2QFY08 Results Update
SECTOR: REAL ESTATE

MOTILAL OSWAL

Unitech

STOCK INFO.	BLOOMBERG
BSE Sensex: 19,838	UT IN
	REUTERS CODE
S&P CNX: 5,901	UNTE.BO

Equity Shares (m)	1,623.4
52-Week Range	396/160
1,6,12 Rel. Perf. (%)	7/43/43
M.Cap. (Rs b)	622.8
M.Cap. (US$ b)	15.8

31 October 2007 **Buy**

Previous Recommendation: Buy Rs384

YEAR END	NET SALES (RS M)	PAT (RS M)	EPS (RS)	EPS GROWTH (%)	P/E (X)	P/BV (X)	ROE (%)	ROCE (%)	EV/ SALES	EV/ EBITDA
3/07A	32,883	13,094	8.1	1,846.7	47.6	15.6	65.7	46.5	20.3	33.4
3/08E	43,545	13,073	8.1	-0.2	47.6	23.3	49.0	26.6	15.3	35.0
3/09E	191,305	30,439	18.7	132.8	20.5	13.2	64.5	69.3	7.6	14.4

- Unitech reported robust results for 2QFY08. Consolidated revenues grew 135% YoY to Rs10.1b. EBITDA margins expanded 1,727bp YoY to 50% from 32.8% in 2QFY07 on improved product mix.
- **Lower tax provisioning boosts net profit:** Consolidated PAT grew ~296% YoY to Rs4b, aided by lower tax provisioning. Tax as a percentage of PBT was 13.9% in 2QFY08 v/s 19.9% in 2QFY07, as significant revenues were accounted in the Greater Noida project, which enjoys Sec 80 (IB) benefits. Also, performance fee of ~Rs150m per quarter from UCP is also tax exempt.
- **Substantial addition to landbank:** As at September 2007, total debt stood at Rs57b, cash at Rs14b, and customer advances at Rs48b. Balance sheet analysis shows that cash outflow in 1HFY08 stood at Rs26b, of which Rs7-8b is on project development costs and Rs15-20b is on account of land acquisition (Vizag 1,750acres). Current land cost for the company is Rs70-80b; thus the addition of Rs15-20b is substantial.
- **Development plans to be updated:** Unitech has not updated its development plans since September 2006. The management has indicated that they would be shortly announcing their updated development plans, which would show a substantial shift towards more profitable verticals such as commercial offices, hotels and retail.
- **Valuation and view:** We expect Unitech to clock revenue CAGR of 80% and net profit CAGR of 77% during FY07-10. We are increasing our PAT estimates by 16.4% for FY08 to Rs11b and by 6.4% for FY09 to Rs28.3b to account for lower tax rates, lower staff costs and higher other income. We maintain **Buy**.

QUARTERLY PERFORMANCE (Rs Million)

	FY07*				FY08		FY07#	FY08#
	1Q	2Q#	3Q	4Q	1Q#	2Q#		
Sales	**2,678**	**4,306**	**10,027**	**8,487**	**8,656**	**10,135**	**33,183**	**43,545**
Change (%)	*88.9*		*483.3*	*307.9*		*135.4*	*258.2*	
Total Expenditure	1,918	2,895	3,077	3,387	3,651	5,064	12,865	24,552
EBITDA	**760**	**1,411**	**6,950**	**5,101**	**5,005**	**5,071**	**20,318**	**18,993**
Change (%)	*334.3*		*2,832.5*	*765.7*		*259.5*	*60.9*	*43.6*
As of % Sales	*28.4*	*32.8*	*69.3*	*60.1*	*57.8*	*50.0*	*61.2*	*43.62*
Depreciation	10	17	13	12	32	30	80	104
Interest	159	216	495	744	601	790	3,020	2,849
Other Income	385	98	139	354	341	508	700	1,127
PBT	**977**	**1,275**	**6,580**	**4,699**	**4,714**	**4,759**	**17,919**	**17,168**
Tax	237	241	2,057	1,128	1,044	660	4,864	4,273
Effective Tax Rate (%)	*24.2*	*18.9*	*31.3*	*24.0*	*22.1*	*13.9*	*27.1*	*24.9*
Reported PAT	**740**	**1,034**	**4,524**	**3,571**	**3,670**	**4,099**	**13,055**	**12,895**
Adj PAT	**740**	**1,034**	**4,524**	**3,571**	**3,670**	**4,099**	**13,055**	**12,895**
Change (%)	*917.9*		*3,190.0*	*907.0*		*296.3*	*1,389.4*	-1.2

