

# India: Real Estate Developers

Equity Research

## Concerns starting to be priced in, valuations present opportunities

### Current stock prices factoring in low volumes and low prices

Our India real estate sector trades at a 12-month fwd P/B of 1X, which is more than 1SD below its mean. Our scenario analysis suggests that current stock prices are implying price corrections of 20%-25% across verticals in addition to low volumes. Past trends indicate that prices and volumes are negatively correlated and we see a volume rebound if prices remain low.

### Difficult to estimate the bottom; interest rates, better news flow

Stocks bottomed out in early-2009 as borrowing rates for companies started to reduce and lower property prices triggered better-than expected sales. Our Global ECS Research team is not expecting further rate hikes by the RBI and companies have started giving selective discounts. The current pricing environment and the demand environment is better than in early-2009.

### The sector has been plagued by multiple concerns

The Indian real estate sector has been plagued by multiple concerns: **(1)** interest rates have risen by 300+ bp over the past six quarters raising borrowing costs and lowering end-user affordability; **(2)** higher commodity cost of cement and steel, **(3)** slower approvals, **(4)** demand volatility due to macro uncertainty and lower GDP growth, and **(5)** high inventory in commercial real estate. In addition various company-specific issues have led to the sector underperforming broader indices.

### Current scenario unlike 2008, when consumer confidence was low

While companies are trading at trough valuations, similar to those seen in 2008, companies currently have better balance sheets and consumer confidence is higher as evidenced by absorption and mortgage data.

### Buy Sobha, DLF, HDIL, Oberoi; Sell Godrej Prop., Phoenix Mills

We rate Sobha, HDIL, Oberoi Realty, and DLF as Buys and Godrej Properties and Phoenix Mills as Sells. We adjust our FY12-FY14 EPS estimates by -7% to -19% to factor in slower project execution. We adjust our 12-month target prices by -10% to -22% following slower project execution and approvals.

### Key risks

Key risks include interest rate risk, continued delay in approvals, volatility in property prices, and rentals.

#### SUMMARY OF RATINGS AND TARGET PRICES

Ticker	Rating	12-mo TP (Rs)	Current Price (Rs)	Potential upside/ (downside)
SOBH.BO	Buy*	340	220	55%
HDIL.BO	Buy	164	102	62%
OEBO.BO	Buy	309	223	38%
DLF.BO	Buy	254	182	40%
JYPE.BO	Neutral	51	41	26%
PREG.BO	Neutral	142	102	40%
UNTE.BO	Neutral	36	26	37%
INRL.BO	Neutral	110	79	39%
PHOE.BO	Sell	207	201	3%
GODR.BO	Sell	518	693	-25%

\* indicates stock on Asia Pacific Conviction List

Current prices are as at market close on August 24, 2011.

Source: Datastream, Goldman Sachs Research estimates.

#### SUMMARY OF EPS CHANGES

	EPS (Rs)					
	FY2012E		FY2013E		FY2014E	
	New	Old	New	Old	New	Old
JYPE.BO	9.20	9.84	7.84	9.05	8.96	10.86
PREG.BO	7.87	9.77	11.40	13.98	14.20	17.59
INRL.BO	7.15	7.73	9.60	10.36	12.10	14.24

Source: Goldman Sachs Research estimates.

#### SUMMARY OF TARGET PRICE AND NAV CHANGES

	Target price (Rs/share)			NAV (Rs/share)		
	New	Old	%chg	New	Old	%chg
HDIL.BO	164	183	-10%	289	289	0%
JYPE.BO	51	65	-22%	85	93	-9%
PREG.BO	142	168	-15%	178	187	-5%
INRL.BO	110	134	-18%	183	224	-18%

Source: Goldman Sachs Research estimates.

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## Concerns priced in; valuations present opportunities

### Stocks starting to price in both low pricing and demand

Exhibit 1 highlights NAV sensitivity to a reduction in base-case property prices and WACC. Most stocks are pricing in price cuts of more than 20% to our base-case assumptions, which are 10+% below current market prices in most cases. We believe such a large price cut can trigger faster demand.

Higher affordability induced by lower interest rates and pricing can boost demand significantly, in our view. We give three examples: **(1)** Pick-up in demand in 1HCY09 as pricing dropped, **(2)** sharp increase in demand in Noida/Greater Noida on account of lower pricing, and **(3)** drop in Mumbai demand as prices escalated.

**Exhibit 1: Most stocks are factoring in a price correction of 20%-25%**  
NAV (Rs/share) – Sensitivity to a change in current selling price and WACC

DLF		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	206	233	261	288	316	343	398	453	
	12%	185	210	235	260	285	310	361	411	
	14%	166	190	213	236	259	282	328	374	
	16%	150	172	193	214	235	257	299	342	
	18%	136	156	175	195	215	235	274	314	

Unitech		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	25	33	42	50	59	68	85	102	
	12%	20	28	36	44	52	59	75	90	
	14%	17	24	31	38	45	52	66	80	
	16%	14	20	27	33	39	46	59	71	
	18%	11	17	23	29	34	40	52	64	

Sobha		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	257	289	321	353	385	417	481	545	
	12%	245	275	306	336	366	397	457	518	
	14%	234	263	292	321	349	378	435	493	
	16%	225	252	279	306	334	361	415	470	
	18%	215	241	267	293	319	345	397	449	

