

India: Real Estate Developers

More pain with not much gain; cut TPs, downgrade HDIL to Neutral

2009 outlook: Retain cautious stance

We retain our cautious stance on our coverage universe. Recent channel checks suggest that office and residential transaction volumes remain subdued. The duration of previous property downturns in India and other markets suggests that the current slump may be prolonged. Though we believe liquidity has improved for developers, with loans/refinancing from banks in recent weeks, we are yet to witness a material fall in primary property prices and home loan rates.

3Q preview: Results could confirm worsening trend; cut TPs

With our coverage universe reporting 3QFY2009 results at the end of January, we forecast an over 30% aggregate fall in net income. This compares with 21% growth in 1QFY2009 and a 9% decline in 2QFY2009. We expect momentum to worsen in 4QFY2009E and accordingly revise FY2009E estimates for our coverage. We also cut our 12-month target prices for our coverage universe by 1% to 32%.

Best sell ideas: DLF, Parsvnath and Sobha

We maintain our Sell rating on DLF (DLF.BO), Parsvnath (PARV.BO) and Sobha (SOBH.BO). We believe DLF is probably better placed than most of its peers to weather the current challenging environment, given its scale, brand name, seasoned management team and focus on middle-income housing but we would look for a better entry level. With Parsvnath and Sobha, our concerns include high gearing and debtors, and a slowdown in EPS growth. Upside risks to our Sell rating and price target for DLF, Parsvnath and Sobha include any signs of a pick-up in pre-sale volume and an improvement in cash flow.

Downgrade HDIL to Neutral

We downgrade HDIL (HDIL.BO) to Neutral from Buy and no longer have Buy-rated stocks in our coverage universe. Our channel checks indicate that there is hardly any demand for Transfer of Development Rights (TDR) and rates have fallen materially from Rs2,500-Rs3,000 psf to Rs1,000-1,500 psf. We earlier believed that HDIL was relatively better placed than its peers given its Mumbai land bank and airport project. However, we note that HDIL has not been insulated from concerns affecting the sector such as liquidity and a slowdown in property markets. We believe the stock may be unable to buck the trend in a sector that we expect will witness further weakness in fundamentals. We lower our 12-month target price to Rs125 from Rs185.

Summary ratings: India real estate coverage group

Stock	Ticker	Rating	Current Price (Rs)	12-m TP (Rs)	Potential upside / downside
DLF	DLF.BO	Sell	205	203	-1%
Parsvnath	PARV.BO	Sell	40	36	-8%
Sobha	SOBH.BO	Sell	84	73	-14%
Indiabulls	INRL.BO	Neutral	110	134	22%
HDIL	HDIL.BO	Neutral	101	125	24%
Mahindra Lifespace	MALD.BO	Neutral	152	194	28%
Ansal Properties	ANSP.BO	Neutral	26	32	26%

Potential RNAV forecasts

Stock	FY2010E Potential RNAV (Rs)	Curr. price (discount) /premium	TP (discount) /premium
DLF	290	-29%	-30%
HDIL	208	-52%	-40%
Indiabulls	223	-51%	-40%
Sobha	182	-54%	-60%
Parsvnath	91	-56%	-60%
Mahindra Lifespace	486	-69%	-60%
Ansal Properties	80	-68%	-60%

Share price performance (%)

Stock/Index	-1M	-3M	-12M	YTD 2009
DLF	-26	-32	-83	-27
HDIL	-7	-13	-90	-22
Ansal Properties	-16	-66	-93	-21
Sobha	-17	-37	-91	-20
Indiabulls	-13	-6	-85	-16
Unitech	-1	-63	-93	-16
Parsvnath	-9	-50	-91	-16
Mahindra Lifespace	-9	-35	-81	-14
BSE Realty	-17	-36	-87	-22
Sensex	-6	-20	-56	-6

Source: Datastream, Goldman Sachs Research.

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Overview: Retain cautious stance

We believe 2009 is likely to be challenging for the property sector. The first set of data points to gauge performance will be the 3QFY2009 results due in end-January, which we believe may show a significant fall in sector earnings. We have not obtained any material industry data points since our five-day property tour in October 2008. However, recent channel checks suggest that transaction volumes remained subdued in the last quarter of the 2008 calendar year.