*E: MOSt Estimates;*Standalone, # Consolidated*

Siddharth Bothra (Sbothra@MotilalOswal.com)/Satyam Agarwal (Agarwals@MotilalOswal.com)/ Mansi Trivedi (mansi.trivedi@motilaloswal.com)

Robust 2QFY08 results

Unitech reported robust results for 2QFY08. Consolidated revenues grew 135% YoY to Rs10.1b. EBITDA margins expanded 1,727bp YoY to 50% from 32.8% in 2QFY07 on improved product mix. During 1HFY08, apartment sales were ~4m sft (2,000-2,500 units) v/s 12-14m sft (7,000 units) in FY07, which points towards sales slowdown. Consolidated PAT grew ~296% YoY to Rs4b, aided by lower tax provisioning. Tax as a percentage of PBT was 13.9% in 2QFY08 v/s 19.9% in 2QFY07, as significant revenues were accounted in the Greater Noida project, which enjoys Sec 80 (IB) benefits. Also, performance fee of ~Rs150m per quarter from UCP is also tax exempt.

Awarded a 1,750-acre project in Vishakapatnam

Unitech has bagged a mega project of ~1,750 acres in Vishakapatnam, which has a robust real estate market, with residential prices ranging from Rs2,500-4,000/sft. The consideration for the landbank is ~Rs3.5b upfront and a revenue sharing agreement with the government. Though Unitech has won the project in an open bidding, certain allegations have dragged it to the High Court. With the next court hearing scheduled in November 2007, more clarity will emerge on the project. We await further details before including it in our NAV calculations.

Landbank additions seem to be substantial

Balance sheet analysis shows that the company has spent Rs26b in 1HFY08, of which Rs7-8b is on project development cost and Rs15-20b is on account of land acquisition. Current land cost for the company is Rs70-80b; the addition of Rs15-20b is substantial. Unitech has not updated its development plans since September 2006. However, the management has indicated that they are in the process of aggregating the landbank, and would be announcing new landbank acquisitions over the next 3-4 months, which should result in significant NAV upgrades.

New project launches during 1HFY08

- The Grande, Capella, Noida
- 1st phase of Uniworld City, Greater Noida
- Greater Noida, the Gateway (35 acres)
- Kolkata, Harmony, 8th phase of Uniworld City, Kolkata
- Worlds of Wonder at Entertainment City , Noida

Shift in development plans to more profitable segments

The management has indicated that they would be shortly announcing their updated development plans, which would show a substantial shift towards more profitable verticals such as commercial offices, hotels and retail.

Unitech's current development plans of ~472m sft comprise of: 76% residential (366m sft), 7% commercial (43m sft), 8% institutional (37m sft), 6% retail (25m sft), 2% commercial IT parks and 1% hotels. Residential development plans comprise 63% apartments, 11% plot development and 26% villas/row houses.

We understand that as per the revised development plan, Unitech intends to commence construction on ~10m sft of grade A retail mall space, launch ~10m sft of commercial office space and roll out plans for the hotels segment (covering 28 sites, 4,800 rooms). This is not reflected in our current NAV estimate.

UNITECH DEVELOPMENT PLANS (MSF)

	TOTAL	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Residential	366	23	45	62	54	44	38	31	14	14	12
Apartments	*240*	*15*	*29*	*40*	*31*	*26*	*23*	*15*	*11*	*12*	*11*
Villas	*89*	*5*	*10*	*15*	*15*	*13*	*12*	*15*	*2*	*2*	*1*
Plots	*37*	*4*	*6*	*8*	*8*	*5*	*3*	*1*	*1*	*0*	*0*
Commercial*	43	3	7	11	7	5	4	3	1	1	0
Institutional Plots	35	1	1	3	3	7	6	7	2	2	2
Retail	25	1	4	4	3	4	5	3	0	0	0
Hotels	3	0	0	1	1	1	0	0	0	0	0
Total	**472**	**28**	**58**	**81**	**69**	**61**	**52**	**45**	**16**	**17**	**14**