Jaypee Infratech		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	20	38	56	75	93	112	148	185	
	12%	15	31	48	64	81	97	130	163	
	14%	11	25	40	55	70	85	115	144	
	16%	7	20	34	47	61	74	101	128	
	18%	4	16	28	41	53	65	90	114	

HDIL		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	156	195	234	275	316	358	446	541	
	12%	136	172	208	245	282	321	401	487	
	14%	119	152	185	219	253	289	362	440	
	16%	105	135	165	196	228	260	328	400	
	18%	92	120	148	177	206	236	298	364	

Prestige Estates		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	107	125	142	160	177	195	229	264	
	12%	102	119	136	152	169	186	219	253	
	14%	98	114	130	146	162	178	210	242	
	16%	94	109	125	140	155	171	201	232	
	18%	90	105	120	134	149	164	193	223	

Oberoi		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	249	266	282	299	316	332	366	399	
	12%	241	257	273	289	305	320	352	383	
	14%	234	249	264	279	294	309	339	369	
	16%	228	242	256	271	285	299	328	356	
	18%	222	236	249	263	276	290	317	345	

Indiabulls Real Estate		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	73	100	127	154	182	211	270	332	
	12%	70	94	119	144	170	196	250	308	
	14%	67	89	112	135	159	183	233	286	
	16%	65	86	106	128	150	172	219	268	
	18%	63	82	102	121	142	162	206	252	

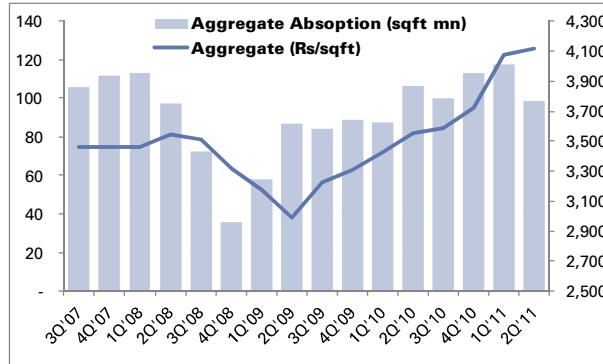
  

Godrej Properties		Price change								
14%		0%	-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	10.0%	20.0%
WACC	0%	282								
	10%	265	341	416	491	566	641	791	942	
	12%	233	302	370	438	507	575	712	848	
	14%	206	268	331	393	456	518	643	768	
	16%	182	240	297	355	412	470	584	699	
	18%	162	215	268	321	374	427	533	639	

Source: Goldman Sachs Research estimates.

**Exhibit 2: Absorption picked up with a correction in property prices in 1HCY09**

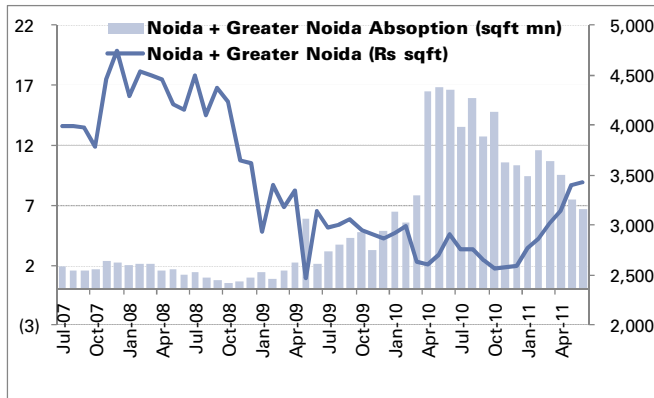
Aggregate absorption (sqft mn) (Lhs) and average prices (Rs/sqft)(Rhs) excluding Noida/Greater Noida



Source: PropEquity, Goldman Sachs Research.

**Exhibit 3: Absorption picked up as pricing corrected**

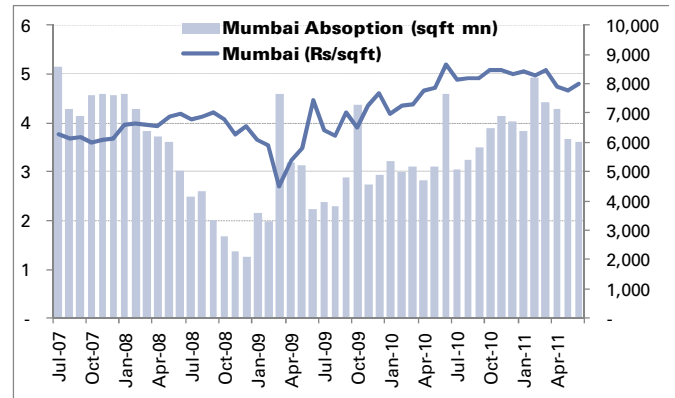
Noida/Greater Noida absorption (sqft mn) (Lhs) and prices (Rs/sqft)(Rhs)



Source: PropEquity, Goldman Sachs Research.

**Exhibit 4: Demand declined as prices rose**

Mumbai absorption (sqft mn)(Lhs) and prices (Rs/sqft)(Rhs)



Source: PropEquity, Goldman Sachs Research.