Lowering EPS and target prices across the board

We lower our 12-month target prices by 1% to 32% for stocks under our coverage universe. We also revise EPS for FY2009E by -5% to -62%, FY2010E by 0% to -41% and FY2011E by -3% to -46%. Based on our projections for 3QFY2009E, our previous FY2009 estimates would have implied a strong recovery in 4QFY2009, which we now believe is unlikely. We have therefore recalibrated and lowered estimates for FY2009 and beyond. Our target price revisions reflect a phasing back of development pipelines and also revisions to the risk-free rate and risk premium for India by the GS Global ECS research team. We leave our ratings unchanged with the exception of HDIL, which we downgrade to Neutral from Buy. We reiterate our Sell ratings on DLF, Parsvnath and Sobha.

Exhibit 1: Summary of estimate revisions

Stock	FY2010 E Potential RNAV (Rs)			12-month target price (Rs)			FY2009E EPS (Rs)			FY2010E EPS (Rs)			FY2011E EPS (Rs)		
	Old	New	% ch	Old	New	% ch	Old	New	% ch	Old	New	% ch	Old	New	% ch
Ansal Properties	109	80	-26%	44	32	-27%	8.03	6.63	-17%	8.70	6.32	-27%	9.81	5.28	-46%
DLF	307	290	-5%	215	203	-6%	45.32	41.21	-9%	43.62	34.86	-20%	44.93	37.68	-16%
HDIL	308	208	-32%	185	125	-32%	52.13	39.99	-23%	59.49	42.45	-29%	63.81	48.18	-24%
Indiabulls	248	223	-10%	149	134	-10%	5.17	1.98	-62%	14.23	12.08	-15%	18.79	16.51	-12%
Mahindra Lifespace	525	486	-7%	210	194	-8%	19.11	8.78	-54%	22.84	13.41	-41%	26.49	15.14	-43%
Parsvnath	105	91	-13%	42	36	-14%	9.45	7.71	-18%	9.55	8.31	-13%	10.27	8.41	-18%
Sobha Developers	185	182	-2%	74	73	-1%	28.77	27.30	-5%	25.34	25.30	0%	25.89	25.11	-3%
Unitech	-	-	-	-	-	-	11.06	9.03	-18%	12.00	8.13	-32%	13.03	8.20	-37%

Source: Goldman Sachs Research estimates.

Stocks trading at deep discounts, which is not unusual

Our coverage universe is trading at a 29% to 69% discount to FY2010E potential RNAV. Although Indian developers have a limited trading history, we note that in more established markets such as Hong Kong and Singapore, deep discounts to RNAV are not unusual during downcycles. For example, Hong Kong developers traded at a trough discount of 42% to RNAV during the 1998 downcycle. Similarly, Singapore developers were at a discount of roughly 45% to RNAV in 2002. Currently, Hong Kong and Singapore developers are trading at a discount of about 30% and 37% to forward RNAV respectively.

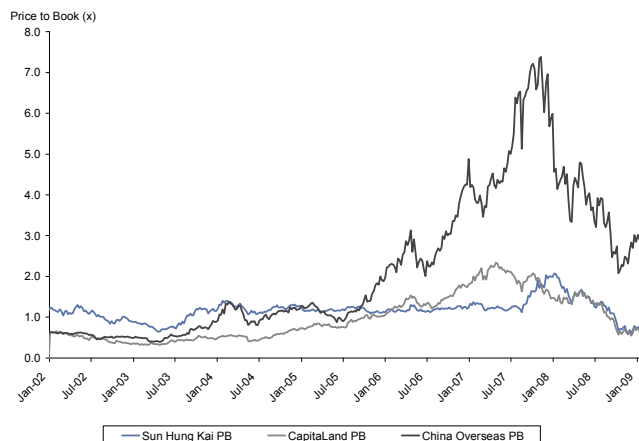
Exhibit 2: Valuation summary

Company Name	Ccy.	Rating	Market Cap (US\$ mn)	Current Price	12-m TP	Upside/	FY2010E Potential RNAV		TP (disc.)/prem. to Potential RNAV		P/E (X)	
						(downside) potential	Per share	Prem/(disc.)	FY2010E	FY2009E	FY2010E	
Ansal Properties	Rs	Neutral	59	26	32	26%	80	-68%	-60%	3.9	4.0	
DLF	Rs	Sell	7,103	205	203	-1%	290	-29%	-30%	5.0	5.9	
HDIL	Rs	Neutral	567	101	125	24%	208	-52%	-40%	2.5	2.4	
Indiabulls	Rs	Neutral	574	110	134	22%	223	-51%	-40%	55.4	9.1	
Mahindra Lifespace	Rs	Neutral	127	152	194	28%	486	-69%	-60%	17.4	11.4	
Parsvnath	Rs	Sell	150	40	36	-8%	91	-56%	-60%	5.2	4.8	
Sobha Developers	Rs	Sell	125	84	73	-14%	182	-54%	-60%	3.1	3.3	
Unitech	Rs	NR	1,127	34	-	-	-	-	-	3.8	4.2	

Source: Datastream, Goldman Sachs Research estimates.