**Includes IT parks* *Source: Company/Motilal Oswal Securities*

UNITECH: COMMERCIAL SPACE LAUNCH PLAN (MSF)

PARTICULARS	TOTAL*	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
NCR	4.1	0.3	0.8	1.3	1.0	0.5	0.1	0.0	0.0	0.0	0.0	0.0
Kolkata	8.8	0.0	1.2	1.6	1.1	0.4	0.4	1.0	1.0	1.0	1.2	0.0
Chennai	8.7	0.0	0.1	1.2	3.0	2.6	1.8	0.0	0.0	0.0	0.0	0.0
Kochi	3.6	0.0	0.1	0.8	1.3	1.0	0.2	0.0	0.0	0.0	0.0	0.0
Agra	7.8	0.0	0.0	0.0	0.8	1.6	2.0	2.0	1.6	0.0	0.0	0.0
Varanasi	3.9	0.0	0.0	0.0	0.4	0.8	1.0	1.0	0.8	0.0	0.0	0.0
Chandigarh	1.5	0.0	0.0	0.1	0.4	0.3	0.4	0.2	0.0	0.0	0.0	0.0
Others	4.8	0.0	0.2	1.0	1.5	1.3	0.6	0.2	0.0	0.0	0.0	0.0
Total	**43.2**	**0.3**	**2.4**	**6.0**	**9.5**	**8.5**	**6.6**	**4.4**	**3.4**	**1.0**	**1.2**	**0.0**

*Includes IT parks

Source: Company/Motilal Oswal Securities

Commercial offices: Unitech is a large player

In FY07, Unitech sponsored Unitech Corporate Park, which raised Rs32b, primarily intended towards investment in 21.5m sft of office space under development by Unitech. During FY08, based on the revised development plans, we understand that Unitech expects to further launch 10m sft of office space, to be delivered during FY11-12. Based on the projects under development (21.5m sft) and a construction period of 24-30 months, we expect Unitech (including UCP) to account for a market share of 13-14% in commercial office absorption during FY08-10. Of the 21.5m sft under construction, lease agreements for 1.5-2m sft have been signed. ~2.5m sft will be delivered in FY08, 12.7m sft in FY09 and 5.6m sft in FY10. Including projects transferred to UCP, commercial office space accounts for 47% of projects under construction for Unitech.

Retail: Unitech to launch ~10m sft in FY08

In FY07, Unitech launched its first retail malls in Noida (1m sft) and in Delhi (0.2m sft), with its Noida mall being the largest of its kind in India. Both the malls have been fully let out. Based on the initial success, Unitech has now drawn up plans to emerge as a sizeable player in the Grade A retail space in India. In FY08, the company expects to start construction on 10m sft of Grade A retail malls in Delhi NCR region, Kolkata, Bangalore, Kochi, Hyderabad, etc, which would be delivered during FY10 and FY11. This is a significant scale up, as even the current development plans (last updated in September 2006) entail a total development area of 25m sft for retail (including shopping centers) of the total development area of 472m sft. Based on expected launch of 10m sft during FY08, we expect Unitech to account for a market share of ~5% in retail space absorption during FY10 and FY11.

Land cost competitive at Rs169/sft

For Unitech, land cost stands at ~Rs80b, i.e. an average of Rs169/sft, which is competitive. Outstanding land payments stand at Rs35-40b, largely pertaining to government land acquisitions, which have to be paid over a period of 3-5 years.

UNITECH: CITY-WISE RETAIL SPACE LAUNCH PLAN (MSF)

	TOTAL	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
NCR	2.5	0.1	0.3	1.0	0.9	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Kolkata	1.7	0.0	0.1	0.4	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Chennai	3.2	0.0	0.0	0.0	0.8	1.1	1.3	0.0	0.0	0.0	0.0	0.0
Kochi	3.0	0.0	0.3	1.2	1.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Mohali	1.4	0.0	0.3	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Agra	4.0	0.0	0.0	0.0	0.0	0.4	1.0	1.6	1.0	0.0	0.0	0.0
Varanasi	7.9	0.0	0.0	0.0	0.0	0.8	2.0	3.1	2.0	0.0	0.0	0.0
Others	2.0	0.0	0.2	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total	**25.1**	**0.2**	**1.1**	**3.6**	**4.4**	**3.4**	**4.2**	**4.7**	**2.9**	**0.0**	**0.0**	**0.0**