**Affordability equation likely to start turning decisively in FY13.** We believe affordability can improve by 20%-25% in FY13E on account of: **(1)** 100bp reduction in interest rates; **(2)** 7%-8% increase in salary, and **(3)** a 10% reduction in property prices. In the past, sharp changes in affordability affected demand, as experienced in CY07 when demand dipped sharply or in early-2009, when demand spiked. We highlight that current residential pricing is better in most locations than in early-2009 (Exhibits 6-7).

### Exhibit 5: We believe affordability can improve by 20%-25% in FY13E

Affordability Index – Mumbai (Kandivali) and Bangalore (Bannerghatta Road)

Mumbai (suburbs - Kandivali) at disposable income of Rs1.5 mn pa														
March year-ends	2001	2002	2003	2004	2005	2006	2007	2008	2009	May-09	2010	2011	2012E	2013E
Price (Rs/sq ft)	2800	2900	3000	3200	3500	4000	5877	6,700	5,200	5,200	6,500	7,800	7,020	6,318
% yoy	13%	4%	3%	7%	9%	14%	47%	14%	-22%	0%	25%	20%	-10%	-10%
Size of house (sq ft)	1200	1200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Cost of house (Rs mn)	3.36	3.48	3.60	3.84	4.20	4.80	7.05	8.04	6.24	6.24	7.80	9.36	8.42	7.58
Loan portion (Rs mn)	2.86	2.96	3.06	3.26	3.57	4.08	5.99	6.83	5.30	5.30	6.63	7.96	7.16	6.44
Interest rate	12.8%	12.1%	10.4%	8.9%	8.0%	8.5%	9.5%	11.1%	10.5%	10%	9%	9.5%	11.0%	10.0%
Monthly payment (Rs '000)	35.76	35.69	33.64	32.91	34.12	40.18	62.60	78.10	58.63	55.39	65.29	83.08	81.38	69.25
Annual income (Rs mn)	0.72	0.76	0.79	0.85	0.93	1.01	1.10	1.20	1.20	1.20	1.32	1.46	1.59	1.74
Income per capita yoy%	5%	5%	5%	7%	9%	8%	9%	9%	0%	10%	10%	10.5%	9.1%	9.1%
Annual income post tax (Rs mn)	0.61	0.64	0.68	0.72	0.79	0.85	0.91	0.98	1.03	1.03	1.14	1.31	1.43	1.56
Affordability (loan/income)	70%	67%	60%	54%	52%	57%	82%	95%	68%	64%	69%	76%	68%	53%
Cost of house/income ratio	5.5	5.4	5.3	5.3	5.3	5.7	7.7	8.2	6.0	6.0	6.9	7.1	5.9	4.9
Average	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
<b>Affordability Index</b>	<b>100.0</b>	<b>95.1</b>	<b>85.5</b>	<b>77.9</b>	<b>74.2</b>	<b>81.5</b>	<b>117.4</b>	<b>136.1</b>	<b>97.4</b>	<b>92.0</b>	<b>98.6</b>	<b>108.5</b>	<b>97.4</b>	<b>76.0</b>
Bangalore (Bannerghatta Road) at disposable income of Rs0.8 mn pa														
March year-ends	2001	2002	2003	2004	2005	2006	2007	2008	2009	May-09	2010	2011	2012E	2013E
Price (Rs/sq ft)	1785	1890	2153	2258	2310	3150	3500	3,600	2,900	2,900	3,190	3,350	3,517	3,165
% yoy	1%	6%	14%	5%	2%	36%	11%	3%	-19%	0%	10%	5%	5%	-10%
Size of house (sq ft)	1500	1500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Cost of house (Rs mn)	2.68	2.84	3.23	3.39	3.47	4.73	5.25	5.40	4.35	4.35	4.79	5.02	5.28	4.75
Loan portion (Rs mn)	2.28	2.41	2.75	2.88	2.95	4.02	4.46	4.59	3.70	3.70	4.07	4.27	4.48	4.04
Interest rate	12.8%	12.1%	10.4%	8.9%	8.0%	8.5%	9.5%	11.1%	10.5%	10%	9%	9.5%	11.0%	10.0%
Monthly payment (Rs '000)	28.50	29.08	30.17	29.03	28.15	39.55	46.60	52.46	40.87	38.61	40.05	44.59	50.97	43.37
Annual income (Rs mn)	0.48	0.50	0.53	0.57	0.62	0.67	0.73	0.80	0.80	0.80	0.80	0.88	0.96	1.05
Income per capita yoy%	5%	5%	5%	7%	9%	8%	9%	9%	0%	0%	5%	10.5%	9.1%	9.1%
Annual income post tax (Rs mn)	0.41	0.43	0.45	0.48	0.53	0.56	0.61	0.66	0.70	0.70	0.70	0.80	0.87	0.95
Affordability (loan/income)	84%	81%	80%	72%	64%	84%	92%	95%	70%	67%	69%	67%	70%	55%
Cost of house/income ratio	6.5	6.6	7.2	7.0	6.6	8.4	8.6	8.1	6.3	6.3	6.9	6.3	6.1	5.0
Average	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
<b>Affordability Index</b>	<b>100.0</b>	<b>97.2</b>	<b>96.2</b>	<b>86.2</b>	<b>76.8</b>	<b>100.7</b>	<b>109.7</b>	<b>113.3</b>	<b>84.2</b>	<b>79.6</b>	<b>82.6</b>	<b>80.4</b>	<b>84.2</b>	<b>65.7</b>

Source: PropEquity, Goldman Sachs Research estimates.

