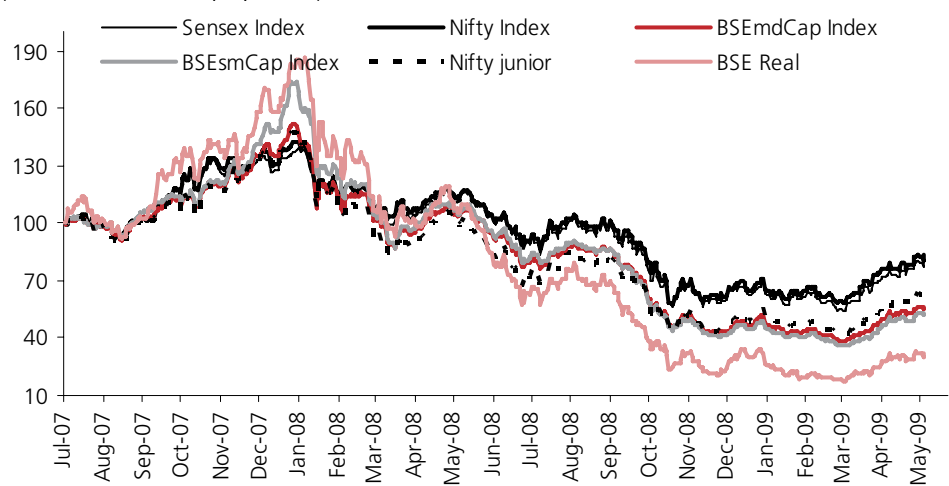


Exhibit: Weekly performance of the benchmark indices (% change)

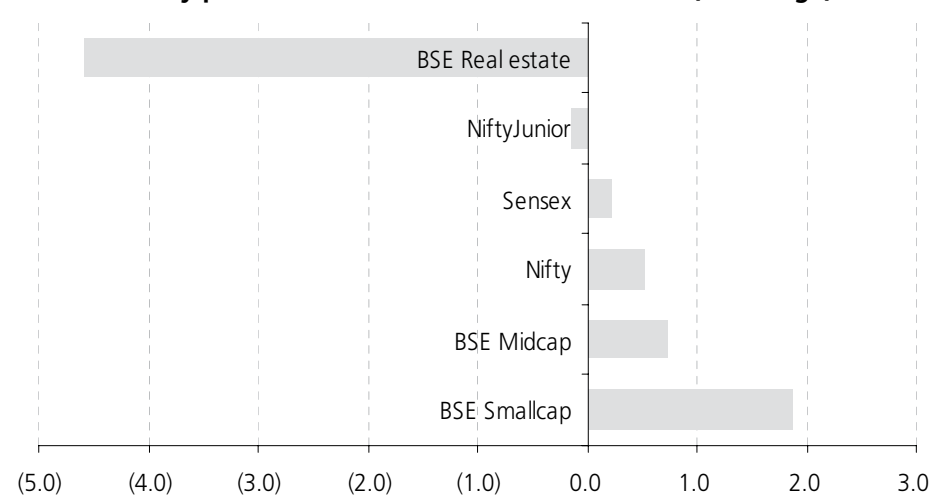


Exhibit: 1-month performance of the benchmark indices (% change)

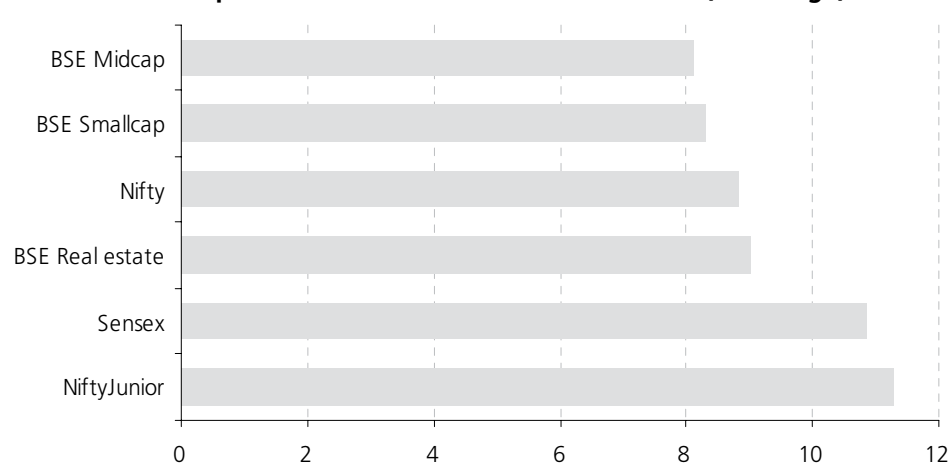
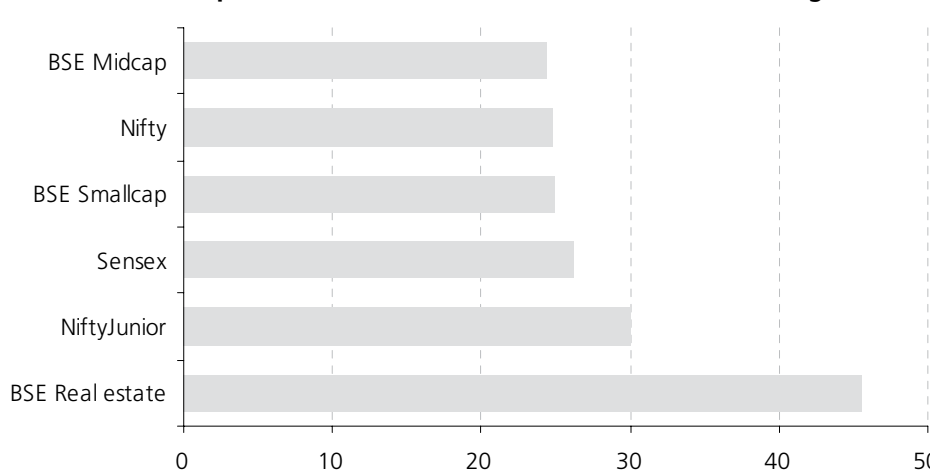


Exhibit: 3-month performance of the benchmark indices (% change)



Source: Bloomberg.

STOCK PERFORMANCE

Exhibit: Real Estate stock performance as of May 12, 2009

	Market cap. (US\$ mn)	Shares (in mn)	Last price (local curr.)	1 day	1 week	1 month	Change % 3 months	6 months	1 year	YTD
Indian listed companies										
DLF	8,126	1,697	236	3.5	(9.4)	0.6	47.1	(3.6)	(61.6)	(16.3)
Unitech	2,111	2,042	51	6.1	(6.2)	22.2	60.4	3.8	(81.5)	25.5
Lanco infratech	1,014	222	225	2.7	(4.4)	19.3	63.8	36.0	(51.5)	44.8
HDIL	1,005	275	180	7.9	4.3	30.3	105.1	65.7	(68.3)	38.4
Indiabulls Real estate	752	258	144	2.6	3.0	1.8	31.9	27.2	(73.3)	9.6
Jai Corp	612	178	169	1.1	(5.6)	19.0	122.1	27.2	(75.7)	118.7
Akruti City	493	67	365	(3.7)	(7.2)	(42.1)	(65.1)	(43.3)	(65.3)	(43.8)
Anant Raj Industries	456	295	76	2.2	(8.6)	14.1	34.8	44.3	(70.3)	(13.3)
BF Utilities	360	38	472	(2.5)	(13.9)	16.2	8.7	(47.9)	(77.5)	(12.1)
Phoenix	343	145	117	0.8	4.0	20.5	107.2	76.9	(67.5)	53.9
Purvankara	285	213	66	(2.7)	(5.4)	13.7	56.0	28.0	(74.9)	33.7
Omaxe	203	174	58	1.1	(2.0)	(4.0)	19.4	(2.5)	(72.9)	(10.8)
Parsvnath	183	185	49	0.1	(3.9)	(1.1)	21.4	9.5	(76.6)	3.5
Sobha	163	73	110	(0.4)	(1.3)	8.9	30.7	9.3	(80.2)	4.9
Mahindra Lifespace	150	41	181	2.4	(1.8)	(0.1)	45.5	8.7	(70.6)	1.9
Brigade Enterprises	116	112	51	(1.3)	(3.5)	9.5	34.2	1.1	(73.3)	17.3
Ajmera Realty	112	35	47	0.0	15.3	16.7	32.4	43.0	(75.9)	24.0
Ansal Properties	80	115	34	2.1	(2.3)	2.7	16.7	(19.4)	(78.9)	5.4
Orbit	65	36	88	4.0	13.5	18.0	59.9	29.3	(81.8)	41.0
IVR Prime	59	64	46	0.6	0.3	13.2	37.5	8.1	(77.2)	11.0
Kolte Patil Developers	46	75	30	(1.6)	8.0	6.7	23.1	7.2	(73.3)	(0.5)
Ganesh Housing	39	33	60	2.7	3.0	32.9	54.7	(8.7)	(82.0)	13.6
BSEL Infrastructure	22	83	13	(0.4)	(5.1)	2.4	21.7	(30.1)	(73.8)	(9.2)
DS Kulkarni	16	26	30	0.2	(0.5)	(4.3)	57.9	17.3	(81.7)	30.9
Ansal Housing	11	18	30	2.6	(3.6)	9.7	37.9	(28.4)	(79.0)	(8.0)
Foreign-listed companies										
Indiabulls Properties Investment Trust	478	2,357	0.30	1.7	20.4	43.9	55.3	78.8	#N/A N/A	13.5
Ascendas India REIT	310	758	0.60	0.1	(7.0)	20.2	12.3	30.8	(50.0)	30.8
Hirco Plc	109	77	93.00	(4.6)	(12.7)	14.8	31.0	(11.4)	(76.1)	24.8
Unitech Corporate Park	96	360	18	1.4	(18.6)	9.4	112.6	106.4	(77.6)	99.1
Ishaan	74	145	34	1.5	15.5	26.4	24.1	5.5	(65.6)	2.3

Top quartile performers (75% to 100%)

Bottom quartile performers (0% to 25%)

Source: Bloomberg.

COVERAGE VALUATION SUMMARY

Exhibit: Coverage valuation summary as of May 12, 2009

Company name	Land bank (mn sq. ft)	Rating	Target price	Market cap.	EV	Price	P/B (X)				P/E (X)				RoAE (%)				EV/EBITDA (X)				NAV
			(Rs)	(US\$ mn)	(US\$ mn)	(Rs)	2008	2009E	2010E	2011E	2008	2009E	2010E	2011E	2008	2009E	2010E	2011E	2008	2009E	2010E	2011E	(Rs/share)
DLF	425	REDUCE	190	8,298	11,126	236	2.0	1.6	1.5	1.4	5.1	8.7	14.9	13.7	66.0	20.9	10.6	10.7	5.6	9.9	13.1	11.4	274
Unitech	400	SELL	24	2,091	3,846	51	2.3	1.8	1.5	1.3	5.0	8.0	13.1	15.1	59.3	25.1	13.4	9.3	8.5	10.1	12.3	12.6	46
Indiabulls Real Estate	225	ADD	180	757	757	144	0.8	0.7	0.7	0.7	9.4	48.5	36.7	14.1	10.8	1.3	1.5	3.9	(1,879)	(128.5)	50.4	12.5	184
HDIL	125	REDUCE	120	1,012	1,732	180	1.3	1.1	1.1	1.0	3.3	5.9	9.1	7.3	64.5	21.5	12.4	14.2	5.0	9.0	10.5	8.6	243
Phoenix Mills	34	BUY	210	345	328	117	1.1	1.1	1.1	1.0	37.2	22.6	16.4	13.5	5.3	6.8	7.9	10.4	32.2	24.0	11.2	8.9	301
Puravankara Projects	125	REDUCE	55	287	448	66	1.1	1.0	1.0	0.9	5.7	9.7	9.5	8.9	33.4	11.2	10.5	10.4	9.1	7.3	11.5	9.4	108
Sobha Developers	138	REDUCE	90	164	496	110	0.8	0.7	0.7	0.7	3.5	7.0	9.3	7.5	25.3	11.0	7.8	9.2	6.6	8.3	9.6	8.0	185
Mahindra Lifespaces	67	BUY	410	155	130	181	0.9	0.9	0.8	0.8	11.3	18.7	17.8	12.4	4.8	4.9	6.7	10.2	16.8	24.2	14.9	8.3	469

Source: Bloomberg, Kotak Institutional Equities estimates.