Some Indian developers such as Ansal and Parsvnath are trading at very low price/book multiples. This seems to indicate that the market sees potential downside risks to the companies' book value. As we note in the case of other major Asian property markets, large developers such as Sun Hung Kai, Capitaland and China Overseas Land have also traded below book value during downcycles.

Exhibit 3: P/B chart for large listed developers in Hong Kong, Singapore and China



Source: DataStream, Goldman Sachs Research estimates.

Exhibit 4: P/B multiples for our India coverage universe

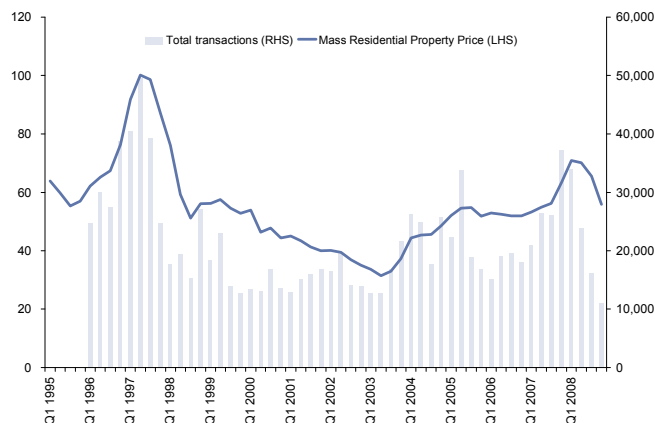
	Max (x)	Min (x)	Current (x)
DLF	12.8	1.4	1.5
Unitech	28.9	0.3	1.1
Indiabulls	5.2	0.6	0.7
HDIL	10.3	0.5	0.6
Mahindra	11.7	0.2	0.8
PDL	8.5	0.3	0.4
APIL	8.8	0.1	0.2
Sobha	11.4	0.6	0.6

Source: DataStream, Goldman Sachs Research estimates.

Property downturns can be difficult

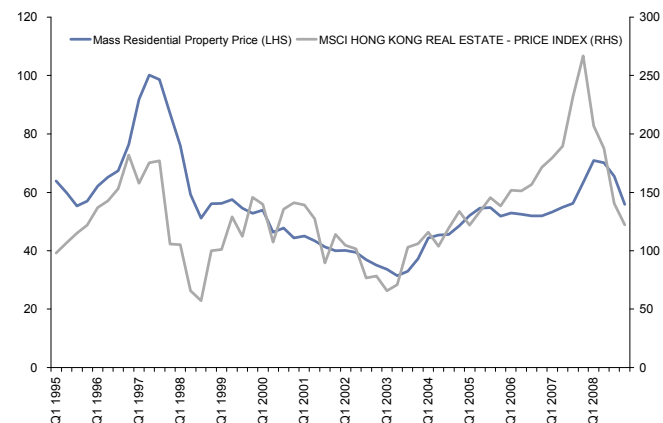
A glance at previous property downturns in more established Asian property markets such as Hong Kong and Singapore shows that they can be prolonged. For example, in Hong Kong, residential transaction volume fell at a 28% CAGR in 1997-2000. The market remained subdued in 2000-2003 with a CAGR of only 4% before recovering in 2004 when volume rose 48% yoy. As we can see in Exhibit 6, the residential property price index fell from its peak in 2Q1997 to its trough in 2Q2003 by nearly 70%.

Exhibit 5: Hong Kong residential market price index and transaction volume (units) trends



Source: Centaline, Goldman Sachs Research.

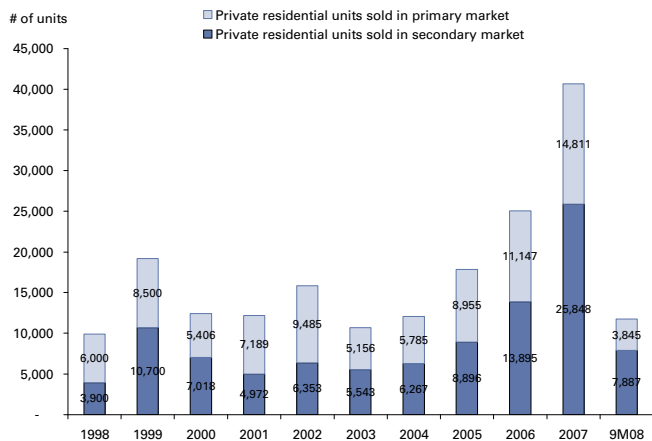
Exhibit 6: Hong Kong—property price index versus sector price performance



Source: Centaline, Datastream.