### Exhibit 6: Price increases have been below inflation

Average price of units absorbed (Rs/sqft)

City	2Q'08	2Q'11	% change
Bangalore	3,203	3,307	3%
Chennai	3,589	3,936	10%
Greater Noida	3,581	2,379	-34%
Gurgaon	3,120	4,139	33%
Mumbai	6,785	7,900	16%
Noida	5,143	4,035	-22%
Ahmedabad	1,968	2,698	37%
Hyderabad	3,176	3,022	-5%
Kolkata	2,508	2,697	8%
Navi Mumbai	4,084	4,148	2%
Pune	3,278	3,579	9%
Thane	3,882	3,708	-4%
<b>Total</b>	<b>3,547</b>	<b>3,950</b>	<b>11%</b>

Source: PropEquity, Goldman Sachs Research.

### Exhibit 7: Adjusted for inflation, prices have decreased

Inflation-adjusted average price of units absorbed (Rs/sqft)

City	2Q'08	2Q'11	% change
Bangalore	3,203	2,700	-16%
Chennai	3,589	3,213	-10%
Greater Noida	3,581	1,942	-46%
Gurgaon	3,120	3,379	8%
Mumbai	6,785	6,449	-5%
Noida	5,143	3,294	-36%
Ahmedabad	1,968	2,202	12%
Hyderabad	3,176	2,467	-22%
Kolkata	2,508	2,202	-12%
Navi Mumbai	4,084	3,386	-17%
Pune	3,278	2,922	-11%
Thane	3,882	3,027	-22%
<b>Total</b>	<b>3,547</b>	<b>3,224</b>	<b>-9%</b>

Source: PropEquity, Goldman Sachs Research.

**Exhibit 8: Mortgage/credit ratio is the lowest in the past five years, which indicates limited overheating is taking place in the residential real estate market**

Real estate loans and mortgages as a % of total lending

Sector	Outstanding (Rs. Bn) as on								
	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	Jan 2011	Mar 2011	June 2011
<b>Gross Bank Credit (II + III)</b>	<b>10,460</b>	<b>14,439</b>	<b>18,419</b>	<b>22,474</b>	<b>26,485</b>	<b>29,376</b>	<b>35,353</b>	<b>37,315</b>	<b>37,855</b>
Food Credit	411	407	465	444	462	479	500	641	766
<b>Non-Food Gross Bank Credit</b>	<b>10,048</b>	<b>14,032</b>	<b>17,954</b>	<b>22,030</b>	<b>26,023</b>	<b>28,897</b>	<b>34,853</b>	<b>36,674</b>	<b>37,089</b>
Agriculture and Allied Activities	1,243	1,739	2,302	2,737	3,387	3,704	4,381	4,603	4,538
Industry (Small Medium and Large)	4,231	5,499	6,915	8,719	10,544	12,485	15,398	16,208	16,676
Services	2,011	3,193	4,182	5,465	6,468	6,895	8,468	9,008	8,923
Transport Operators	84	173	264	374	393	462	577	655	583
Shipping	12	44	68	75	94	-	95	92	96
Professional and Other Services	97	153	238	298	454	126	579	603	582
Trade	582	834	1,080	1,223	1,444	1,650	1,830	1,863	1,851
<b>Real Estate Loans</b>	<b>135</b>	<b>267</b>	<b>453</b>	<b>623</b>	<b>916</b>	<b>916</b>	<b>1,058</b>	<b>1,118</b>	<b>1,134</b>
Non-Banking Financial Companies	228	343	485	753	989	1,138	1,539	1,755	1,693
Personal Loans	2,563	3,601	4,555	5,054	5,625	5,814	6,605	6,854	6,953
<b>Housing</b>	<b>1,339</b>	<b>1,852</b>	<b>2,307</b>	<b>2,557</b>	<b>2,770</b>	<b>2,972</b>	<b>3,373</b>	<b>3,461</b>	<b>3,588</b>
Advances against Fixed Deposits	298	343	405	450	487	465	555	605	611
Credit Card Outstandings	64	91	133	193	280	207	187	181	181
Education	57	100	150	205	286	365	437	437	445
<b>Real estate loans as a % of total</b>	<b>1.3%</b>	<b>1.8%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>3.5%</b>	<b>3.1%</b>	<b>2.99%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Housing loans as a % of total</b>	<b>12.8%</b>	<b>12.8%</b>	<b>12.5%</b>	<b>11.4%</b>	<b>10.5%</b>	<b>10.1%</b>	<b>9.54%</b>	<b>9.28%</b>	<b>9.48%</b>
<b>Total</b>	<b>14.1%</b>	<b>14.7%</b>	<b>15.0%</b>	<b>14.1%</b>	<b>13.9%</b>	<b>13.2%</b>	<b>12.53%</b>	<b>12.27%</b>	<b>12.47%</b>
<b>NBFC loans as a % of total</b>	<b>2.2%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>3.4%</b>	<b>3.7%</b>	<b>3.9%</b>	<b>4.35%</b>	<b>4.70%</b>	<b>4.47%</b>

Source: RBI, Goldman Sachs Research.