GLOBAL REAL ESTATE PERFORMANCE

Exhibit: Global real estate stock performance as of May 12, 2009

	No. of companies included	Market cap. (\$US bn)	(% change)					
			1 week	1 month	3 months	6 months	1 year	YTD
REITs index								
Singapore Diversified	5	4.6	11.6	22.1	29.9	20.7	(46.9)	20.3
Singapore Retail	5	6.0	5.0	13.5	33.7	10.3	(45.6)	21.6
US Retail	5	20.3	2.9	20.6	15.3	(17.1)	(68.7)	(11.2)
US Commercial	4	13.4	2.0	31.2	18.7	(8.9)	(51.0)	(4.9)
UK	5	13.4	(2.3)	(1.8)	(1.0)	(28.4)	(54.7)	(24.3)
Hongkong	4	6.1	(0.8)	1.3	6.3	11.8	(20.7)	18.4
Developers index								
US	5	11.2	(13.4)	2.3	8.8	25.6	(39.0)	6.3
HK	4	87.7	(1.2)	9.8	33.0	44.4	(32.1)	27.3
China Developers	5	43.6	13.8	27.0	47.4	84.2	0.1	88.0
Singapore Developers	4	21.8	5.9	23.2	32.3	25.9	(39.9)	18.0
AIM listed	3	0.3	(12.7)	14.6	31.3	(7.5)	(76.1)	27.5
India	BSE Real estate		(4.6)	9.0	45.5	13.2	(70.1)	1.9

Source: Bloomberg, Kotak Institutional Equities estimates.

REAL ESTATE VALUATION SUMMARY

Exhibit: Valuation summary of Real Estate sector as of May 12, 2009

Company name	Market cap. (US\$ mn)	EV (US\$ mn)	Price (local curr.)	P/B (X)	P/E (X)		EV/EBITDA (X)		EBITDA margin (%)	NAV (local curr.)
					Year1	Year2	Year1	Year2		
Property developers										
USA										
Pulte Homes Inc	2,769	4,220	11	1.2	(3.1)	(20.9)	(8.7)	213.5	(37.7)	
Hongkong										
China Overseas Land & Invest	16,308	18,707	15	3.7	20.6	17.2	14.4	12.4	36.4	
Country Garden Holdings Co	6,502	7,642	3	2.3	16.6	15.6	10.8	9.4	36.5	
Guangzhou R&F Properties - H	6,187	8,616	15	2.8	16.9	13.9	13.8	11.5	27.3	
Hang Lung Properties Ltd	11,821	11,270	22	1.4	28.4	19.5	20.1	15.1	61.9	
Henderson Land Development	10,623	13,197	38	0.7	17.0	17.9	28.7	26.6	17.8	
New World Development	5,637	9,432	11	0.6	15.3	11.8	14.4	12.8	13.2	
Sino Land Co	6,653	8,162	11	0.9	13.0	18.2	12.9	20.5	42.1	
China										
Beijing North Star Co -A	2,363	3,077	6	2.0	25.2	20.5	13.4	11.0	25.2	
China Merchants Property -A	7,990	8,706	29	3.4	29.7	24.5	26.8	21.9	16.2	
Gemdale Corp-A	3,882	5,116	16	2.8	23.4	20.4	17.0	16.0	21.1	
Singapore										
City Developments Ltd	4,877	7,274	8	1.3	16.8	15.7	12.8	12.1	32.4	
Fraser And Neave Ltd	3,257	6,187	3	0.9	15.1	12.1	10.8	9.5	19.1	
Yanlord Land Group Ltd	2,298	3,071	2	1.8	17.5	15.0	8.3	7.3	49.4	
UK										
Barratt Developments Plc	807	3,336	152	0.2	(4.2)	(6.0)	59.1	73.1	15.6	
Taylor Wimpey Plc	778	3,119	36	0.3	(5.3)	(7.2)	38.4	46.1	5.9	
India										
Anant Raj Industries Ltd	456	345	76	0.8	7.1	8.5	4.7	3.7	(52.0)	
Ansal Properties & Infrastru	80	264	34	0.3	4.6	7.6	6.4	10.1	24.3	
B. L. Kashyap And Sons Ltd	99	127	237	1.2	4.7	4.6	3.4	3.3	12.6	
Dlf Limited	8,132	10,490	236	2.1	5.1	8.7	5.4	9.6	71.5	274
Housing Development & Infrs	991	1,544	180	1.4	3.3	5.9	4.6	8.2	54.4	243
Indiabulls Real Estate Ltd	752	488	144	0.8	40.9	20.9	254.0	10.4	(0.2)	184
Irr Prime Urban Developers L	58	18	46	0.3	1.5	15.9	0.4	3.9	25.4	
Mahindra Lifespace Developer	152	139	181	0.9	11.3	18.7	18.3	26.4	13.0	469
Orbit Corporation Ltd	65	127	88	0.6	8.8	16.4	4.9	5.1	47.3	
Parsvnath Developers Ltd	183	482	49	0.5	6.3	6.6	8.1	7.7	34.7	
Phoenix Mills Limited	338	304	117	1.2	37.2	21.7	30.4	22.7	64.5	297
Puravankara Projects Ltd	281	405	66	1.2	5.7	9.7	8.4	13.3	35.8	109
Sobha Developers Ltd	161	512	110	0.8	3.5	7.0	6.9	8.7	21.6	185
Unitech Limited	2,049	3,478	51	2.4	5.0	8.0	7.8	9.3	60.9	47

Source: Bloomberg, Kotak Institutional Equities estimates for DLF, Unitech, HDIL, Puravankara, Sobha, Mahindra Lifespaces and Phoenix Mills.

CONSENSUS ESTIMATES

Exhibit: Consensus EPS estimates for real estate companies in India as of May 13, 2009

	Market cap	Consensus EPS				Kotak estimates		Kotak vs consensus (difference %)	
Company	(US\$ mn)	2007	2008	2009E	2010E	2009E	2010E	2009E	2010E
Coverage companies									
DLF Limited	8,126	27.2	42.6	26.9	10.3	26.9	15.9	0.0	54.4
Unitech	2,111	10.2	10.9	6.5	4.2	6.4	3.9	(2.0)	(8.4)
HDIL	1,005	53.8	53.4	27.8	19.2	30.6	19.8	10.3	3.4
Purvankara	285	NA	10.7	6.8	5.0	6.8	6.9	0.0	39.6
Phoenix Mills	343		6.6	4.8	6.0	5.4	7.3	12.2	21.5
Sobha Developers	163	31.3	32.6	19.0	12.4	15.9	11.9	(16.6)	(4.0)
Mahindra Lifespace Developers	150	16.1	9.5	12.7	20.0	9.7	10.2	(24.0)	(49.2)
Indiabulls Real estate	752	17.2	14.1	3.5	6.9	3.0	3.9	(15.6)	(43.0)
Non-coverage companies									
Akruti City	493	44.6	30.1	67.0	130.4				
Anant Raj Industries	456	16.1	15.5	10.8	9.0				
Parsvnath Developers	183	23.0	24.9	7.8	7.4				
Omaxe	203	29.7	32.0	7.9	6.4				
Orbit Corp	65	NA	63.0	22.6	10.1				

Source: Bloomberg, Kotak Institutional Equities estimates.

CHANGE IN CONSENSUS ESTIMATES

Exhibit: Consensus estimates over the past one and a half year

Company	2009E			Change in 2009E (%)		2010E			Change in 2010E (%)	
	7-Dec-07	6-Mar-09	8-Apr-09	(A)	(B)	16-Apr-08	6-Mar-09	8-Apr-09	(C)	(B)
Coverage companies										
DLF Limited	53.3	31.3	29.3	(45.1)	(6.5)	72.7	19.1	15.5	(78.7)	(18.8)
Unitech	20.3	6.9	6.6	(67.3)	(3.8)	26.0	5.8	4.6	(82.2)	(19.5)
HDIL	60.0	33.5	31.8	(47.0)	(5.0)	87.0	29.4	20.4	(76.6)	(30.6)
Sobha Developers	46.9	21.1	19.4	(58.7)	(8.3)	77.0	17.2	14.8	(80.7)	(13.7)
Mahindra Lifespace Developers	32.0	15.2	12.7	(60.3)	(16.1)	50.6	20.8	19.9	(60.7)	(4.3)
Purvankara	23.0	8.1	7.7	(66.3)	(4.3)	31.4	6.4	6.1	(80.7)	(5.8)
Phoenix Mills		4.8	4.8		0.0		6.6	6.6		0.0
Indiabulls Real estate		3.6	3.5		(3.0)		7.0	6.7		(4.3)
Non-coverage companies										
Akruti City	98.4	89.3	86.7	(11.9)	(2.9)	245.0	160.2	177.7	(27.5)	11.0
Anant Raj Industries	19.7	11.5	11.5	(41.7)	0.0	42.0	12.7	11.2	(73.4)	(12.1)
Parsvnath Developers	48.8	8.9	7.8	(84.0)	(12.0)	69.7	9.0	7.4	(89.4)	(17.7)
Omaxe	36.6	8.3	7.9	(78.4)	(4.8)	69.5	6.4	6.4	(90.7)	0.5
Orbit Corp	91.0	27.8	27.3	(70.0)	(1.6)	148.8	38.5	30.4	(79.6)	(21.0)

Note:

(A) change (%) is measured from the base date of Dec 7, 2007.

(B) change (%) is measured from March 6, 2009.

(C) change (%) is measured from the base date of April 16, 2008.

Source: Bloomberg, Kotak Institutional Equities.

DEAL OF THE MONTH: BREAK-EVEN ANALYSIS

True Value Home bid for 3.7 acres plot in Adyar, Chennai for Rs2 bn will breakeven at rentals of Rs100/sq. ft/month

Break-even for the transaction will happen at rentals of Rs100/sq. ft/month

Key details of area (mn sq. ft) and NAV (Rs bn), March fiscal year-ends, 2007-2012E

Land cost (Rs mn)	2,000
Leasing volumes (mn sq. ft)	0.40
Residential volumes (mn sq. ft)	0

	2008	2009	2010	2011
Leasing space				
Operational space (mn sq. ft)				0.40
Leasing rate (Rs/sq. ft)				100
Income (Rs mn)				480
Operating costs (Rs mn)				48
EBIDTA (Rs mn)				432
EBIDTA margin (%)				90%
Depreciation				
Interest				
PBT				432
PAT				346
Cash accrual				346
% complete		5	40	55
Construction cost		(60)	(480)	(660)
Selling rate (Rs/sq. ft)		2,300	2,300	2,300
% complete		10	30	50
% sold		30	50	70
Construction cost incurred		—	—	—
Customer payments		—	—	—
Land payments		(2000)	—	—
Total cost		(2,060)	(480)	(660)
Capitalized leases		—	—	3,840
WACC (%)		13		
		1.0	1.1	1.3
PV		(2,060)	(425)	2,490
NAV		6		

	WACC (%)				
	6	13	16	20	25
	80	(596)	(681)	(785)	(900)
	90	(295)	(396)	(518)	(655)
	100	6	(111)	(252)	(409)
Leasing rate (Rs/sq. ft)	110	306	175	15	(59)
	120	607	460	282	199
	130	908	746	548	457

Source: Kotak Institutional Equities estimates.