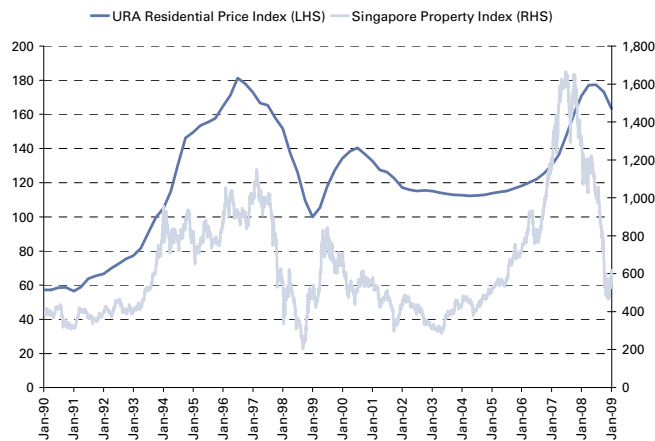
Similarly, in Singapore, the residential price index fell 45% between its peak in 2Q1996 and trough in 4Q1998. The index then rose 40% till 2Q2000 and between 2Q2000 and 2Q2004, fell 20%. We note that transaction volume was subdued in 1999-2004 relative to 2004-2007.

Exhibit 7: Singapore residential transaction volume trends



Source: URA, Goldman Sachs Research.

Exhibit 8: Singapore – property price versus sector price performance



Source: URA, Bloomberg.

In India, we note that real residential prices fell 40% from peak to trough during the 1996 downturn, which lasted four years. The residential market took another five years and finally recovered in 2005. Similarly, the commercial market fell 46% in real terms from its peak in 1996. We do not have transaction volume data for India.

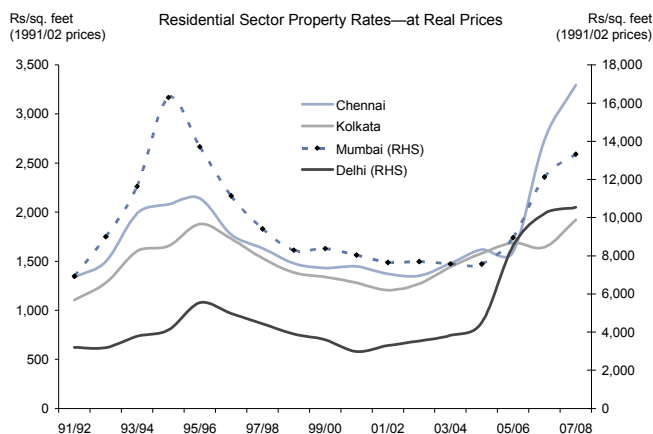
Exhibit 9: What happened to property prices during the last downturn in India?

Real rate trends post the 1996 downturn for prime residential and commercial prices

Rs / sq. foot	Sharp fall from peak to trough		Number of years from peak to trough		Number of years from trough to recovery	
	% chg yoy		no. of years		no. of years	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
Mumbai	-49	-51	4	3	6	7
Delhi	-46	-46	5	2	4	7
Chennai	-31	-45	3	2	7	8
Bangalore	-52	-57	3	3	4	6
Kolkata	-26	-35	3	4	3	6
Pune	-32	-40	3	3	8	6
Average	-40	-46	4	3	5	7

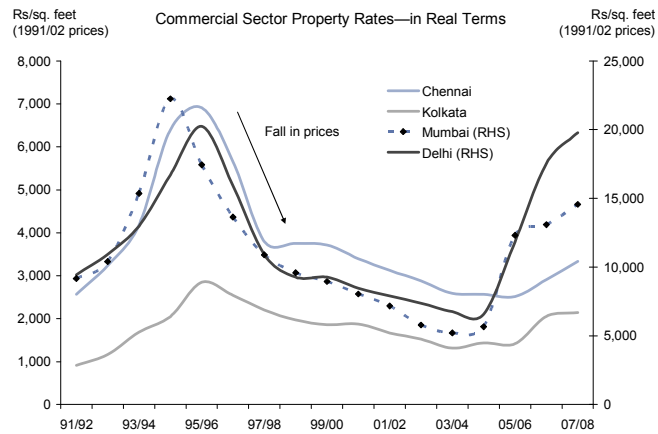
Source: Knight Frank, CEIC, GS Global ECS Research.