**Difficult to estimate stock bottom; interest rates, better news flow**

In the previous cycle, stocks bottomed out in early-2009 as borrowing rates for companies started to correct and lower property prices triggered better-than-expected sales. Our Global ECS Research team estimates that the interest rate cycle is peaking and companies have started to offer selective discounts. Also, the current pricing environment as well as the demand environment is better than in early-2009. While interest rates may start to peak in September, better news flow may take longer and can accrue from successful launches, a better regulatory environment, or macro stability.

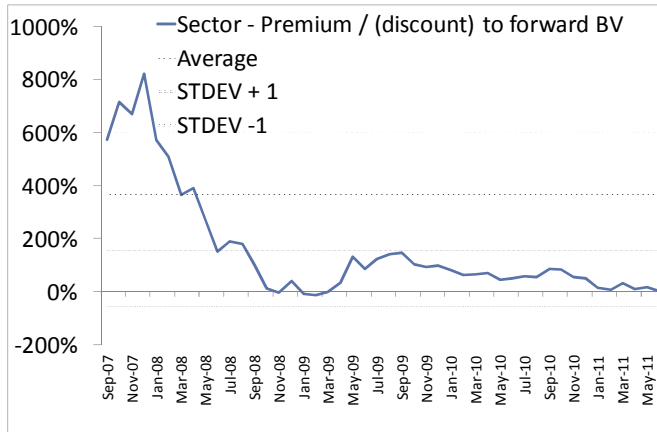
**Exhibit 9: Share prices adjusted for equity issued at trough levels**

Share prices adjusted for equity issuances

	Mkt. Cap. (Rs bn)	Equity Issuance since 2009 (Rs bn)	Current shares outstanding (mn)	Adjusted Mkt. Cap. (Rs bn)	Adjusted shares outstanding (mn)	Adjusted Price (Rs/sh)	Current Price (Rs/sh)	Trough Price (Rs/sh)
DLF.BO	310	39	1,698	271	1,698	160	183	133
UNTE.BO	69	55	2,616	14	1,631	9	26	23
HDIL.BO	45	35	415	10	276	37	108	63
INRL.BO	34	27	430	8	287	27	80	84
SOBH.BO	22	5	98	17	74	232	228	76
OEBO.BO	72	10	328	62	289	214	219	225
PREG.BO	33	12	328	21	262	81	102	117
JYPE.BO	56	23	1,389	34	1,167	29	40	54
PHOE.BO	30		145	30	145	204	204	175
GODR.BO	48	5	70	44	60	720	689	465

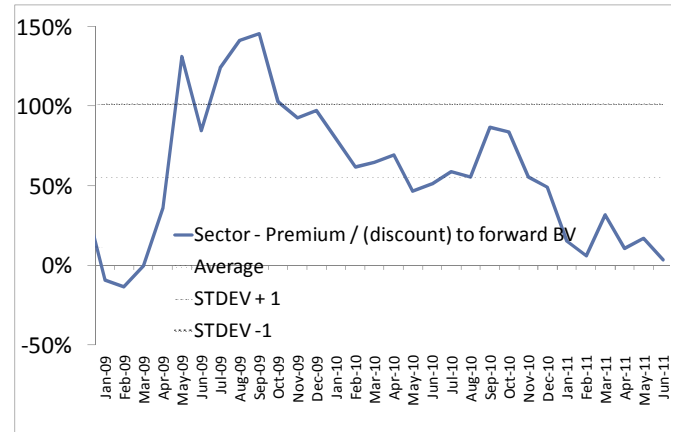
Source: Company data, Goldman Sachs Research.

**Exhibit 10: Sector trading close to trough valuations**  
Sector – Premium/discount to 12-mo fwd BV (Aug 07-Aug 11)



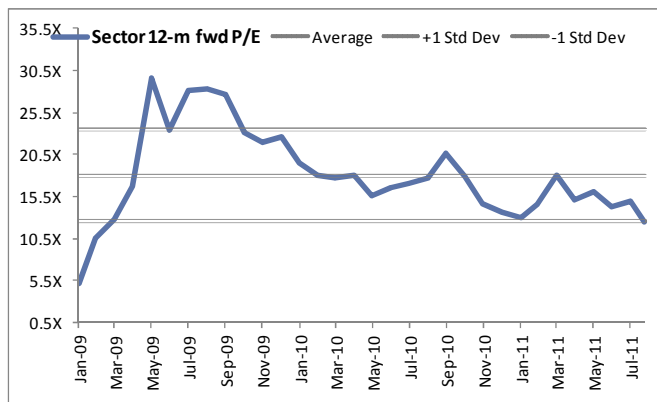
Source: Datastream, Bloomberg, Goldman Sachs Research estimates.