NEWS FOR APRIL 8, 2009–MAY 10, 2009

SECTOR NEWS HIGHLIGHTS
NEW PROJECT ANNOUNCEMENTS
NEW LAND ACQUISITIONS
DEMAND FOR REAL ESTATE
FUND RAISING & INVESTMENTS
SEZ NOTIFICATIONS/APPROVALS
EVENTS, UPCOMING IPOs
TENDERS

SECTOR NEWS HIGHLIGHTS

Week 1: April 7, 2009 to April 14, 2009

Tidel Park Ltd has announced a 10% reduction in lease rents to take on the competition posed by the SEZ and the slowdown in IT sector. The management of Tidel Park, the 1.3 mn sq.ft IT infrastructure facility on the IT corridor has announced a monthly lease rent of Rs46/sq.ft – down from Rs 51 – for the 3-year period beginning April 1, 2009. The sources said that the board has decided to take up on itself the service tax component of 10.2 per cent on rent and support its clients.

Among the fund houses that had debt exposure to Unitech on February 28 are Reliance MF, HSBC MF, Sundaram BNP Paribas MF, SBI MF, UTI MF, Canara Robecco MF, Kotak MF and ING MF. Reliance MF had an exposure of Rs2.1 bn, UTI had Rs760 mn and Kotak Rs590 mn.

Parsvnath Developers said Nutan Jain and Subhash Chander Kathuria have resigned from the board of the company with effect from March 30.

As per media sources, DLF expects to raise around Rs9 bn in the next 3 months by selling at least 8 hotel plots across the country.

DLF's project on the first day alone saw 900 bookings for a set of 1,400 flats at the 200-acre residential-cum-office complex in central Delhi. The 1,200 sq. ft flats will cost around Rs5.4 mn each.

DLF, has offered to surrender five of the nine IT-ITeS notified special economic zones (SEZ) awarded to it.

In what could perhaps be the first sign of consolidation in the slowdown-hit realty sector, Shriram Properties — part of the US\$5.5 bn Chennai-based Shriram group of companies — is believed to be in talks with Bangalore-based residential market leader Sobha Developers.

Omaxe Ltd, has managed to get more than a year's postponement on repayment of principal and interest on 40% of its debt. Omaxe, which has about Rs15.1 bn worth of debt, said banks had granted the company a year's moratorium on Rs6 bn due for repayment by Sept 2009. The company is in talks with lenders for a similar concession for an additional Rs3 bn debt, due for repayment later this year.

There are signs that the commercial real estate sector is looking up. Enquiries, which had totally dried up in the October-December quarter, are now restarting in the leasing area. Kaustuv Roy, executive director at Cushman & Wakefield says there has been a 50-70% increase in enquiries over the previous quarter.

As per media sources, a majority of retailers in DLF's upmarket Saket and Vasant Kunj malls have shut shop to protest over the realty major's refusal to reduce rentals. This follows recent protests by DLF flat owners in Gurgaon and Chennai over high prices and affirms the growing trend of consumer activism in the real estate sector.

The country's largest realty company DLF has entered into an agreement with an unidentified wealthy individual to sell its 60-room hotel at Saket, New Delhi, for around Rs550 mn as per media sources. The move is part of the company's efforts to generate cash through asset sale to support other ongoing projects.

Unitech Ltd has put its 117 unit serviced apartments in Gurgaon for sale as part of its fund-raising strategy, according to media sources.

Pulte Homes and Centex say they will combine in a US\$1.3 bn stock-for-stock deal that will create US' largest homebuilding company. The deal also includes US\$1.8 bn of debt, while the combined business has more than US\$3.4 bn in cash as of March 31, the companies said.

Companies such as DLF, Unitech and Parsvnath that build integrated townships are likely to get six more months to raise foreign loans with the government thinking of extending their foreign borrowing facility lapsing in June to the end of the year.

Marg Ltd today said two of its promoters have pledged nearly 13% stake in the company as of March 31, 2009.

Week 2: April 15, 2009 to April 22, 2009

DLF Ltd, hit severely by bulk cancellations of flats in two projects — New Town Heights in Gurgaon and Garden City project in Chennai — has now sweetened the deal for its aggrieved buyers. Not only has it doubled the compensation for delays in project completion but it has also revised its construction-linked payment plan and even offered protection against further value erosion in property. As many as 350 buyers have opted for refund in the Gurgaon project and 250 in the Chennai project.

SECTOR NEWS HIGHLIGHTS

DLF may re-trade its apartments at New Town Heights, Gurgaon, and Garden City, Chennai, at a discount. This is to refund buyers who want to exit the projects.

Reeling under a cash crunch, DLF has approached the government on surrendering its (DLF's) five of the nine IT-ITeS notified special economic zones (SEZ).

SBI has advanced Rs13.5 bn in home loans in the first 40 days (till mid-March) since February 2, 2009 when the 8% scheme was announced. This includes both fresh loans and loans taken over from other banks.

Godrej Properties has decided to dynamically alter the mix of real estate projects and go in favour of residential development. From a broad equal mix, they are aiming at residential developments constituting around 70% of our portfolio.

Property developers are of the view that there has been a significant improvement in demand in the last couple of months. Pradeep Chopra of PS Group, said he had increased prices for one of its projects by Rs200/sq. ft to Rs1,899/sq. ft in the last one month.

The hospitality arm of Brigade Enterprises has signed an agreement with European hospitality group Accor, for managing and operating its serviced residences project called Mercure Homestead Residences. The project has been set up with an investment of Rs1 bn and will feature 126 luxury suites, including nine two-bedroom apartments and one executive suite.

Infosys has slashed its capital expenditure for the current fiscal by almost 56%. The spend this year will be Rs6 bn compared to the Rs13.5 bn that it spent last year. They have only a limited budget for meeting land costs where commitments have already been made.

Real estate developer Akruti City said its board would meet on May 8 to consider sub-division of equity shares.

JPA will float its proposed rights issue once the amalgamation of the group companies with the parent comes through.

Unitech plans to surrender three of its notified IT special economic zones (SEZs) and develop integrated townships on the land after de-notification. The SEZs being surrendered are located in Gurgaon, Chennai and in Ranga Reddy district of Andhra Pradesh.

Over the past one month, HDIL has launched three residential projects in suburban Mumbai targeting budget and premium housing buyers at discounted prices. It has sold at least 1,000 apartments out of 1,600 units it offered. The sales from these projects will generate around Rs12 bn which will take care of our working capital needs for the next 18-24 months

Ambuja-AIPL, a JV between Kolkata-based Ambuja Realty and New Delhi-headquartered Advance India Projects Limited (AIPL), has earmarked about Rs12 bn for developing township projects in north India under its 'DreamCity' brand. While Ambuja and AIPL hold 45% stake in the joint venture, the rest is being held by IL&FS.

Exports from special economic zones (SEZs) rose 33% during the year to end-March 2009, far outpacing the country's overall exports growth of just 4%, figures from the commerce department showed. According to the data, exports from such tax-free manufacturing hubs totalled Rs 89,000 crore (\$18.16 billion) last year—or, 10.76% of total exports—up from Rs 66,637 crore (\$13.60 billion) a year before.

DLF is considering whether to build a residential complex at the 0.3 mn sq. ft posh Commander-in-Chief location in Chennai instead of the proposed luxury mall. DLF has recently approached the Chennai Metropolitan Development Authority (CMDA) to permit the reclassification. It feels that a luxury mall in present circumstances will not generate the kind of returns it is hoping for, people close to the situation said. A premium residential project in this upmarket area would typically fetch Rs 10,000 to Rs 11,000/sq. ft, while lease rentals in this location are pegged at Rs100/sq. ft.

DLF is likely to pull out of its Rs10 bn Infopark project in the city which was to be developed over 54 acres in an approved SEZ for information technology projects

DLF is looking to raise over Rs10 bn by securitising future installments paid by flat owners in its upcoming Capital Greens residential project in West Delhi.

Unitech has assured investors it won't buy more land in the near future to expand its business. The assurance was given while marketing its share sale to select investors, through which it raised US\$325 mn (Rs16.3 bn).

Source: Press reports (Apr7, 2009- May10, 2009)

SECTOR NEWS HIGHLIGHTS

DLF will not be allowed to get its 4 special economic zones (SEZs) denotified or cancelled till the government carries out inspection of the zones to ensure that all duty exemptions enjoyed by the developer during implementation of the project are refunded.

Unitech, as per media reports, has partly repaid Rs5 bn loan it owes to mutual fund houses and has rescheduled the remaining part.

Unitech's plans for a major presence in Karnataka remain uncertain, as the company's two-year-old joint venture (JV) with the Bangalore-based Valdel group is yet to show results. The JV, which had plans to develop malls and hotels across them state, is still to come up with its first project, a multiplex in JP Nagar in the city.

Week 3: April 22, 2009 to April 29, 2009

The majority of the retailers at DLF Place Saket and DLF Place Vasant Kunj, both in New Delhi, have downed shutters demanding a reduction in rentals and maintenance charges, while retailers at DLF Emporio (India's first luxury mall) are contemplating shutting shop, if the management does not reduce rentals by 50%.

Notwithstanding its successful Rs16.2 bn QIP issue, Unitech has postponed the repayment of a large part of the Rs5 bn debt it had to pay back to mutual funds by April 19, as per media sources.

The promoters of Akruti City were forced to pledge additional shares after the company's stock plunged last month, following its exclusion from the futures and options (F&O) segment. Three promoter entities of Akruti were then collectively forced to pledge another 7% of the company's equity on March 26, owing to a drop in stock, information provided by the company to the stock exchanges showed. With this additional pledge, the total amount of pledged shares have risen to 36% of the company's equity.

The number of residential transactions went up 12-15% for the quarter ended March 31, 2009, over the previous one, according to Jones Lang LaSalle Meghraj (JLLM). In a major relief for realty major, Lok Housing & Construction Ltd, the income tax (I-T) department has decided not to extend the period of provisional attachment of the company's properties.

One Kolkata-based real estate company has decided to give the car "free" with a flat for its first 50 buyers. RDB Developers has booked around 50 Nano cars with Tata Motors for giving it free with flats in one of its residential projects in Sonarpur, South 24-Parganas.

Under weakening property market conditions, Unitech has been forced to develop its Rs150 bn worth high-end luxury housing project in Noida as an integrated township, aiming to boost sales.

Parsvnath expects to reduce its Rs16 bn debt by a quarter this financial year through internal accruals as it seeks to tackle the downturn in the property market.

Week 4: April 30, 2009 to May 10, 2009

LIC Housing Finance Limited, a subsidiary of the public sector, Life Insurance Corporation of India (LIC) is targetting to provide Rs5.6 bn home loan in the eastern region, consisting of east and north east states, during the current financial year.

The Housing and Urban Development Corporation (Hudco), the government-run institution that caters to housing and urban infrastructure requirements, plans to sanction Rs147 bn in 2009-10. It would be releasing Rs68 bn in this financial year.

Sobha Developers has announced that a meeting of its board of directors will be held on May 4 to consider the various alternatives available towards raising of additional capital. The company is evaluating offloading around 25% stake through preferential allotment and is expected to also evaluate the QIP route. The company hopes to raise around Rs3.5 bn.

A four-member committee constituted by the Delhi Development Authority has said Emaar-MGF can be given a loan of close to Rs5 bn at an interest rate of 12.25% for completing the project of 1,168 flats to house athletes and officials at the Commonwealth Games village.

Source: Press reports (Apr7, 2009-May10, 2009)

SECTOR NEWS HIGHLIGHTS

Shriram Properties, which is currently constructing a Rs12 bn mixed use special economic zone (SEZ), “The Gateway” on a 58-acre property (formerly Standard Motors) on the GST Road at Perumgalathur, is now redrawing its plans to include a residential project on the same premises.

The slowdown in the information technology (IT) space has started affecting the performance of IT-based Special Economic Zones (SEZ) projects too. According to commerce ministry estimates, at least 50 IT/ITeS SEZs, whose developers have little experience or knowledge of the sector’s dynamics, would drop out by 2009-end.