Exhibit 10: India – long-term residential price trend



Source: Knight Frank, GS Global ECS Research.

Exhibit 11: India – long-term commercial price trend

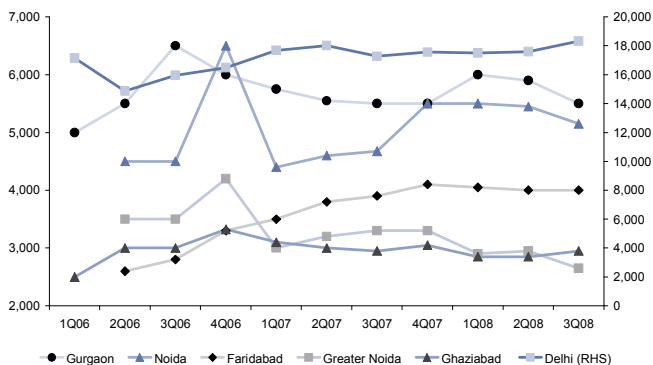


Source: Knight Frank, GS Global ECS Research.

Property rates have fallen, but there could be more to go

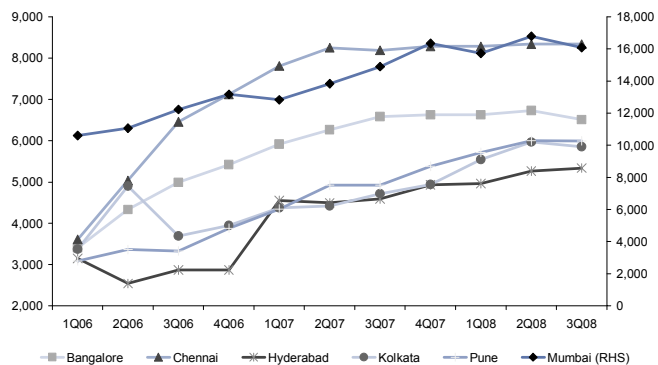
Residential prices in the primary market had fallen across some metros year-to-date as at the end of 3QCY2008, albeit modestly. Between 2QCY2008 and 3QCY2008, there appears to have been a 5%-10% correction in pockets of Delhi-NCR. In our models, we assume a correction of 10%-30% across cities spread over FY2009-FY2010.

Exhibit 12: Delhi-NCR prices have seen some correction
Average residential property prices (Rs/sq ft)



Source: Goldman Sachs Research.

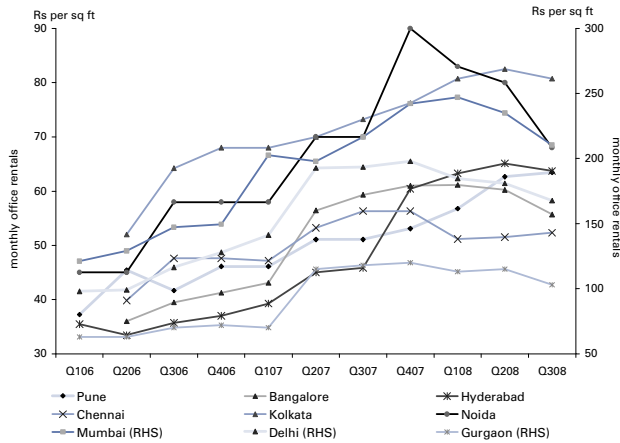
Exhibit 13: Prices stable in other metros
Average residential property prices (Rs/sq ft)



Source: Goldman Sachs Research.

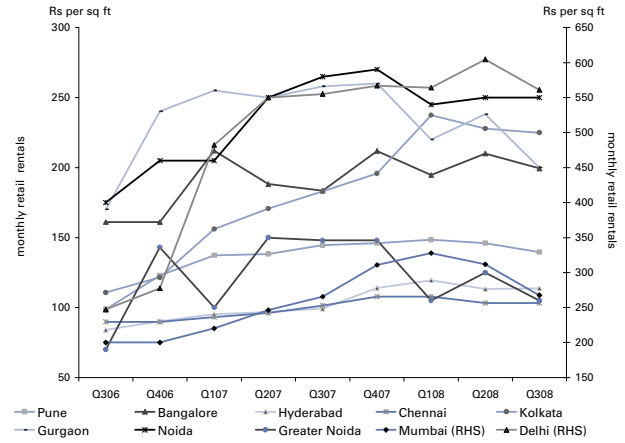
The weakness in the office market has been more apparent with average rents in Mumbai falling 13% and rents in pockets of Delhi-NCR declining 15%-25% between the end of CY2007 and 3QCY2008. In Chennai and Bangalore, rents fell 7% and 9%, respectively. Likewise, in retail, Mumbai rents are down 14% while pockets in Delhi-NCR such as Gurgaon, Greater Noida and Ghaziabad are down 23%-44%.