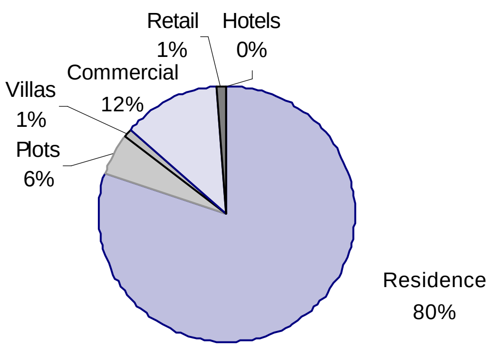
Source: Company/Motilal Oswal Securities

Product mix getting diversified

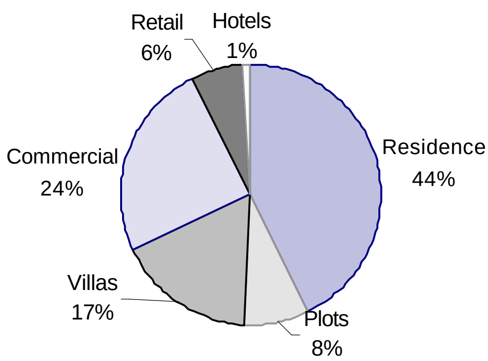
Till date, Unitech has primarily focused on integrated townships and mixed-use development projects, which largely consist of residential development. Going forward, it plans to significantly increase presence in emerging and more profitable segments like premium apartments, commercial office, hotels, retail and SEZs. We expect the contribution of the residential segment to total revenues to decline from 94% during FY07 to 51% by FY10.

REAL ESTATE PRODUCT MIX TO GET FURTHER DIVERSIFIED

FY07



FY10



Source: Company/Motilal Oswal Securities

Increasing PAT estimates

We expect Unitech to clock revenue CAGR of 80% and net profit CAGR of 77% during FY07-10. We are increasing our PAT estimates by 16.4% for FY08 to Rs11b and by 6.4% for FY09 to Rs28.3b to account for lower tax rates, lower staff costs and higher other income.

REVISED ESTIMATES (RS M)

	FY08	FY09	FY10
Old PAT	11,075	28,299	69475
New PAT	12,895	30,106	71,855
Chg. (%)	*16.4*	*6.4*	*3.4*
Old EPS (Rs)	6.8	17.4	42.8
New EPS (Rs)	8.1	18.7	44.5
Chg. (%)	*18.0*	*7.6*	*4.1*

Source: Motilal Oswal Securities

Valuation and view

We expect Unitech to report robust financial performance, with revenue CAGR of 80% and net profit CAGR of 75% over FY07-10. This strong growth would be primarily driven by increase in production volumes (and deliveries) across verticals. We believe Unitech's should quote at a premium to NAV, due to its asset light business model, large diversified low-cost landbank, wide geographical presence, vertical de-risking and strong cash flows.

For the purpose of calculating NAV, we have factored in development plans that would be executed over the next 10 years, discounting the cash flow to the present value and deducting all applicable taxes and operational costs. The NAV discount or premium is adjusted for the 'realizability' and 'quality' of those assets. The residential segment accounts for 56% of gross asset value (GAV), while the commercial office (including IT Parks and Unitech Corporate Park) and retail verticals account for 19% and 15% of GAV, respectively.

Successful implementation of monetization strategies will lead to lower capital costs and create conditions for building integrated property business model, comprising property development, re-development, acquisitions, divestitures, leasing and management. Such business models create long-term, value-added ongoing enterprises and they should trade at a premium to NAV.

NAV calculation: key assumptions

1) We have factored in development plans, which will be executed over the next 10 years (till FY17).

2) 'No' price increase in Gurgaon for apartments during FY08-17 and for commercial and retail space during FY08-12. From FY13, we assume a price CAGR of 5% in commercial and retail space in national capital region (NCR). Even in the existing lease contracts, which provide for a 15% increase at the end of every three years, we have assumed no increases in NCR till FY12. For other cities, we assume a price increase of 5% CAGR post FY09.
3) Stagnant prices across all cities and verticals for FY08 and FY09.
4) 5% CAGR for cost of construction across all verticals and cities.
5) In the retail and commercial verticals, we have assumed a cap rate of 9.5%. We have assumed 90% occupancy rates in both retail and commercial verticals across all cities.
6) Tax rate of 33.9% at corporate level for all projects (excluding IT SEZs).
7) For residential projects, we have assumed average construction period of 24 months, IT parks 18 months, commercial offices 18-24 months, retail 24-30 months and hotels 30 months.