Puravankara Projects Ltd may consider restructuring part of the Rs2.8 bn of debt it has to repay over the next 12 months, if the real estate market does not improve.

Sobha Developers is looking to raise up to Rs 750 crore to retire part of its Rs 1,850 crore debt. Among the options being considered by the real estate developer are raising money from the markets, selling around 200 acres of its 3,000-acre land bank, and roping in investors at various projects.

Pending sales of previously owned US homes rose in March for a second straight month, while construction spending edged higher, suggesting a moderation in the housing slump. The National Association of Realtors said its Pending Home Sales Index, based on contracts signed in March, rose 3.2% to 84.6 as first-time buyers waded into the market to take advantage of favorable prices and mortgage rates.

Reliance Industries Ltd, India’s largest private sector company, plans to induct a strategic partner to its Rs400 bn SEZ project in Haryana. If a deal comes through, it would be a first for the Mukesh Ambani-led company to have a major partner in any of its venture. The Haryana State Industrial and Infrastructure Development Corporation Ltd (HSIIDC) has a 10% stake in the venture.

The mall and main street rentals fell as much as 42% in Mumbai and 25% in the NCR in the January-March quarter, compared to preceding quarter, according to a report by real estate consultancy Cushman & Wakefield. Ahmedabad saw corrections in the range of 20-36% over the last quarter.

As per media reports, DLF is close to finalising a deal with some foreign and domestic institutional investors which might fetch them around Rs30 bn according to people familiar with the negotiations. Based on Thursday’s closing price of Rs 245, this would mean promoters offloading a little over 7% stake.

The Bangalore city corporation, Bruhat Bangalore Mahanagara Palike (BBMP), has issued a public notice against investing in DLF’s proposed complex named West end Heights on Bannerghatta Road. The notice, which appeared in newspapers, says that DLF has not obtained the necessary regulatory approvals like environmental clearance, power, water and sanitation approvals for the project and has issued advertisements in leading newspapers inviting bookings for the apartments in the project.

As per media reports, DLF Ltd might have to pay an additional tax of up to Rs4 bn following a special audit of its income for FY2006. The income-tax department had last year ordered a special audit of the firm’s accounts.

The Chennai-based VGN Group has awarded a Rs700 mn residential project contract to Consolidated Construction Consortium Ltd (CCCL). Following an agreement signed today, the construction company CCCL will build a 0.7 mn sq.ft residential project VGN Minerva for the developer.

IBREL has now informed the BSE that its board has approved a plan to raise US\$600 mn through qualified institutional placements (QIPs). The company is looking to raise around US\$150-\$200 mn in the first tranche.

Source: Press reports (Apr7, 2009-May10, 2009)

REGULATORY UPDATES

April 6, 2009 to May 6, 2009

Companies cannot be subjected to service tax for renting premises to run their businesses, the Delhi High Court has ruled while disposing of petitions filed by some retailers against a government directive.

The Municipal Corporation of Greater Mumbai has raised property taxes on buildings located in the key business district of Nariman Point and other major commercial centres of the city that house global investment banks, commercial banks, consulates and other multinational companies. The move is expected to force landlords to charge tenants higher rent depending on individual agreements. In some cases, landlords have been asked to pay as much as Rs 250 per square foot against Rs 16 to Rs 32 per square foot a year earlier, according to Sharan Khanna, an office bearer of Dalamal Tower

The Delhi High Court has ruled that commercial renting of premises will not attract service tax. It would also mean a major revenue loss to the government. It collects over Rs 8,000 crore annually from renting service.

Developers of special economic zones (SEZ) and units operating in them will have to wait until a new government is formed to get a keenly-awaited exemption on service tax payments for services availed inside the zones.

The Central Board of Excise & Customs is mulling moving the Supreme Court seeking a stay on a Delhi High Court order that said commercial renting of premises will not attract service tax. "We are examining the possibility of filing a stay petition with the Supreme Court on the high court order," sources in the finance ministry said.

Source: Press reports (Apr7, 2009-May10, 2009)

NEW PROJECT ANNOUNCEMENTS

Date	Company	City	Type	Area	Brief description
8-Apr-09	Mahindra Lifespaces	Nagpur	Residential		The company is building 1,500 apartments in SEZ in Nagpur, at price of less than Rs3,000/sq. ft.
8-Apr-09	DLF	Delhi	Residential		The company announced the rate of Rs6,000-7,000/sq. ft, with an inaugural discount of Rs1,000/sq. ft for 2-3 BHK apartments.
9-Apr-09	Omaxe	Vrindavan	Residential	52 acres	The company has launched Omaxe Eternity in Vrindavan, a Rs2.5 bn integrated township. The project would be completed in 18 months.
9-Apr-09	SVP Builders	Ghaziabad	Residential	6 acres	Planned on the theme of premium small apartments, the affordable housing project is expected to cost over Rs900 mn. The complex would have 500 units, mainly comprising 2BHK houses.
9-Apr-09	Marg	Tirupati	Residential	17 acres	The company recently launched a township project, Vishwashakthi, in Tirupati in Andhra Pradesh.
11-Apr-09	Ambuja Realty	Kolkata	Residential	5 acres	The company is planning to start work on a residential project, Ujaas, for the high-income group at Lake Town in May. It is expected to be completed by the middle of 2011.
13-Apr-09	Fortune Park Hotels		Hotels		The company plans to open four new hotels in Mussoorie, Jaipur, Bangalore and Manipal by July.
14-Apr-09	BPTP	Noida	Hotels	22 acres	The company plans to build a five-star hotel on the land it retained after surrendering a commercial plot in the New Delhi suburb of Noida to the New Okhla Industrial Development Authority, or Noida.
15-Apr-09	RNA Developers	Mumbai	Hotels		The company plans to up set two business hotels in Andheri and Chembur with investment of Rs4 bn.
16-Apr-09	Lodha Group	Mumbai	Residential		The company is launching its new project, Primero, a 52-storey structure, in the prime south central location of Mumbai and will be priced at Rs20 mn onwards, for a 2-BHK flat.
16-Apr-09	Vijay Shanthi Builders	Sriperumbudur	Residential		The company launched a residential complex called Infiniti for unit prices of Rs2.8 mn.
17-Apr-09	Tata Housing	West Bengal	Residential	50 acres	The first phase of an integrated township spread over 50 acres at Rajarhat will be launched in 2 weeks.
18-Apr-09	Safexpress	Nagpur	Warehouse	1.2 mn sq. ft	Safexpress recently rolled out its largest state-of-the-art logistics park in Nagpur spread across massive 1.2 mn sq. ft.
22-Apr-09	Heera	Kochi	Residential		The company has announced the launch of 3 premium apartment complexes- Heera Goldenhills, Heera Highlife and Kowdiar. The third project, namely Heera Dreams, is located at Sreekariyam, which is about 5 km from Technopark and 7 km from the airport.
23-Apr-09	Sobha	Bangalore	Residential	9 acres	The company has put up Sobha Sunscape, a project with 362 apartments, spread across 9 acres off Kanakapura Road on the outskirts of Bangalore.
24-Apr-09	Sobha	Bangalore	Residential	36 acres	The company plans to launch a high-end apartment project in the JP Nagar. The project, which would carry a price tag of about Rs6,000/sq. ft, will be the first luxury apartment project from Sobha after crisis hit the Indian real estate sector.
30-Apr-09	Uniworld Asia	Chennai	Logistics park		Uniworld Asia has invested US\$10 mn on an integrated logistics park at Sriperumbudur near Chennai.
30-Apr-09	Tulip Infratech	Gurgaon	Residential		The company will invest Rs1 bn over the next three years to develop 400 apartments in Gurgaon.
30-Apr-09	Merlin Group	Kolkata	Residential		Merlin Group has unveiled a premium residential complex called Merlin Cambridge.
30-Apr-09	Mayfair Group	Kolkata	Residential		The company is building a dozen housing complexes in different fringes of the city.
2-May-09	Shree Shubham Logistics Limited (SLL)	Rajasthan	Logistics park	Rs6 bn	The company is planning to set up a chain of global standards agri logistics parks at 41 locations.
2-May-09	CSC Constructions	Bangalore	Residential		CSC Constructions has launched 3 projects in Bangalore – at Attibele near the Electronics City, Devanahalli, and Sarjapur Road – hoping to make “home buying within the reach of one and all.”

Source: Press reports (Apr7, 2009-May10, 2009)

NEW PROJECT ANNOUNCEMENTS

Date	Company	City	Type	Area	Brief description
6-May-09	Prime Group	Lucknow	Residential	200,000 sq. ft	The company has launched its low-cost housing project in Lucknow where it is developing 200,000 sft of residential space.
8-May-09	GMR Hyderabad International Airport Ltd (GHIAL)	Hyderabad	Aerospace park	250 acres	The company is planning to set up an aerospace park in Hyderabad, which would be spread over 250 acres, even though the aviation sector is going through turbulent times.
8-May-09	Tata Housing	Mumbai	Residential		The company launched a 1,200 units low-cost housing project near Mumbai in Boisar ranging between Rs3.9-6.7 mn.
9-May-09	Collage Group		Retail	3.3 mn sq. ft	The company has firmed up plans to add 3.3 mn sq. ft of retail real estate space in the next one year. The group is exploring cities like Kanpur, Dehradun and Bhopal besides Jalandhar where its first mall cum multiplex is near completion.
9-May-09	Santosh Associates	Ahmedabad	Residential		The company launched its low cost housing project, Omshantinagar-2, in Gujarat. The project is part of a Rs700 mn MoU signed by the company during the Vibrant Gujarat Global Investors' Summit 2009 (VGGIS) for 2,000 low cost flats.
9-May-09	BPTP	Faridabad	Residential		The company has launched independent floors called Park Elite Floors at very competitive rates of between Rs1.6-2.5 mn.

Source: Press reports (Apr7, 2009-May10, 2009)

NEW LAND ACQUISITIONS

Date	Deal	Company	City	Type	Area	Brief description
1-Apr-09		Kotak Mahindra Bank	Mumbai	Commercial		Kotak Mahindra Bank Limited acquired the ownership rights of the 10-story Apple Tower at Bandra Kurla Complex for around Rs4.7 bn. According to real estate sources, the bank has the option of pulling down the building in order to take advantage of the additional floor space index (FSI) granted to BKC recently. The FSI here has been hiked from 2 to 4. The bank could end up shelling out another Rs1.75-1.8 bn as premium if it chooses to take the benefit of this additional FSI. The existing building has a carpet area of 0.12 mn sq. ft.
7-Apr-09	Secondary market	K Raheja Universal	Mumbai	Plots		Ambrosia Properties (K Raheja Universal), which controls half of the 2 acres plot in Santa Cruz (W), is believed to have entered into an agreement with developer Dheeraj Dewan to sell this portion for about Rs580 mn.
17-Apr-09	Auction	CIDCO	Navi Mumbai	Plots		Eight bungalow plots on Parsik Hill, behind Belapur station, were sold at prices ranging between Rs21,111/sq. m to Rs32,600/sq. m. These are over twice the base price of Rs10,500/sq. m to 13,125/sq. m fixed by City and Industrial Development Corporation (CIDCO).
21-Apr-09	Secondary market	IBREL	Mumbai	Commercial		IBREL has sold 15,730 sq. ft of area in its upcoming commercial complex at Lower Parel in central Mumbai for Rs19,000/sq. ft to the British Council (BCI). The property firm has also signed leasing agreements with leading corporate houses such as Reliance Capital, Aditya Birla Group, IDFC and Indusind Bank for rents ranging between Rs175-225/sq. ft.