Exhibit 14: Office rentals are falling...
Average monthly office rentals (Rs/sq ft)



Source: Goldman Sachs Research.

Exhibit 15: ...and so are retail rents
Average monthly office rentals (Rs/sq ft)



Source: Goldman Sachs Research.

3Q results could show significant weakness

Stocks in our coverage universe should report 3Q results in the latter part of January. We expect an aggregate 7% fall in sales and a 31% decline in net income for our coverage in 3Q. We expect significant declines in the case of Indiabulls as one-off gains from stake sales in the prior year may not recur. In the case of Ansal and Parsvnath, we expect net income to fall 64% and 77%, respectively, continuing the weak trend seen in 2Q.

Exhibit 16: Snapshot of 3Q estimates

Company	Ticker	Rating	Estimates for the 3Q2009E											
			Sales			EBIT			Net Income			EPS		
			3Q09	3Q08	yoy (%)	3Q09	3Q08	yoy (%)	3Q09	3Q08	yoy (%)	3Q09	3Q08	yoy (%)
Ansal Properties and Infrastructure	ANSP.BO	Neutral	1,403	2,657	-47%	445	797	-44%	189	522	-64%	1.63	4.52	-64%
DLF	DLF.BO	Sell	36,734	35,980	2%	21,179	25,390	-17%	16,195	21,390	-24%	9.50	12.55	-24%
Housing Development & Infrastructure	HDIL.BO	Neutral	4,644	4,966	-6%	3,286	3,519	-7%	2,776	2,702	3%	12.97	12.63	3%
Indiabulls Real Estate Limited	INRL.BO	Neutral	288	378	-24%	305	4,395	-93%	81	3,033	-97%	0.34	12.76	-97%
Mahindra Lifespace Developers	MALD.BO	Neutral	458	434	6%	140	134	4%	62	112	-44%	1.55	2.78	-44%
Parsvnath Developers	PARV.BO	Sell	2,531	4,653	-46%	531	1,805	-71%	259	1,126	-77%	1.40	6.09	-77%
Sobha Developers	SOBH.BO	Sell	3,194	3,533	-10%	769	878	-12%	485	611	-21%	6.66	8.38	-21%
Unitech	UNTE.BO	Not Rated	10,020	11,421	-12%	6,625	7,519	-12%	4,105	5,258	-22%	2.53	3.24	-22%
Aggregate growth for the sector			59,273	64,023	-7%	33,280	44,437	-25%	24,152	34,753	-31%	37	63	-42%

Source: Company data, Goldman Sachs Research estimates.

Since the first quarter of FY2009, there has been a significant reversal in momentum and we believe 3Q results are likely to reflect this. Net income for our coverage was up 21% in 1QFY2009 but down 9% in 2QFY2009. We expect an over 30% decline in 3QFY2009 and a 36% decline in 4QFY2009. The reasons for this are a slowdown in the property markets, which means that pre-sales are sluggish; and a slowdown in construction activity, which means developers are unable to recognise revenue and profit at the rate they did last year. DLF's quarterly disclosure is more detailed than most peers, in our view, and we believe its results could indicate a material slowdown in lease volumes for its commercial business.

Exhibit 17: Worsening trend across the quarters in FY2009

yoy % growth in sales and net income

% yoy	Q109		Q209		Q309		Q409		FY09	
	Sales	Net Income	Sales	Net Income	Sales	Net Income	Sales	Net Income	Sales	Net Income
Ansal Properties and Infrastructure	10%	-34%	-44%	-60%	-47%	-64%	-49%	-62%	-36%	-57%
DLF	24%	23%	15%	-4%	2%	-24%	-13%	-25%	4%	-10%
Housing Development & Infrastructure	29%	57%	3%	16%	-6%	3%	-52%	-66%	-17%	-22%
Indiabulls Real Estate Limited	391%	-33%	223%	-77%	-24%	-97%	-27%	-52%	46%	-87%
Mahindra Lifespace Developers	38%	-20%	-12%	-44%	6%	-44%	4%	-57%	7%	-44%
Parsvnath Developers	-8%	-28%	-45%	-79%	-46%	-77%	-50%	-81%	-38%	-66%
Sobha Developers	30%	24%	-10%	-13%	-10%	-21%	-11%	-27%	-3%	-13%
Unitech	19%	16%	-3%	-12%	-12%	-22%	-12%	-24%	-3%	-12%
Sector Average	22%	21%	3%	-9%	-7%	-31%	-21%	-36%	-4%	-17%

Source: Company data, Goldman Sachs Research estimates.