**Exhibit 11: Sector premium to BV has compressed**  
Sector – Premium/discount to 12-mo fwd BV (Jan 09-Aug 11)



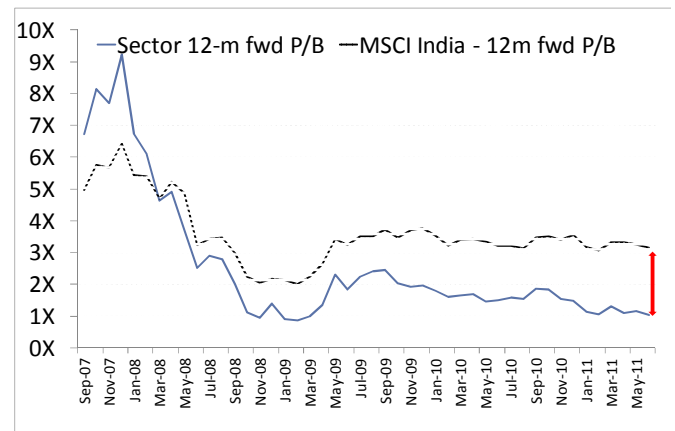
Source: Datastream, Bloomberg, Goldman Sachs Research estimates.

**Exhibit 12: Sector P/E close to 1SD below mean**  
Sector –rolling 12-mo fwd P/E



Source: Datastream, Bloomberg, Goldman Sachs Research estimates.

**Exhibit 13: Sector trading at a discount to MSCI India**  
Sector and MSCI India – 12-mo fwd P/E



Source: Datastream, MSCI, Bloomberg, Goldman Sachs Research estimates.

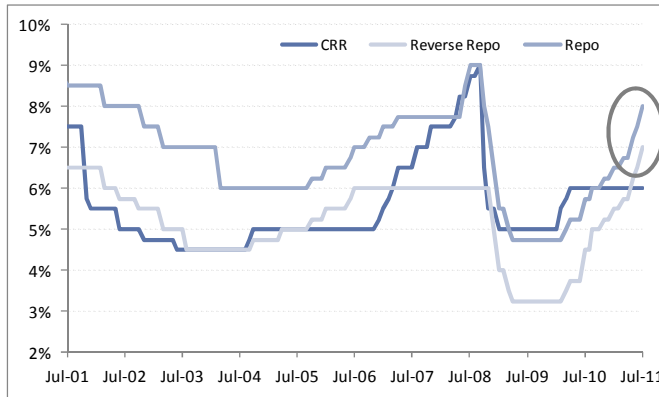
### Sector has been plagued by multiple concerns

The Indian real estate sector has been plagued by multiple concerns: **(1)** higher interest rates, **(2)** volatile commodity costs for cement and steel, **(3)** slower approvals, **(4)** demand volatility, and **(5)** high inventory in commercial real estate. In addition various company-specific issues have led to the sector underperforming broader indices

**Interest rates.** Interest rates have increased by 300+ bp over the past 12 months and are currently at a 15-year high. Our Global ECS Research team does not expect the RBI to raise rates further and forecasts a 100bp reduction in FY13E.

**Exhibit 14: Policy rates have risen sharply in recent months**

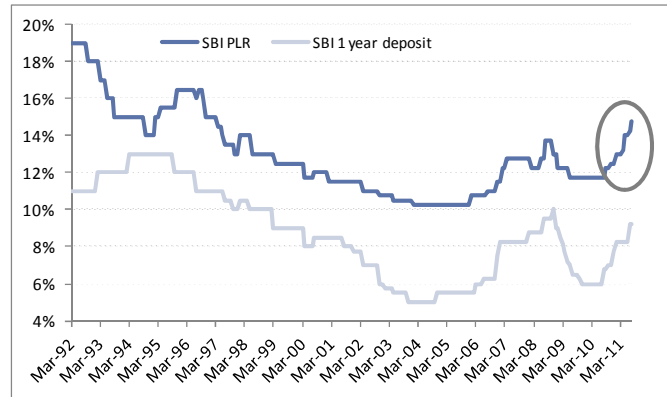
RBI reverse repo, repo and CRR



Source: GS Global ECS Research.

**Exhibit 15: Lending rates are at a 15-year high**

SBI Prime Lending Rate and 1-year deposit rate

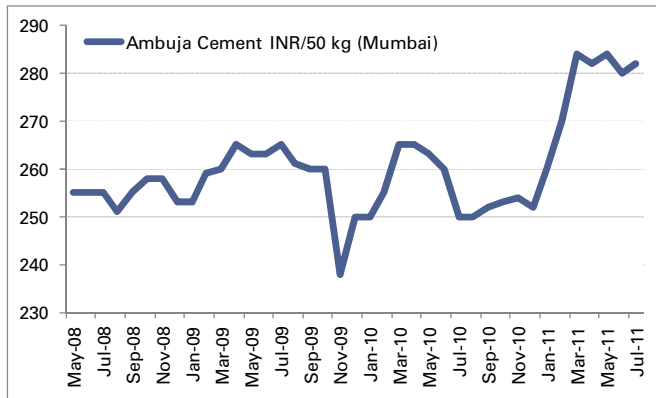


Source: Bloomberg, Goldman Sachs Research

**Higher commodity costs.** Over the past five years commodity prices have risen faster than inflation. For cement: the 5-year CAGR in cement is 11% vs. 5% over a 10-year period indicating that the entire growth in cement prices came in the last 5-year period. Similarly for steel, prices have grown at a 17% CAGR over the past 2 years vs. a 9% CAGR over the past 8 years.