Source: Press reports (Apr 07, 2009-May 10, 2009)

DEMAND FOR REAL ESTATE

Date	Company	City/State	Type	Brief description
08-Apr-09	Nirula's		Retail	The company is looking at expanding its just launched standalone ice cream kiosk model and plans to open up to ten such outlets across India by September
08-Apr-09	Reliance Trends	Hyderabad	Retail	Reliance Trends announced the opening of their tenth large format store in the country, and their second in Hyderabad, spread over 34,000 sq. ft.
08-Apr-09	Reliance communications		Retail	The company will open 82 new exclusive mobile stores in Punjab as part of its expansion programme.
13-Apr-09	Time Education		Education	The institute has 186 coaching centres in around 90 towns and cities across the country and plans to add 15-20 every year specially in Tier-III towns.
14-Apr-09	Muthoot Group		Retail	The company would open 400 branches in the next six months and hire 3,000 persons to meet its expansion plans.
14-Apr-09	Lotto		Retail	It plans to open 20-30 stores by the end of this year across India
14-Apr-09	Spencer		Retail	The company is planning coffee chains and has invested around Rs200 mn in Bangalore for this, has finalised locations in Sarjapur, Banaswadi and Brookefields for the outlets.
15-Apr-09	Madame		Retail	Women's brand Madame plans to open 46 exclusive brand outlets across the country to take the total number to 100 by 2010.
15-Apr-09	Woodland		Retail	It would add 55 more outlets by the end of April 2010 and plans to invest around Rs1 bn for expansion this year.
16-Apr-09	Carrefour SA		Retail	The company may start wholesale operations in India by 2010 and has initiated discussions with more than 600 suppliers as part of the plan.
16-Apr-09	Kaya Skin Clinics		Retail	Fifteen clinics will come up in the next four to five months with two in Delhi, two in Mumbai and one each in Hyderabad, Bangalore and Pune to start with.
16-Apr-09	Malabar Gold		Jewellery	The 4,000 sq. ft facility on Crosscut Road, Coimbatore would be its second outlet in Tamil Nadu (after Erode).
17-Apr-09	Big Bazaar	Hyderabad	Retail	The company launched its second 'Big Bazaar Supercentre' in the twin cities at Secunderabad with the mega store spread over a 66,000 sq. ft of built-up space.
17-Apr-09	Facet Lifestyle	Ahmedabad	Retail	The company announced the launch of 'Anantaa' Wellness in the Ahmedabad and plans to set up 20 such centers in three years across the country.
17-Apr-09	Classic Polo		Retail	The company plans to open 35 more this year. Of this, 30 will be in the Southern States and five in the West
18-Apr-09	Marks & Spencers		Retail	Company is planning to open 35 more stores over the next five years. It already has 15 stores in India.
18-Apr-09	Reliance Trends	Bangalore	Retail	Reliance Trends announced the opening of their eleventh large format store in the country.
18-Apr-09	Tata Teleservices	Kolkata	Commercial	The company has just mopped up 0.17 mn sq. ft of prime floor space at just a shade below Rs60/sq. ft on a 90-year lease at PS Srijan Tech Park, Kolkata.
20-Apr-09	Van Heusen		Retail	Van Heusen sees an opportunity in the economic slowdown and plans to cash in on the dip in rentals to expand its footprint. It has plans to open 72 stores over the next three years in tier I as well as tier II cities.
20-Apr-09	Harnn		Retail	The company plans to set up three stores in the metros and tier I cities by the end of 2009.
20-Apr-09	Nitco Tiles		Retail	Nitco plans to open 400 showrooms in the next three years, but expects slower revenue growth in 2008-09 compared to the year-ago period.

Source: Press reports (Apr7, 2009- May10, 2009)

DEMAND FOR REAL ESTATE

Date	Company	City/State	Type	Brief description
22-Apr-09	Masper		Retail	Maspar has opened multi brand retail outlets with one of India's leading retail companies Lifestyle. The company has simultaneously opened stores in Hyderabad, Mumbai, Chennai and Noida.
22-Apr-09	Carlton Overseas		Retail	The company is looking to ramp up its operations with plans to open 50 new outlets of its retail brand 'Carlton London' across India by March next year.
22-Apr-09	Gitanjali Group/MMTC		Retail	Gitanjali Group and MMTC have entered into a JV to set up a chain of exclusive retail outlets called Shuddi – Sampurna Vishwas. The joint venture, which plans to open around 60 stores across India by end of this year, will retail hallmarked gold and diamond jewellery.
22-Apr-09	KFC		Retail	KFC, the world's largest chicken restaurant brand, is targeting a total of 75 quick-service restaurants in India by end-2009.
23-Apr-09	Philips		Retail	Philips plans to set up 400 experience zones across the country by December 2009. It has already set up 35 such zones in the National Capital Region (NCR) in the pilot phase.
23-Apr-09	Tommy Hilfiger		Retail	The brand, currently, is present in 13 cities across 40 doors (20 exclusive brand outlets and 20 shop-in-shops). It is looking to cross 50 doors this year across the country
23-Apr-09	Lerros		Retail	German apparel brand Lerros on Wednesday said it will open eight stores against the planned 18 outlets in the country this financial year due to waning demand
24-Apr-09	Canon India		Retail	The company will focus on building its presence across organised retail and electronics chains this year. The move will start from south India and the company plans to tie up with retail players for presence across 50 leading points in the region.
27-Apr-09	Nolte		Retail	The company announced its fourth Nolte Home Studio in the country and plans to set up four more during the year.
01-May-09	Aditya Birla Nuvo		Retail	The company plans to rejig its apparel business by opening 150 new stores at city centres, where footfall is higher, after closing 30 unviable stores.
04-May-09	Future Axiom Telecom		Retail	The company has earmarked US\$50-100 mn for expansion over the next 2-3 years and plans to set up 16 more stores across the metros and tier I cities by December.
05-May-09	McDonalds		Retail	The company is planning to continue with its expansion and will open 40 more restaurants across the country during 2009-10.
06-May-09	Murugappa Group		Retail	In the second half of the year, through its company, Coromandel Fertilisers, the Group opened 430 "rural retail outlets" in Andhra Pradesh.
06-May-09	Anoo's		Retail	The company plans to expand to at least 5 tier-two cities in Andhra Pradesh this year and is eyeing to enter Tamil Nadu and Karnataka soon
08-May-09	Wall street Finance		Retail	Forex and money transfer firm Wall Street Finance today said it will open atleast 25 new branches in the current financial year.
09-May-09	More		Retail	The company is in the process of relaunching its 640 stores, starting this month. The plan is to take it to 2,200 by 2015.

Source: Press reports (Apr7, 2009- May 10, 2009)

FUND RAISING & INVESTMENTS

Exhibit: Investments in real estate companies

Date	Fund/company	Company	Amount (currency)	Description
28-Jan-09	Investor funds	Sterling Holiday Resorts		Sterling Holiday Resorts is making a preferential allotment of shares by placing 15 percent to three new investors—India Horizon Fund, India Discovery Fund and Blue Ocean Investment Trust.
3-Feb-09	IL&FS Realty Fund	Akruti City	Rs2 bn	The fund has picked up 15% equity stake in Infrastructure Ventures India, an SPV floated by Mumbai-based developer Akruti City, for Rs2 bn.
5-Feb-09	Kotak Realty	Sunteck Realty		The fund has converted warrants in Sunteck Realty at the agreed price of Rs1,167/share. With the conversion, Kotak Realty now controls 10% in the real estate firm.
25-Feb-09	Roop Madan	Unitech	Rs2.3 bn	Unitech has sold its 200 room budget hotel – Courtyard by Marriott – in Gurgaon.
23-Apr-09	Indian Hotels Company	Sea Rock Hotel	Rs6.5-7 bn	Indian Hotels Company (IHCL), owners of the Taj group of hotels, is in negotiations to acquire Mumbai's Sea Rock hotel in a deal estimated at Rs 650-700 crore, banking sources said.IHCL will acquire Sea Rock from the Delhi-based Claridges group, which had bought the hotel in 2005
27-Apr-09	Hotel Ronak Pvt. Ltd	Galaxy Group	Rs30 mn	The company has taken over a three star hotel in Rajkot for Rs30 mn from Galaxy Group.
29-Apr-09	Morgan Stanley	Unitech	Rs4 bn	The fund has bought a 5.1 percent equity stake in realty major Unitech for Rs 400 crore through the QIP route.
8-May-09	Sun Apollo Ventures	Keystone Realtors	Rs3 bn	The fund has picked up a 15% stake in Mumbai-based developer Keystone Realtors, making it the first private equity deal in the cash-strapped real estate space in 2009.

Source: Press reports (Jan 28, 2009- May 10, 2009)

FUND RAISING & INVESTMENTS (CONTD.)

Exhibit: Fund raising for investing in real estate sector

Date	Fund/company	Amount (currency)	Description
31-Mar-09	Carlyle Group	US\$1 bn	The Carlyle Group is raising its second Asia real estate fund with a target of US\$1 bn in a move to tap more property deals in key markets like China and Japan.
4-Apr-09	Duet India Hotels		The fund has set its sights on Parsvnath Developers' hospitality projects, which is looking to sell its stake in individual hotel projects as a prolonged economic slowdown has drained it financially.
6-Apr-09	Forum Partners	US\$100 mn	The real estate-focused fund is in advanced talks with realty major Prestige Estates and Projects for entity-level transaction estimated at around US\$100 mn.
7-Apr-09	SBI & Macquarie Group	US\$2-3 bn	The JV announced the launch of the Macquarie-SBI Infrastructure Fund (MSIF), a joint statement said that global investors have committed US\$887 mn to the fund along with a direct co-investment commitment of US\$150 mn by SBI, bringing the total capital raised to US\$1.04 bn.
17-Apr-09	Redevco	Rs3 bn	According to media sources, Redevco is understood to be looking at investing around Rs 300 crore in various projects of Bangalore-based Sobha Developers.
22-Apr-09	HDFC Real estate fund	Rs2 bn	HDFC's real estate fund is understood to be in advanced stages of investing around Rs2 bn in a low-cost housing project being developed by the Bangalore-based Puravankara Projects.
25-Apr-09	Indiabulls Real Estate	US\$600 mn	The company would raise \$600 million (Rs 2,981 crore) through private placement. The board will issue equity shares, fully convertible debentures or any other securities to qualified institutions buyers, the company said. An extraordinary general meeting will be convened on May 18 to seek shareholder approval for the issue.
9-May-09	Secure Investment Management India Pvt Ltd	Rs500 mn	The company launched the country's first fully Sharia-compliant and Sebi-registered venture capital fund, Secure India Real Estate Fund. Secure would have a corpus of Rs500 mn and would focus on promoting real estate ventures in Kerala.

Source: Press reports (Mar 31, 2009- May 10, 2009)

EVENTS

Exhibit: Upcoming Real Estate events

Event	City	To	From	Description
Lands & Buildings	Hyderabad	6-Mar-09	8-Mar-09	Hyderabad International Trade Exposition Centre(HITEX), Hyderabad, India
A-Z Property fair	Chennai	3-Apr-09	5-Apr-09	The Hope will be organising an A-Z Property Fair at the Chennai Trade Centre, Nandambakkam
Property 2009	Mumbai	9-Apr-09	12-Apr-09	The mega exhibition will be conducted at MMRDA Grounds, Bandra Kurla Complex
HDFC property exhibition	Pune	17-May-09	18-May-09	HDFC Ltd, a housing finance company, is hosting an exclusive property exhibition showcasing 'Ready and Near-Ready Properties' by leading developers at HDFC House, Near Sancheti Hospital, University Road.

Source: Websites, Kotak Institutional Equities.