Retain Sell on DLF, Parsvnath and Sobha

We reiterate our Sell ratings on DLF, Parsvnath and Sobha. We revise our 12-month target prices to Rs203 from Rs215 for DLF, to Rs36 from Rs42 for Parsvnath and to Rs73 from Rs74 for Sobha. These revisions reflect revised development pipelines and slight revisions to our WACC assumptions. We retain concerns regarding high debtor levels for the aforementioned stocks. That said, a snapshot of the estimated funding gap for our coverage group at the end of FY2010E (see Exhibit 18) suggests that DLF is on a better wicket than most peers, while Parsvnath appears most vulnerable to us.

Exhibit 18: FY2010E funding gap for our coverage universe

	Sale/ Pre sale proceeds	Land cost and construction costs paid	Other operating cashflow (incl. w/c changes, tax paid etc.)	Net Investment cash flow	Interest, dividends etc.	Net cashflow before financing	FY10E Opening cash balance	FY10E closing cash balance before funding	ST debt	Funding gap	Funding gap as % of total equity	Shareholder's equity
HDIL	28,264	(21,642)	(1,954)	(5,814)	(1,431)	(2,578)	704	(1,874)	16000	(17,874)	-31%	58,296
Unitech	42,047	(41,012)	(11,285)	962	(475)	(9,763)	13,402	3,639	29000	(25,361)	-36%	70,035
DLF	129,212	(53,838)	(18,074)	(29,725)	(12,766)	14,809	11,738	26,546	19000	7,546	2%	310,904
Ibills	4,236	(3,490)	1,332	458	(4,769)	(2,234)	12,584	10,350	0	10,350	28%	37,635
Ansal Properties	9,080	(6,024)	(743)	(3,484)	(876)	(2,047)	998	(1,050)	5380	(6,430)	-42%	15,207
Parsvnath Developers	15,602	(8,853)	(2,500)	(5,182)	(451)	(1,385)	525	(859)	10000	(10,859)	-46%	23,717
Sobha	14,322	(8,305)	(2,244)	(177)	(715)	2,880	146	3,026	5500	(2,474)	-17%	14,149

Source: Goldman Sachs Research estimates.

Downgrade HDIL to Neutral

We downgrade HDIL to Neutral from Buy and lower our 12-month FY2010E potential RNAV based target price by 32% to Rs125 from Rs185. The stock is down 77.8% since we added it to our Buy list on March 13, 2008 (vs. -39% for the Sensex); over the past 12 months, the stock is down 89.9% (vs. -54.8% for the Sensex). The BSE Realty index is also down 75% since we added HDIL to the Buy list and has significantly underperformed the Sensex. We earlier believed that HDIL would outperform the sector given its large Mumbai exposure, where we thought supply demand dynamics were favorable relative to other major metros. We also believed that the market was not pricing in HDIL's airport project when we added the stock to our Buy list. However, we note that the stock has not been able to buck the trend in a sector that we expect will witness further weakness in fundamentals.

We believe the market has been concerned about HDIL's ability to fund projects given tight liquidity. Further, our channel checks indicate that there is hardly any demand for TDRs in the current environment. We believe TDR rates have fallen from Rs2,500-3,500 psf to Rs1,000-1,500 psf. We lower our projections for the value of HDIL's airport redevelopment project. We estimate FY2010E RNAV for the airport project at Rs153/share vs. our previous assumption of Rs185. We have also pushed back the development pipeline for some other projects in our assumptions. Accordingly, our FY2010E potential RNAV estimate for HDIL

falls to Rs208 from Rs308. Our target price is set at a 40% discount to FY2010E potential RNAV.

We recognise the stock has fallen significantly, as has the BSE Realty index. Nonetheless, we downgrade it to Neutral as we believe HDIL will struggle to outperform a sector on which we retain a cautious stance. We view TDRs as a derivative of underlying physical property. Given that demand for the underlying asset is weak at present and is not likely to pick up any time soon, we believe there may not be much demand for TDRs either. We believe HDIL may also delay its project pipeline. In the current environment, it also remains to be seen whether HDIL can sell FSI at its Kurla (airport) site.