**Exhibit 16: Cement prices remain at elevated levels**

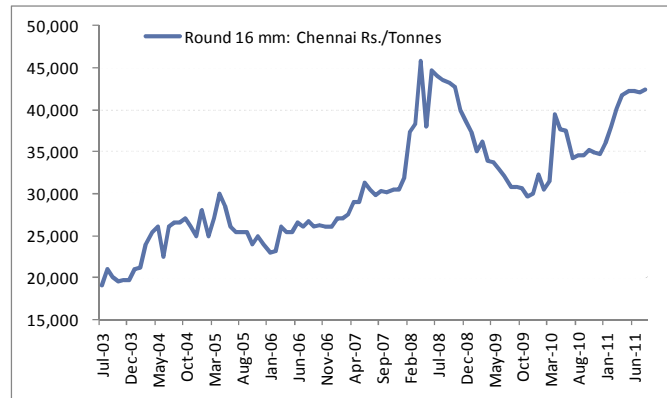
Ambuja Cement in Mumbai (Rs/50 kg bag)



Source: Bloomberg, Goldman Sachs Research.

**Exhibit 17: Steel prices have spiked in recent months**

Round 16mm at Chennai (Rs/tonne)



Source: CMIE, Goldman Sachs Research.

**Slower approvals.** The approval process has become slower over the past six months as government institutions in India have faced greater scrutiny. Mumbai has been affected the most because since November 2010 the present government has been reviewing most of its approval processes.

**Demand volatility.** Large interest rate swings as well as global economic news has resulted in a volatile demand environment for commercial and residential real estate.

## Balance sheets better than mid-2008

### Exhibit 18: Lower unsecured loans for the sector vs. FY08

Secured and Unsecured Loans, Cash and Investments (Rs mn)

Rs mn	DLF		UT		HDIL		SOBHA	
	FY2008	FY2011	FY2008	FY2011	FY2008	FY2011	FY2008	FY2011
Secured Loans	80,534	222,762	62,311	58,507	19,461	43,198	14,381	12,335
Unsecured Loans	42,237	17,141	23,212		11,667	-	3,450	83
<b>Total Loans</b>	<b>122,771</b>	<b>239,903</b>	<b>85,524</b>	<b>58,507</b>	<b>31,127</b>	<b>43,198</b>	<b>17,831</b>	<b>12,418</b>
Cash	21,421	13,461	14,083	4,509	3,505	2,297	214	288
Investments	9,102	9,958	14,165	16,125	1,915	520	27	37

Source: Company data, Goldman Sachs Research.

### Exhibit 19: Balance sheets with significantly reduced leverage vs. FY08

Details of Debt (Rs bn)

Rs bn	Total Debt						Total Equity						EBITDA					
	FY08	FY09	FY10	FY11	FY12E	FY13E	FY08	FY09	FY10	FY11	FY12E	FY13E	FY08	FY09	FY10	FY11	FY12E	FY13E
DLF	132	177	260	242	234	224	191	234	251	251	266	286	97	56	35	38	49	57
Unitech	86	91	60	59	52	50	37	52	104	116	123	130	23	16	11	9	13	14
HDIL	31	41	41	43	38	33	36	44	70	95	104	114	17	8	8	11	13	17
IBREL	5	13	17	22	32	39	55	68	113	120	123	127	4	(0)	(1)	3	4	6
Sobha	18	19	15	12	11	11	10	11	17	19	21	23	4	3	3	3	4	5
Oberoi	2	1	0	0	0	0	11	14	18	33	39	46	3	2	5	6	8	12
Prestige	9	11	16	15	12	11	7	8	10	23	25	28	1	3	2	4	6	7
Jaypee	n.a	19	57	57	57	54	n.a	12	20	49	59	66	n.a	3	6	18	19	23
Phoenix	2	2	1	0	0	0	14	15	15	16	17	18	1	1	1	1	1	2
Godrej	3	7	7	9	9	9	2	3	8	9	10	13	1	2	2	2	3	4

	Debt / Equity						Net Debt / Equity						Debt / EBITDA					
	FY08	FY09	FY10	FY11	FY12E	FY13E	FY08	FY09	FY10	FY11	FY12E	FY13E	FY08	FY09	FY10	FY11	FY12E	FY13E
DLF	0.7	0.8	1.0	1.0	0.9	0.8	0.5	0.6	0.8	0.9	0.8	0.7	1.4	3.2	7.3	6.3	4.8	3.9
Unitech	2.3	1.7	0.6	0.5	0.4	0.4	1.9	1.6	0.5	0.5	0.4	0.3	3.8	5.5	5.6	6.3	4.0	3.5
HDIL	0.9	0.9	0.6	0.5	0.4	0.3	0.8	0.9	0.5	0.4	0.3	0.3	1.8	5.1	5.2	3.9	2.9	2.0
IBREL	0.1	0.2	0.1	0.2	0.3	0.3	(0.2)	(0.1)	(0.1)	0.0	0.1	0.3	1.3	n.a	n.a	6.7	7.3	6.7
Sobha	1.8	1.7	0.9	0.7	0.6	0.5	1.7	1.7	0.8	0.6	0.5	0.4	4.8	6.9	5.6	3.9	3.0	2.4
Oberoi	0.2	0.0	0.0	0.0	0.0	0.0	0.1	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)	0.9	0.3	0.1	0.1	0.0	0.0
Prestige	1.3	1.3	1.5	0.6	0.5	0.4	1.1	1.1	1.4	0.5	0.4	0.4	6.6	4.3	7.2	4.1	2.0	1.5
Jaypee	n.a	1.5	2.9	1.2	1.0	0.8	n.a	1.3	2.0	0.8	0.7	0.6	n.a	5.9	9.7	3.2	3.1	2.4
Phoenix	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0	(0.0)	(0.1)	4.1	2.7	1.9	0.3	0.3	0.3
Godrej	1.1	2.2	0.9	1.0	0.9	0.7	1.1	2.1	0.7	0.9	0.8	0.7	2.0	4.2	3.2	4.4	3.4	2.3

