

10 December 2007

BUY

Price	Target Price
Rs821	Rs1072

Sensex	19,966
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Price Performance

(%)	1M	3M	6M	12M
Absolute	22	55	NA	NA
Rel. to Sensex	39	27	NA	NA

Stock Details

Sector	Real Estate
Reuters	HDIL.BO
Bloomberg	HDIL@IN
Equity Capital (Rs mn)	2,143
Face Value	Rs10
52 Week H/L	845/474
Market Cap (Rs bn)	175
Daily Avg Volume (No of shares)	2,054,793
Daily Avg Turnover (US\$)	42.9

Shareholding Pattern (%)

(30th Sep.'07)

Promoters	61.5
FII	9.4
Institutions	2.4
Private Corp.	18.3
Public	8.4

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HDIL Ltd.**Mumbai airport project – Huge value creator**

TP Revision

Housing Development and Infrastructures Ltd. (HDIL) had won the contract for the Airport Slum rehabilitation project, for removal of slums and encroached airport land, near the Mumbai airport from the Mumbai International Airport Pvt. Ltd. (MIAL). We had earlier valued the project at an NAV Rs.115 per share based on the limited information available regarding the various aspects of the project. However, as more clarity on the same has emerged we are revising our NAV estimates from the project to Rs.351. We revise our target price to Rs.1072, based on a 10% premium to the revised NAV of Rs.974 (up from Rs.739 earlier). We reiterate our 'BUY' recommendation on the stock.

Key aspects of the Mumbai Airport project

- The Mumbai airport rehabilitation project aims to rehabilitate the slum dwellers, which has encroached upon the land in and around the Chhatrapati Shivaji International airport with an objective to utilize the vacated land for extension of the airport and develop commercial properties on the surplus land.
- HDIL has entered into an agreement with Mumbai International Airport Limited (MIAL) for the Mumbai airport slum rehabilitation program. The program will cover ~85,000 slum dwellers who has currently encroached 276 acres of land around the airport. The company has already arranged for 180 acres of land to be used for rehabilitation. HDIL will be entitled to 29.7 mn sqft of TDR for the rehabilitation of 85,000 slum dwellers.
- Of the total land of 276 acres, 180 acres will be transferred to MIAL for airport development. On the remaining land (i.e. 96 acres), the JV between HDIL and MIAL will develop commercial properties (HDIL's share being 55%). We estimate HDIL share in the development to be 6.9-mn sqft.

Development

Total Area (acres)	276
For Airport development (acres)	180
For Commercial Development (acres)	96
Total saleable area (mn sqft)	12.5
HDIL Share (%)	55%
HDIL Share (mn sqft)	6.9

TDR

No. of tenements	85000
Development per tenement (sqft)	350
TDR for slum rehab (mn sqft)	29.7

Upgrading NAV estimate from the project and target price

Due to limited availability of details on the project, we had earlier estimated an NAV of Rs.115 from the project on a conservative basis. However, as more clarity on the same has emerged we are upgrading our NAV estimates from the project to Rs.351.

We are thus revising our NAV estimates for the company from Rs.739 to Rs.974. Based on our revised NAV, we are also upgrading our target price from Rs.813 to Rs.1072, at 10% premium to the NAV. We maintain our BUY recommendation on the stock.

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