TENDER INFORMATION

Exhibit: Tender information

Date	Company	Detail	Location
09-Mar-09	Chandigarh Administration	The Chandigarh Administration is set to mock at the recession in the realty sector again. Even as the real estate sector struggles to come to terms with the worldwide recession, the administration has announced its much-awaited auction of residential and commercial property on March 27 offering yet another chance to property buyers in Chandigarh. In fact, the auction is going to be a mega affair with 50 residential and 56 commercial sites on offer just before the close of the 2008-09 financial year.	Chandigarh
13-Mar-09	Wockhardt	Wockhardt Ltd, has put up for sale the drug maker's Bhandup factory and adjoining land in Mumbai, The Khorakiwalas are selling the property to raise money to repay short-term loans and meet other liabilities.	Mumbai
17-Mar-09	Udhayam Theatre complex	The reserve price is likely to be lowered to about Rs 29 crore for the 1.31-acre property in tune with the guideline value for the area.	Chennai
31-Mar-09	Hindustan Unilever Limited	Hindustan Unilever Ltd (HUL) company has put some of its prime residential apartments in Mumbai's famed Malabar Hill on the block, following the footsteps of other multinationals in cashing out on some of the world's highest-priced areas amid a slump in real estate. The flats to be sold off through competitive bidding could fetch more than Rs 4 crore each for the subsidiary of AngloDutch Unilever., which is doing something Citibank and American Express Bank have done already. According to industry officials' five flats in the upscale Malabar Hill have been put up for sale by HUL, while its real estate consultant Cushman & Wakefield has advertised three flats on sale.	Mumbai
02-Apr-09	Wockhardt	The Khorakiwala family, the promoters of Wockhardt, one of India's leading pharma firms, has put its headquarters, Wockhardt Towers, on the block. Wockhardt has called several property consultants for a meeting on Thursday for evaluating the possible sale of the headquarters, located in the Bandra-Kurla Complex (BKC), according to people close to the development.	Mumbai

Source: www.tendertimes.com, Press reports (Jan 11, 2008-Feb 9, 2008).

PRICE INDICATORS

CONSTRUCTION COST INDICATORS

CITY PRICES—PUNE, MUMBAI, BANGALORE, NCR, HYDERABAD,
KOLKATA, CHENNAI

HOUSING LOAN DATA

CONSTRUCTION COST INDICATORS

Exhibit: Cement Index, base year 1993-94=100

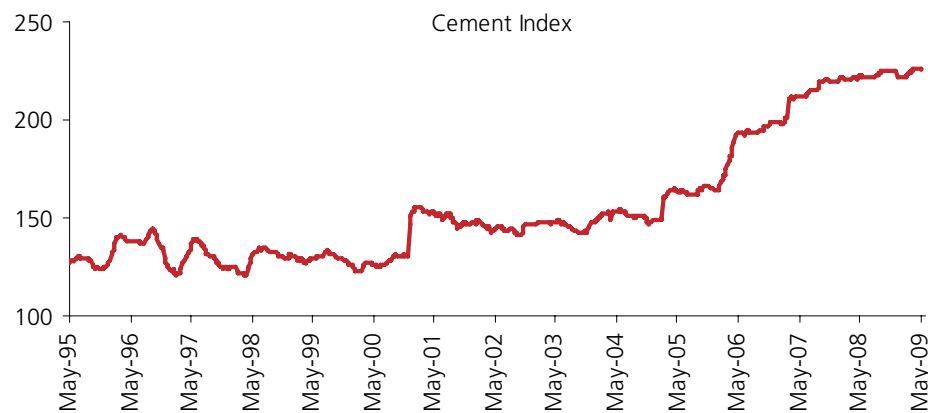


Exhibit: Sand Index, base year 1993-94=100

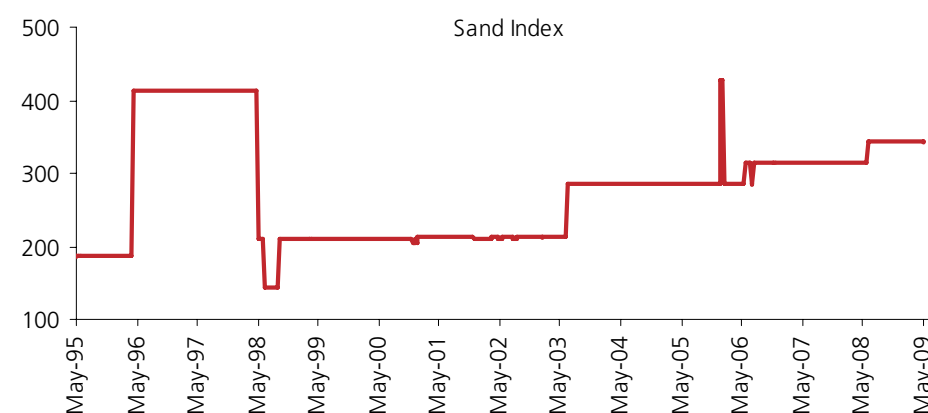


Exhibit: Brick Index, base year 1993-94=100

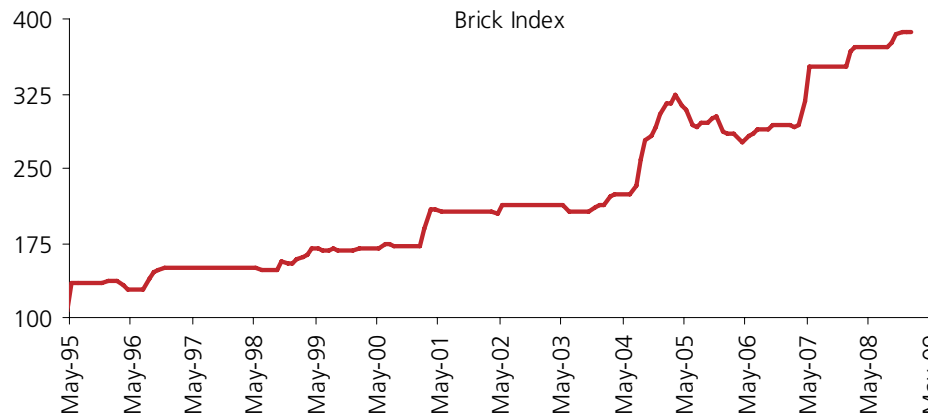
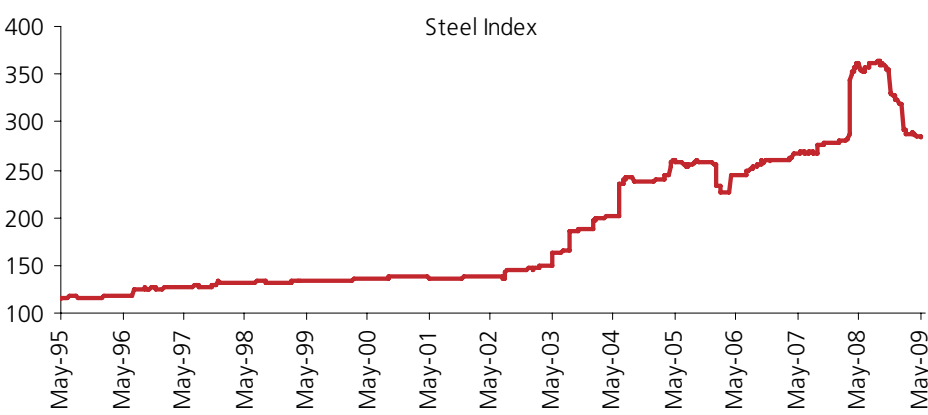


Exhibit: Steel Index, base year 1993-94=100



Source: Bloomberg, WPI data.

CITY PRICES—PUNE, MUMBAI

Exhibit: Pune residential prices- 7 locations

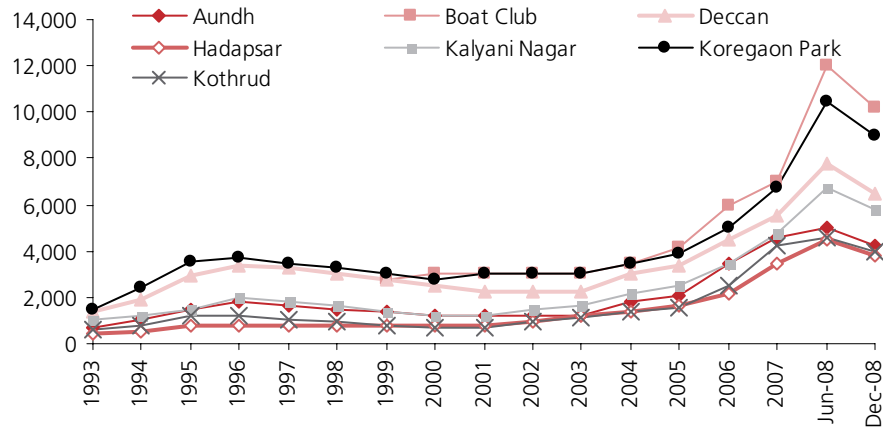


Exhibit: Pune commercial prices- 5 locations

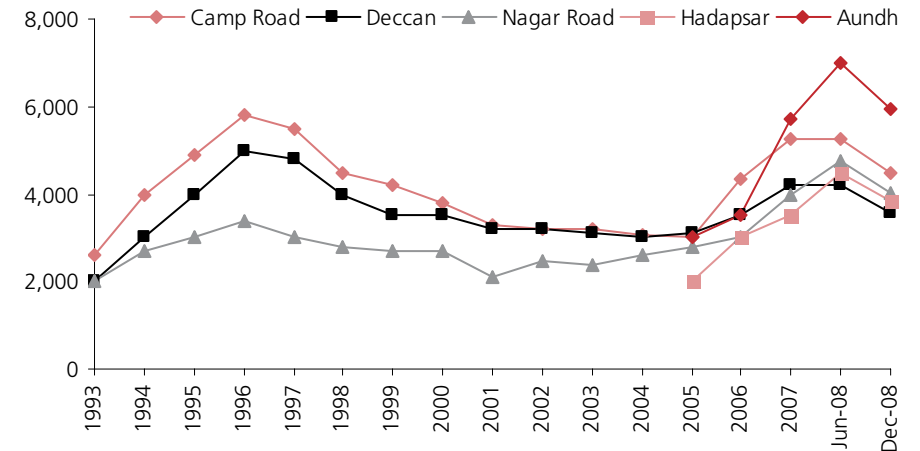


Exhibit: Mumbai residential prices- 7 locations

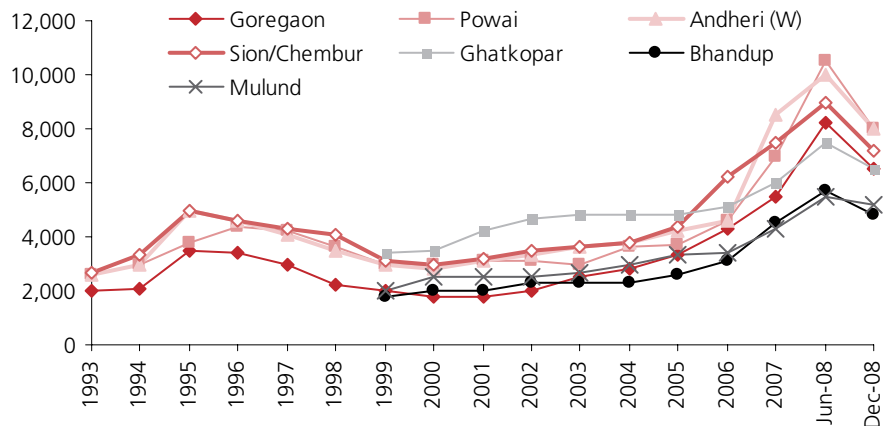
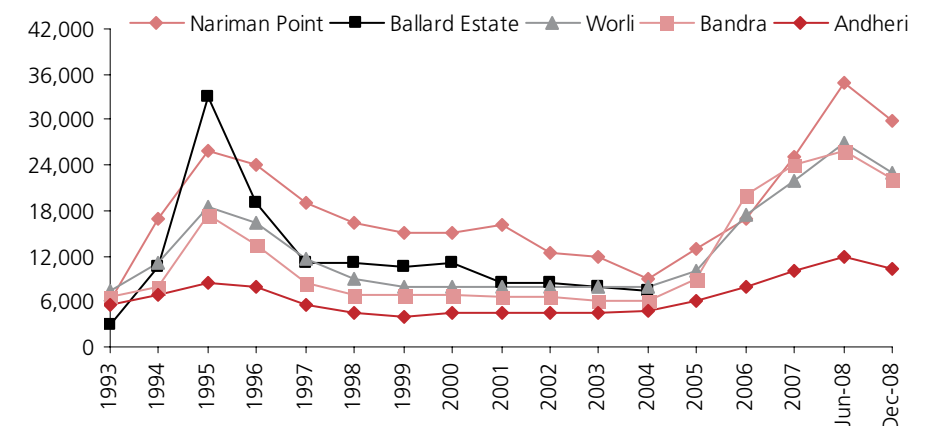