Source: Company data, Goldman Sachs Research.





**Exhibit 22: We cut our FY12E-FY14E EPS between 7% and 19% for Jaypee Infratech, Prestige, and Indiabulls Real estate**  
 EPS changes

	EPS (Rs)									Reasons for change
	FY2012E			FY2013E			FY2014E			
	New	Old	% chg	New	Old	% chg	New	Old	% chg	
JYPE.BO	9.20	9.84	-7%	7.84	9.05	-13%	8.96	10.86	-17%	Slower execution, we assume slower launches as the Noida/Greater Noida region faces issues with land acquisition.
PREG.BO	7.87	9.77	-19%	11.40	13.98	-18%	14.20	17.59	-19%	Slower than expected execution in high value projects such as Kingfisher Towers, White Meadows, delaying revenue booking. Conversion of couple of properties from sale to lease model.
INRL.BO	7.15	7.73	-7%	9.60	10.36	-7%	12.10	14.24	-15%	Slower execution due to slower construction approvals in Mumbai.

Source: Goldman Sachs Research estimates.

**Exhibit 23: We adjust our target prices between 10% and 22%**

Target price changes

	Target price (Rs/share)			NAV (Rs/share)			Reason for change
	New	Old	%chg	New	Old	%chg	
HDIL.BO	164	183	-10%	289	289	0%	Higher discount to NAV due to slower execution and slower property approval process
JYPE.BO	51	65	-22%	85	93	-9%	Higher discount to NAV due to protests on land acquisition in Noida/Greater Noida, slower execution
PREG.BO	142	168	-15%	178	187	-5%	Higher discount to NAV due to slower execution in key projects such as Kingfisher Towers, White Meadows
INRL.BO	110	134	-18%	183	224	-18%	Slower execution, lower valuation of power subsidiary based on current market price

Source: Goldman Sachs Research estimates.

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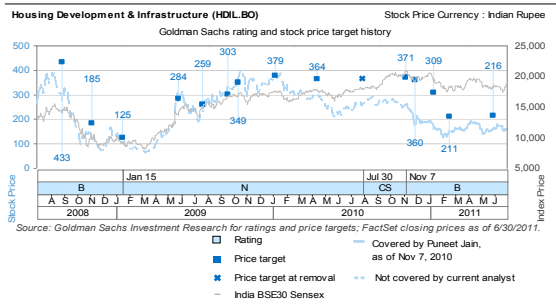
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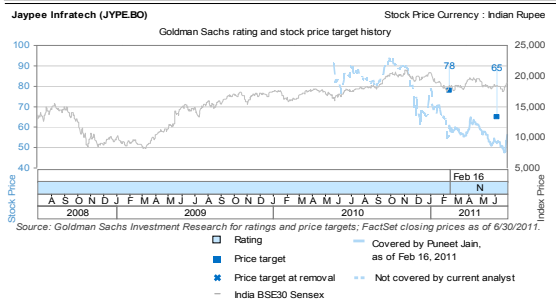
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	Buy	Hold	Sell	Buy	Hold	Sell
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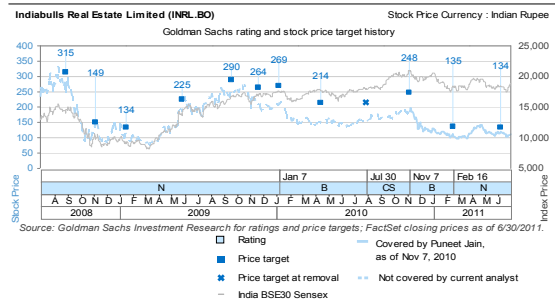
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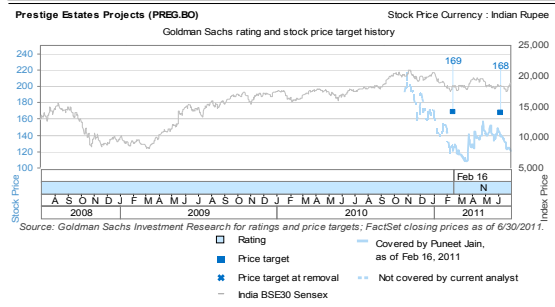
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