City-wise GAV analysis

City-wise GAV analysis indicates that Chennai accounts for 25% of Unitech's GAV, followed by Gurgaon, which accounts for 18% of GAV. These cities account for 24% and 10% of the development area, respectively. Kolkata accounts for 19% of Unitech's developable area, it contributes only 11% to its GAV. Noida / Greater Noida accounts for 4% of the development area and 2% of GAV. Agra and Varanasi, which account for 19% of the development area, contribute 11% to GAV.

NAV calculation: what we have not considered

Our estimated NAV of Rs262/share does not factor in the possible value creation from SEZs, fund management business and the recently bagged Vishakhapatnam project.

A) SEZ plans: Given the uncertainty in terms of land acquisition and real estate development around large SEZ projects, we have not assigned any value to the SEZ plans of Unitech:

1) **New Kolkata International Development** (SPV promoted by Salim Group, Universal Success Group and Unitech), which plans real estate development of 37,830 acres, including 22,500 acres as SEZ.

2) Planned 9,884 acres SEZ at **Kundli**.

NAV CALCULATION

	(RS M)	NAV/SHARE (RS)	% OF NAV	% OF GAV
Residence	380,927	235	90	56
Apartment	*202,144*	*125*	*48*	*30*
Villas	*152,030*	*94*	*36*	*22*
Plots	*26,753*	*16*	*6*	*4*
Commercial	67,451	42	16	10
Retail	104,331	64	25	15
Hotels	35,527	22	8	5
IT Parks	27,577	17	7	4
Institutional Plots	20,060	12	5	3
Entertainment Park	8,260	5	2	1
Total	**644,133**	**397**	**152**	**94**
Add: Fund Mgt Business	4,037	2	1	1
Add: UCP	33,488	21	8	5
Gross Asset Value (GAV)	**681,658**	**420**	**161**	**100**
Less: Tax	135,507	83	-32	-20
Add: Cash	4,091	3	-1	-1
Less: Debt	48,000	30	-11	-7
Less: Land Cost	21,000	13	-5	-3
Less: Operating Exp	57,972	36	-14	-9
Net Asset Value (NAV)	**423,270**	**262**	**100**	**62**

Source: Motilal Oswal Securities

CITY-WISE GROSS ASSET VALUE (GAV) ANALYSIS (RS M)

	APARTMENTS	PLOTS^	VILLAS	COMMER-CIAL #	RETAIL	HOTELS	ENTERT-AINMENT PARKS	TOTAL*	% OF GAV	PER SHARE (RS)
Delhi	0	0	0	0	2,172	0	6,610	10,305	1.6	6.3
Gurgaon	31,081	5,249	33,138	4,890	17,092	9,230	0	115,668	18.0	71.3
Faridabad	313	0	0			0	0	313	0.0	0.2
Noida	35,401	0	0		10,667	10,152	0	56,790	8.8	35.0
Greater Noida	12,645	0	0	1,118	1,142	0	0	15,069	2.3	9.3
Kolkata	30,824	5,198	0	14,164	6,740	8,882	0	69,077	10.7	426
Chennai	33,785	7,025	74,613	20,867	15,640	0	0	161,484	25.1	99.5
Kochi	15,922	2,048	19,194	3,356	17,312	3,084	0	66,168	10.3	40.8
Bangalore	10,193	0	0	1,030	2,134	4,179	0	17,536	2.7	10.8
Hyderabad	8,665	1,328	6,269	2,532	3,437	0	0	28,880	4.5	17.8
Mohali	7,086	778	6,329		6,322	0	0	24,940	3.9	15.4
Agra	5,312	2,471	7,260	10,058	9,103	0	0	35,313	5.5	21.8
Varanasi	7,172	2,656	5,227	5,029	12,568	0	0	34,313	5.3	21.1
Siliguri	3,743	0	0	1,100	0	0	0	4,843	0.8	3.0
Chandigarh	0	0	0	3,434	0	0	1,650	5,084	0.5	2.1
Total	**202,144**	**26,753**	**152,030**	**67,451**	**104,329**	**35,527**	**8,260**	**644,131**	**100**	**396.8**
%	*29.7*	*3.9*	*22.3*	*9.9*	*15.3*	*5.2*	*1.2*			