Exhibit: Mumbai commercial prices- 5 locations



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

CITY PRICES—BANGALORE, NCR

Exhibit: Bangalore residential prices - 6 locations

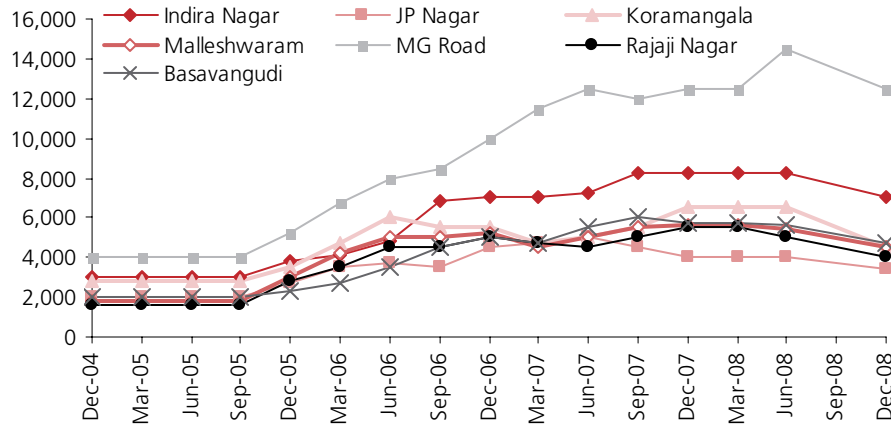


Exhibit: Bangalore commercial prices - 8 locations

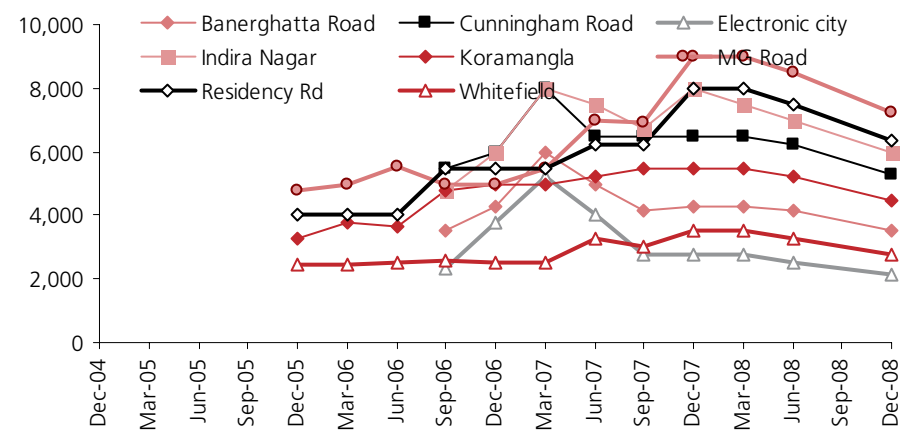


Exhibit: NCR residential prices - 7 locations

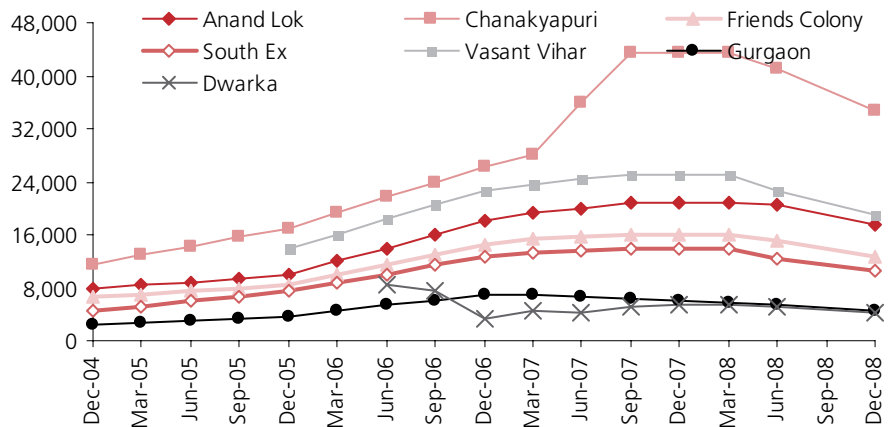
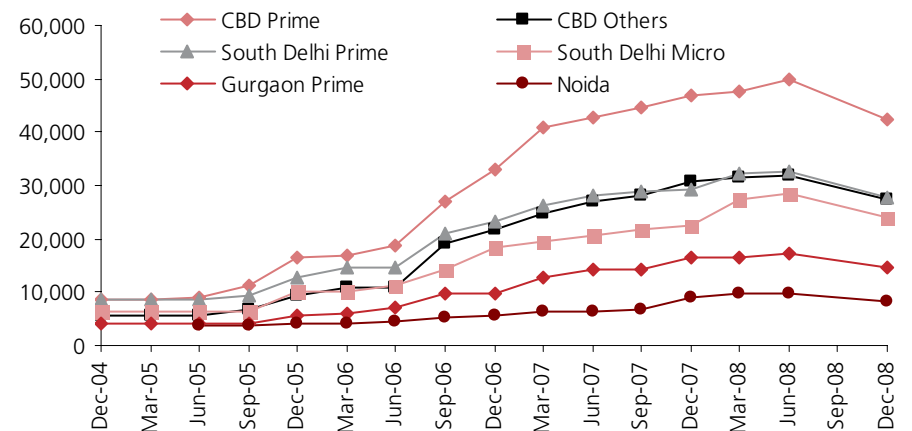


Exhibit: NCR commercial prices - 6 locations



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

CITY PRICES—HYDERABAD, KOLKATA

Exhibit: Hyderabad residential prices- 7 locations

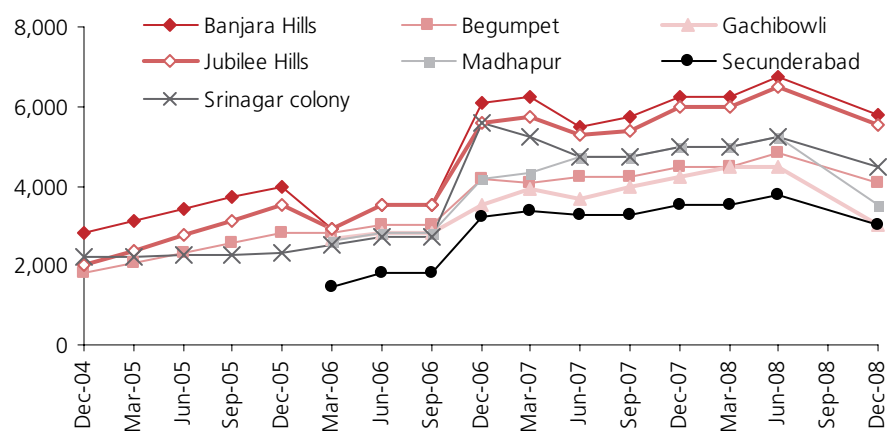


Exhibit: Hyderabad commercial prices- 6 locations

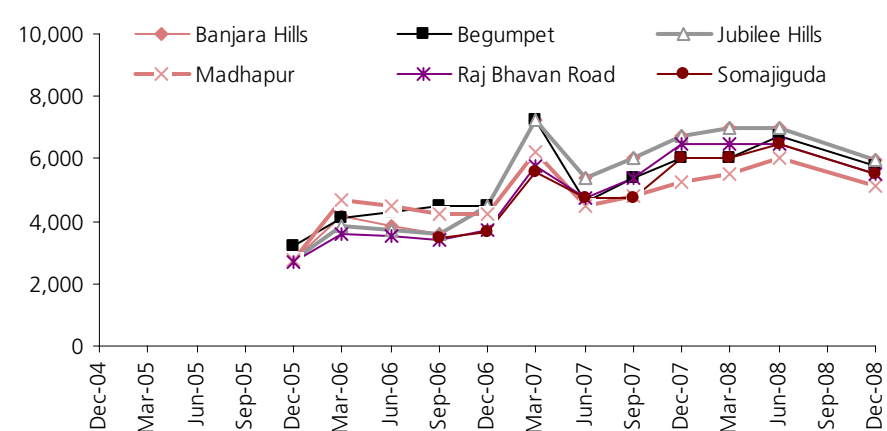


Exhibit: Kolkata residential prices- 5 locations

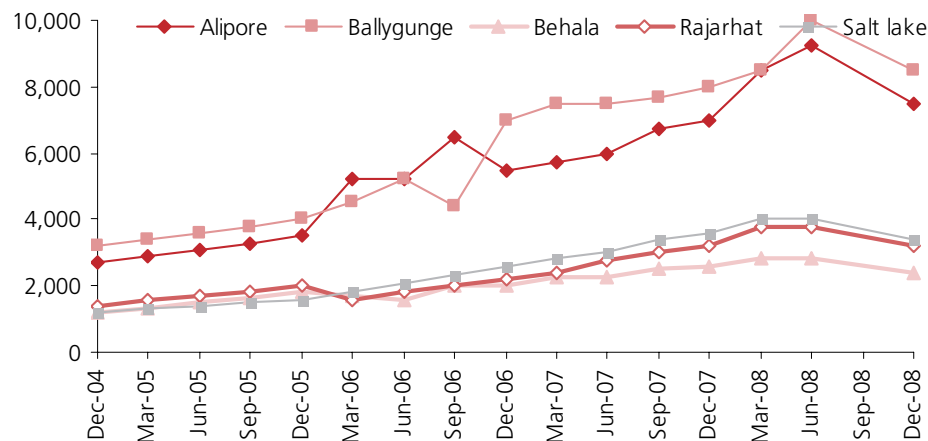
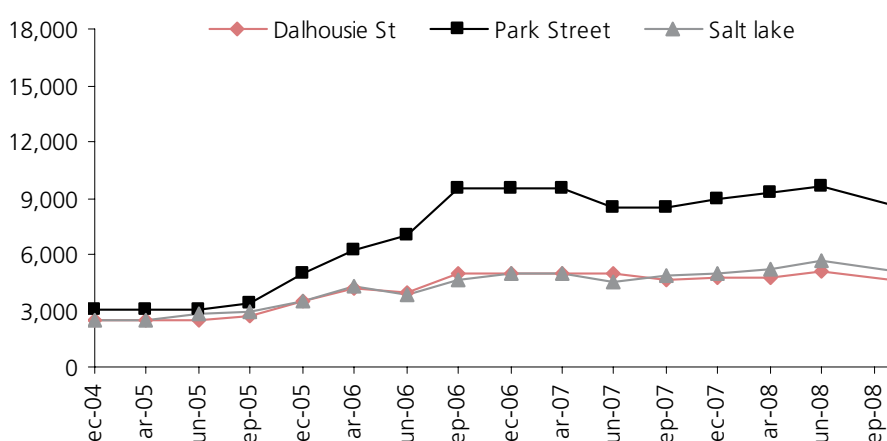