Note (*): City-wise GAV total does not includes contribution from UCP & Fund management business; # includes IT Parks; ^ includes institutional plots

Source: Motilal Oswal Securities

B) Fund management business: Unitech is fast transforming its business model on the lines of CapitaLand, Singapore, whose asset light business model focuses on early monetization for commercial projects through an REIT structure, thus increasing 'assets under management'. In FY07, Unitech sponsored Unitech Corporate Park (listed on AIM), which raised Rs32b, primarily intended towards investment in 21.5m sft of office space under development by Unitech. Going forward, we expect Unitech to adopt a similar strategy and sponsor vehicles for early monetization of retail, hotel and amusement park ventures. Post completion of these projects, Unitech could also sponsor REIT structures to acquire constructed projects at lower capitalization rates, and further expand the fund management business.

The arrangement with UCP entitles Unitech to 2% of AUM as investment fees per year and a carry profit based on the IRR delivered. Going forward, this fee structure will lead to substantial value creation by the fund management business, as assets under management expand. Currently, our NAV just factors in a value of Rs4b for the fund management business, based on the expected receivables from the current investment portfolio of UCP, which ignores the future value creation possibility.

C) Vishakhapatnam project: The recently bagged Vishakhapatnam project of ~1,750acres translates to 76.2msf (assuming FSI of 1x) which is 16% of Unitech current land bank. Given Vishakhapatnam robust real estate market, we believe this to be NAV accretive. With the next court hearing scheduled in November 2007, more clarity will emerge on the project. We await further details before including it in our NAV calculations.

D) Changes in development plans: Till date, Unitech has primarily focused on integrated townships and mixed use development projects, which largely consist of residential development. Going forward, the company plans to significantly increase presence in emerging and more profitable segments like premium apartments, commercial office, hotels, retail and SEZs. These segments have the highest yield per acre, and also enjoy significant entry barriers in terms of upfront capital commitment, brand equity, tenant relationships, etc.

The current development plans indicate that of the total development area of 472msf, residential area accounts for 366msf (77.5% of total), commercial office space for 43msf (9.1% of total) and retail space for 25msf (5.3% of total). As conversion use for a large part of the land bank is yet to be acquired, there exists a strong probability that part of the development area from the residential segment (77.5% of total) would be shifted towards premium apartments, commercial office, retail and hotels, which is not captured in the current NAV calculations.

UCP: fee structure for Unitech

1) Investment management fees of 2% per year on AUM.
2) Performance fees depending on IRR generated: 20% of that part of net cash flow generated that resulted in a project IRR of 10% to 20%; and 30% of that part of net cash flow generated that resulted in a project IRR of 20%+.
3) Project management expenses of 5% of construction cost.
4) Brokerage income of three months for leased properties.

Unitech: an investment profile

Company description

Unitech is the second largest listed real estate developer in India by market capitalization. It was incorporated in February 1971 and converted to a public limited company in October 1985. In 1986, it launched its real estate development business with its first project in Gurgaon. Unitech Group also has a construction business, which undertakes both civil construction and infrastructure projects.

Key investment arguments

- Asset Light model
- Introduction of new revenue streams from lease/ management fees.
- Aggregate additional land bank
- Competitive land cost at Rs169/sft
- Improved revenue mix, with the share of residential segment to total revenues likely to decline from 94% during FY07 to 51% by FY10.

Key investment risks

- Aggressive development schedule has been considered.
- Concentration in the NCR region (31% of GAV).
- Any weaker-than-expected GDP growth for the domestic economy could negatively impact sentiment of buyers, leading to elusive demand.

Recent developments

- Unitech has utilized Rs26b in 1HFY08, of which Rs7-8b is on project development costs and Rs15-20b on account of land acquisitions.
- Unitech bagged a mega project in Vishakapatnam of 1,750 acres
- Landbank has augmented by 20-25%

Valuation and view

- We expect Unitech to clock revenue CAGR of 80% and net profit CAGR of 77% during FY07-10. We are increasing our PAT estimates by 16.4% for FY08 to Rs11b and by 6.4% for FY09 to Rs28.3b to account for lower tax rates, lower staff costs and higher other income. **Buy**.

Sector view

- Indian real estate industry is witnessing consolidation and increase in market share of large real estate companies.
- Indian real estate market will pass through a phase of efficient asset pricing and consolidation over the next 18-24 months. This would be largely driven by access to institutional funding.

COMPARATIVE VALUATIONS

		UNITECH	PURAVANKARA	DLF
Land Bank (msf)		472	107	738
P/E (x)	FY08E	47.6	38.3	25.5
	FY09E	20.5	20.0	21.4
P/BV (Rs)	FY08E	23.3	9.2	9.4
	FY09E	13.2	7.8	7.2
EV/Sales (x)	FY08E	15.3	5.0	13.7
	FY09E	7.6	2.1	11.4
EV/sf (Rs)	FY08E	1,409	333	2,099
	FY09E	1,299	281	1,912

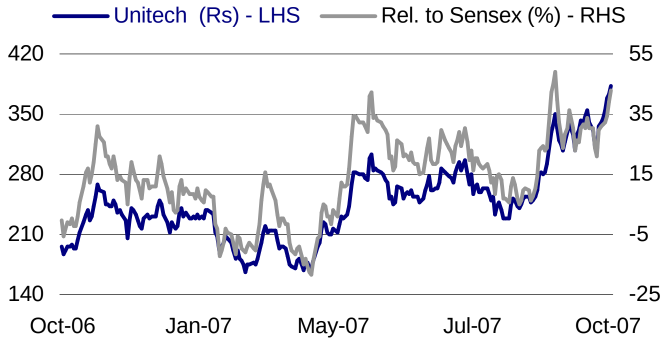
SHAREHOLDING PATTERN (%)

	SEP-07	JUN-07	SEP-06
Promoter	74.6	74.6	74.5
Domestic Inst	1.2	0.3	0.6
Foreign	6.9	7.8	6.4
Others	17.3	17.3	18.5

EPS: MOST FORECAST VS CONSENSUS (RS)

	MOST FORECAST	CONSENSUS FORECAST	VARIATION (%)
FY08	8.1	9.8	-17.4
FY09	18.7	21.6	-13.3

STOCK PERFORMANCE (1 YEAR)



INCOME STATEMENT					(Rs Million)
Y/E MARCH	2006	2007	2008E	2009E	2010E
Net Sales	**9,264**	**32,883**	**43,545**	**80,210**	**191,305**
Change (%)	*-13.7*	*343.7*	*32.4*	*84.2*	*138.5*
Construction Expenses	9,142	10,193	18,156	28,042	74,849
Office & Site Establis. Ex	4,267	1,894	3,709	5,688	10,495
EBITDA	**1,686**	**20,018**	**18,993**	**42,482**	**97,770**
% of Net Sales	*18.2*	*60.9*	*43.6*	*53.0*	*51.1*
Depreciation	112	80	104	140	219
Interest	465	3,020	2,849	1,440	0
Other Income	281	1,000	1,127	580	2,773
PBT	**1,390**	**17,918**	**17,168**	**41,482**	**100,323**
Tax	513	4,864	4,273	11,376	28,469
Rate (%)	*36.9*	*27.1*	*24.9*	*27.4*	*28.4*
Reported PAT	**876**	**13,055**	**12,895**	**30,106**	**71,855**
Change (%)	*51.2*	*1,846.7*	*-0.2*	*133.5*	*138.7*