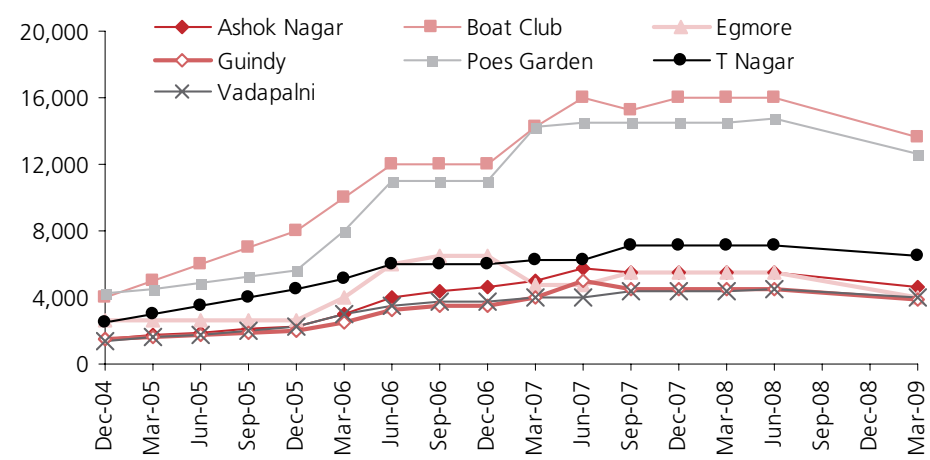
Exhibit: Kolkata commercial prices- 3 locations



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

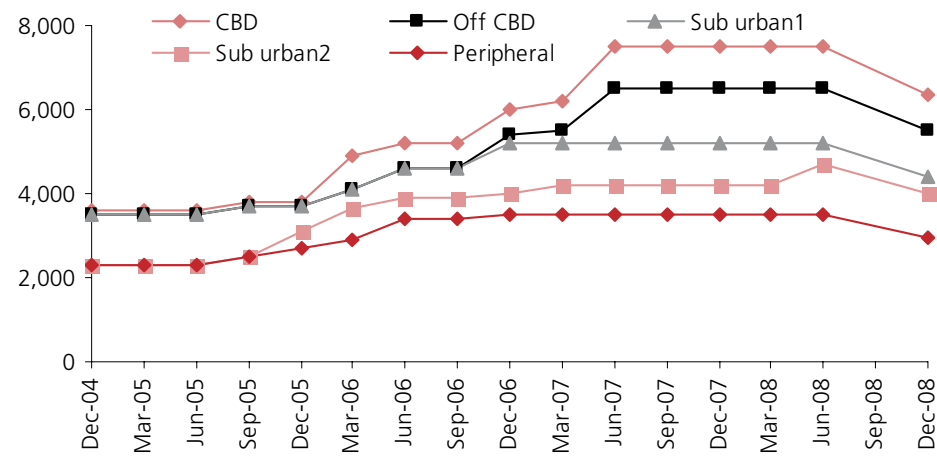
CITY PRICES—CHENNAI

Exhibit: Chennai residential prices- 7 locations



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

Exhibit: Chennai commercial prices



HOUSING LOAN DATA

Growth in real estate credit has come down significantly

Real estate loans (in Rs bn) and growth in real estate credit (%), March 2004-December 2008

	Outstanding credit (Rs bn)										Growth rate in outstanding credit (%)										Average monthly increment(Rs bn)									
	Mar-04	Mar-05	Mar-06	Dec-06	Aug-07	Nov-07	Feb-08	May-08	Aug-08	Dec-08	Mar-04	Mar-05	Mar-06	Dec-06	Aug-07	Nov-07	Feb-08	May-08	Aug-08	Dec-08	Mar-04	Mar-05	Mar-06	Dec-06	Aug-07	Nov-07	Feb-08	May-08	Aug-08	Dec-08
Food credit	360	411	407	416	384	377	428	543	504	521	(27)	14	(1)	3	(35)	(7)	66	159	(26)	14	(11)	4	(0)	1	(15)	(2)	17	38	(13)	6
Agriculture	905	1,253	1,723	1,978	2,205	2,321	2,418	2,648	2,625	2,895	23	38	38	20	(3)	23	18	44	(3)	48	14	29	39	28	(5)	39	32	77	(8)	90
Industry total	3,131	4,269	5,491	6,253	7,110	7,544	8,150	8,585	9,323	10,186	6	36	29	19	22	27	36	23	39	42	15	95	102	85	115	145	202	145	246	288
Industry (medium & large)	2,472	3,523	4,588	5,247	5,916	6,242	6,737	6,822	8,018	8,717	5	43	30	20	24	24	36	5	91	40	10	88	89	73	103	109	165	28	399	233
SSI	659	746	902	1,006	1,194	1,303	1,413	1,763	1,306	1,468	9	13	21	16	13	42	38	142	(70)	60	5	7	13	12	12	36	37	117	(153)	54
Trade	249	579	814	992	1,049	1,118	1,189	1,224	1,294	1,401	10	133	40	30	(2)	29	28	12	25	38	2	28	20	20	(2)	23	24	12	23	36
Retail loans	1,238	2,451	3,538	4,279	4,641	4,884	5,037	5,280	5,521	5,685	28	98	44	29	8	23	13	21	20	12	23	101	91	82	29	81	51	81	80	55
Housing	520	1,287	1,864	2,178	2,352	2,467	2,517	2,625	2,688	2,717	42	148	45	23	8	21	8	18	10	4	13	64	48	35	15	38	17	36	21	10
Others	1,762	1,446	2,486	2,735	3,088	3,397	3,807	4,011	4,387	4,535	33	(18)	72	14	24	46	58	23	43	14	37	(26)	87	28	53	103	137	68	125	49
Real Estate loans	56	133	267	396	467	507	539	610	682	765	(5)	139	101	70	3	39	28	64	56	58	(0)	6	11	14	1	13	11	24	24	28
NBFCs	168	225	309	382	453	534	641	720	770	861	19	34	38	32	8	93	108	59	31	56	2	5	7	8	3	27	36	26	17	30
Total	7,644	10,409	14,458	16,653	18,477	19,642	21,029	22,291	23,592	25,223	14	36	39	21	12	28	31	26	25	31	79	230	337	244	175	389	462	420	434	544
Real estate loans + housing	576	1,420	2,131	2,575	2,818	2,973	3,056	3,235	3,370	3,482	35	147	50	29	7	24	12	26	18	14	13	70	59	49	16	52	27	60	45	37

Source: RBI, Kotak Institutional Equities

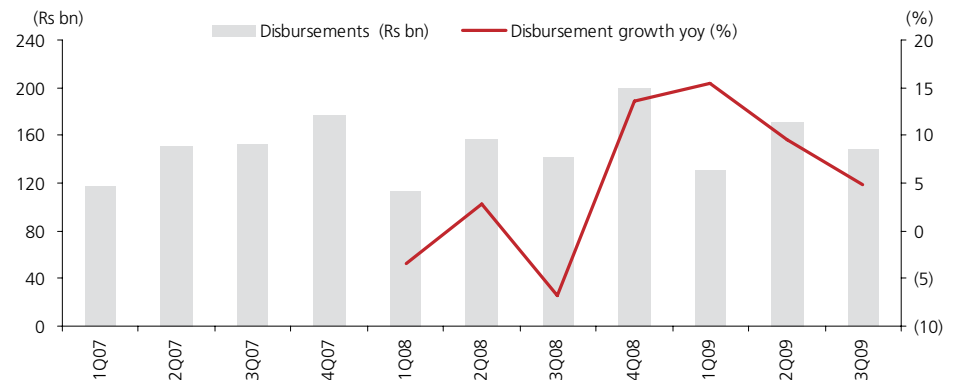
Slowdown in disbursement growth for housing and commercial construction in FY2008

	2004	2005	2006	2007	2008	2009E
ICICI Bank	133	189	257	284	222	166
HDFC	127	162	207	262	328	387
LICHF	41	47	49	51	71	88
Total	301	397	514	597	621	641
% growth		32.1	29.3	16.2	4.0	3.3

Source: RBI, Kotak Institutional Equities estimates

Disbursements in 3QFY2009 increased by 5% yoy

Quarterly disbursements for housing and commercial construction by HDFC, ICICI Bank and LICHF (Rs bn)



Source: Kotak Institutional Equities

APPENDIX

From Unit	To Unit	Conversion factor
Area conversion table		
hectare (ha)	sq. ft	107,639
acre	sq. ft	43,560
sq. mtr	sq. ft	10.8
sq. yard	sq. ft	9
Numbers		
lakh	mn	0.1
crore	mn	10
US\$ to Rs		
US\$	Rs	40

Source: Kotak Institutional Equities.

Developable area (in mn sq. ft) for a 100-acre plot at given FSI and Loading (%)

		FSI							
		0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0
Loading (%)	10	2.4	4.8	7.2	9.6	12.0	14.4	16.8	19.2
	20	2.6	5.2	7.8	10.5	13.1	15.7	18.3	20.9
	30	2.8	5.7	8.5	11.3	14.2	17.0	19.8	22.7
	40	3.0	6.1	9.1	12.2	15.2	18.3	21.3	24.4
	50	3.3	6.5	9.8	13.1	16.3	19.6	22.9	26.1

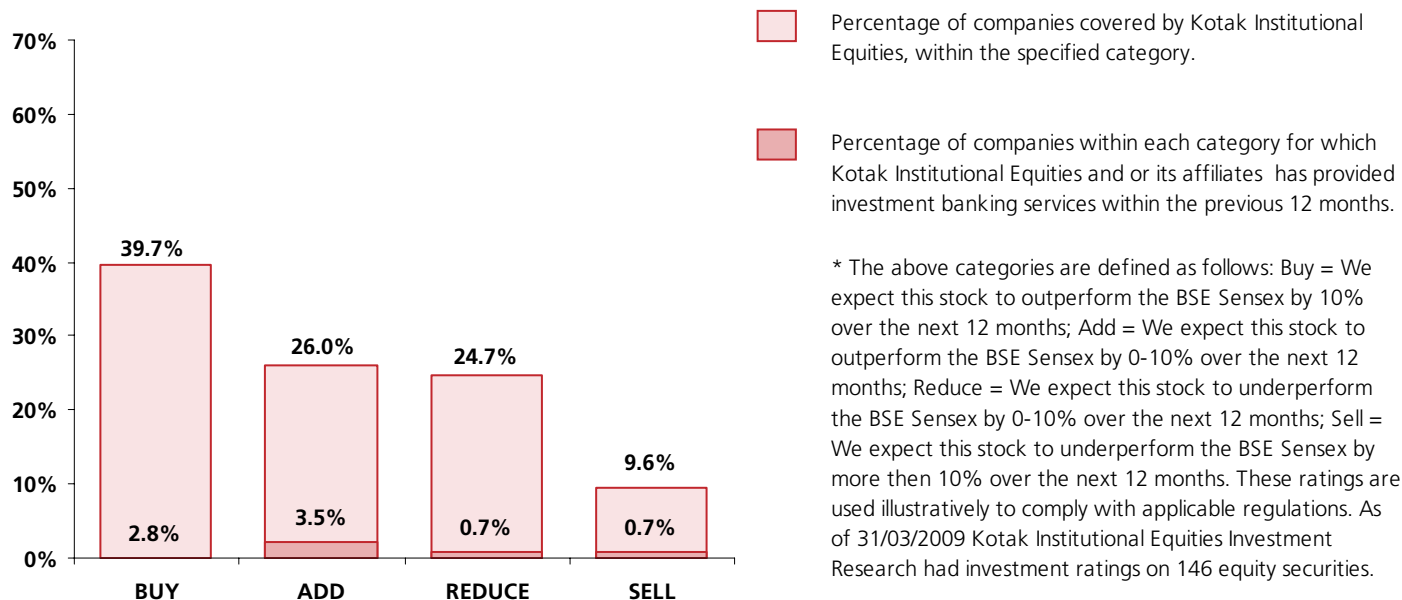
Source: Kotak Institutional Equities.

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Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of March 31, 2009

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Covering Analyst: Puneet Jain	
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Housing Development and Infrastructure	HDIL.BO
Indiabulls Real Estates	INRL.BO
Mahindra Gesco Developers	MGDL.BO
Phoenix Mills	PHOE.BO
Puravankara Projects Limited	PPRO.BO
Sobha Developers	SOBH.BO
Unitech	UT.BO

Source: Kotak Institutional Equities Research

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ADD. We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months.

REDUCE. We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months.

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