BALANCE SHEET					(Rs Million)
Y/E MARCH	2006	2007	2008E	2009E	2010E
Share Capital	125	1,623	3,247	3,247	3,247
Reserves	2,472	18,320	23,429	43,942	101,566
Net Worth	**2,597**	**19,944**	**26,676**	**47,189**	**104,813**
Loans	10,449	55,593	48,000	0	0
Deffered Tax Liability	1,208	20	448	1,585	4,432
Capital Employed	**14,255**	**75,557**	**75,124**	**48,774**	**109,245**
Gross Fixed Assets	4,530	5,995	7,913	9,518	16,195
Less: Depreciation	911	0	104	244	463
Net Fixed Assets	**3,620**	**5,995**	**7,809**	**9,275**	**15,732**
Capital WIP	1,268	2,153	5,419	17,377	25,466
Investments	145	4,548	4,548	4,548	4,548
Curr. Assets	**38,661**	**117,078**	**106,563**	**137,632**	**232,666**
Inventory	5,831	548	0	0	0
Debtors	1,032	1,458	2,685	4,183	9,044
Cash & Bank Balance	3,899	10,229	5,816	9,502	64,215
Loans & Advances	2,860	18,397	38,618	45,122	73,158
Other Current Assets	25,039	86,447	59,443	78,824	86,249
Current Liab. & Prov	**30,031**	**55,331**	**49,215**	**120,057**	**169,166**
Creditors	29,159	49,551	47,745	116,625	160,975
Other Liabilities	0	0	0	0	0
Provisions	872	5,780	1,470	3,432	8,191
Net Current Assets	**8,630**	**61,748**	**57,348**	**17,575**	**63,500**
Application of Fund:	**13,667**	**74,444**	**75,124**	**48,774**	**109,245**

E: MOSt Estimates; # Fifteen months ended Mar 2006

RATIOS					
Y/E MARCH	2006	2007	2008E	2009E	2010E
Basic (Rs)					
Adjusted EPS	**0.4**	**8.1**	**8.1**	**18.7**	**44.5**
Growth (%)	*-*	*1,846.7*	*-0.2*	*132.8*	*137.6*
Cash EPS	1.2	20.3	19.6	44.6	104.4
Book Value	41.5	24.6	16.4	29.1	64.6
DPS	0.0	0.8	0.8	1.9	4.4
Payout (incl. Div. Tax.)	0.0	10.0	10.0	10.0	10.0
Valuation (x)					
P/E (standalone)		47.6	47.6	20.5	8.6
Cash P/E		18.9	19.6	8.6	3.7
EV/EBITDA		33.4	35.0	14.4	5.7
EV/Sales		20.3	15.3	7.6	2.9
Price/Book Value		15.6	23.3	13.2	5.9
Dividend Yield (%)		0.2	0.2	0.5	1.2
Profitability Ratios (%)					
RoE	26.0	65.7	49.0	64.5	69.0
RoCE	13.1	46.5	26.6	69.3	127.0
Leverage Ratio					
Debt/Equity (x)	4.0	2.8	1.8	0.0	0.0

CASH FLOW STATEMENT					(Rs Million)
Y/E MARCH	2006	2007	2008E	2009E	2010E
PBT before Extraordinar	**1,390**	**17,918**	**17,168**	**41,482**	**100,323**
Add : Depreciation	112	80	104	140	219
Interest	465	3,020	2,849	1,440	0
Less : Direct Taxes Paid	513	4,864	4,273	11,376	28,469
(Inc)/Dec in WC	-2,162	-47,276	1,278	43,790	9,244
CF from Operations	**-708**	**-31,121**	**17,126**	**75,477**	**81,318**
(Inc)/Dec in FA	-3,518	-3,341	-5,184	-13,563	-14,766
(Pur)/Sale of Investment	358	-4,403	0	0	0
CF from Investment	**-3,161**	**-7,744**	**-5,184**	**-13,563**	**-14,766**
(Inc)/Dec in Networth	-1,165	4,559	-4,443	-5,356	-3,647
(Inc)/Dec in Debt	6,686	45,143	-7,593	-48,000	0
Less : Interest Paid	465	3,020	2,849	1,440	0
Dividend Paid	0	1,488	1,470	3,432	8,191
CF from Fin. Activit	**5,056**	**45,194**	**-16,355**	**-58,228**	**-11,838**
Inc/Dec of Cash	**1,182**	**6,329**	**-4,412**	**3,685**	**54,714**
Add: Beginning Balance	2,718	3,899	10,229	5,816	9,502
Closing Balance	**3,900**	**10,229**	**5,817**	**9,501**	**64,215**

For more copies or other information, contact
Institutional: Navin Agarwal. **Retail:** Manish Shah
Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: inquire@motilaloswal.com

Motilal Oswal Securities Ltd, 3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021

Disclosure of Interest Statement	Unitech
1. Analyst ownership of the stock	No
2. Group/Directors ownership of the stock	No
3. Broking relationship with company covered	No
4. Investment Banking relationship with company covered	No