Exhibit 19: HDIL: share price performance versus peer group

Prices as of the close of January 14, 2008

Company	Ticker	Primary analyst	Price currency	Price as of 01/14/09	Price performance since 03/13/08	3 month price performance	6 month price performance	12 month price performance
Asia Pacific Property Peer Group								
Housing Development & Infrastructure	HDIL.BO	Vishnu Gopal	Rs	106.25	-77.8%	-20.6%	-67.1%	-89.9%
Agile Property Holding	3383.HK	Tommy Wong	HK\$	3.25	-58.4%	-1.5%	-58.7%	-73.0%
Allgreen Properties	AGRN.SI	Paul Lian	S\$	0.45	-60.9%	-17.4%	-50.3%	-66.7%
Ansal Properties and Infrastructure	ANSP.BO	Vishnu Gopal	Rs	26.50	-82.8%	-62.8%	-70.6%	-93.1%
Ascendas Real Estate Investment Trust	AEMN.SI	Paul Lian	S\$	1.36	-28.4%	-20.9%	-38.2%	-39.0%
CapitaCommercial Trust	CACT.SI	Paul Lian	S\$	0.93	-52.3%	-27.2%	-51.1%	-56.0%
CapitaLand	CATL.SI	Paul Lian	S\$	2.84	-49.4%	-3.7%	-51.1%	-50.6%
CapitaMall Trust	CMLT.SI	Paul Lian	S\$	1.51	-50.2%	-26.3%	-51.1%	-51.0%
CDL Hospitality Trusts	CDLT.SI	Paul Lian	S\$	0.67	-66.8%	-8.9%	-59.2%	-71.1%
Champion REIT	2778.HK	Justin Kwok	HK\$	1.97	-51.8%	-20.6%	-45.6%	-59.4%
China Merchants Property (A)	000024.SZ	Jason Sun	Rmb	14.02	-48.7%	5.4%	-17.0%	-69.6%
China Overseas Land & Investment	0688.HK	Yi Wang, CFA	HK\$	10.80	-11.0%	13.8%	-21.1%	-28.5%
China Resources Land	1109.HK	Yi Wang, CFA	HK\$	9.50	-18.2%	15.9%	-18.1%	-37.5%
China Vanke (A)	000002.SZ	Yi Wang, CFA	Rmb	6.89	-47.0%	6.2%	-27.3%	-64.7%
China Vanke (B)	200002.SZ	Yi Wang, CFA	HK\$	6.18	-36.0%	15.7%	-37.6%	-49.8%
City Developments	CTDM.SI	Paul Lian	S\$	6.00	-42.1%	-23.2%	-45.2%	-49.1%
Country Garden Holdings Company	2007.HK	Tommy Wong	HK\$	1.65	-74.8%	-17.1%	-66.3%	-79.5%
DLF	DLF.BO	Vishnu Gopal	Rs	211.75	-65.1%	-31.8%	-53.5%	-82.4%
Financial Street Holding Co	000402.SZ	Jason Sun	Rmb	7.55	-33.5%	-8.0%	-19.2%	-56.9%
Franshion Properties (China)	0817.HK	Tommy Wong	HK\$	1.87	-29.4%	-6.5%	-38.1%	-54.4%
Gemdale Corp	600383.SS	Jason Sun	Rmb	7.14	-54.5%	21.2%	-28.5%	-70.8%
Great Eagle Holdings	0041.HK	Anthony Wu	HK\$	9.51	-52.6%	-9.1%	-56.0%	-66.2%
Greentown China Holding	3900.HK	Yi Wang, CFA	HK\$	3.09	-57.4%	8.4%	-52.8%	-76.0%
Guangzhou R&F Properties	2777.HK	Yi Wang, CFA	HK\$	7.12	-61.6%	15.8%	-57.5%	-72.0%
Hang Lung Group	0010.HK	Anthony Wu	HK\$	23.65	-31.3%	-6.3%	-30.4%	-38.8%
Hang Lung Properties	0101.HK	Anthony Wu	HK\$	16.80	-34.1%	-4.5%	-30.7%	-46.9%
Henderson Land	0012.HK	Anthony Wu	HK\$	30.80	-43.6%	2.7%	-33.2%	-59.3%
Hongkong Land	HKLD.SI	Anthony Wu	\$	2.34	-42.6%	-10.0%	-44.8%	-50.1%
Hopson Development Holdings	0754.HK	Tommy Wong	HK\$	4.53	-56.8%	27.6%	-51.3%	-75.4%
Hysan Development	0014.HK	Anthony Wu	HK\$	12.88	-40.0%	-16.9%	-41.2%	-49.9%
Indiabulls Real Estate Limited	INRL.BO	Vishnu Gopal	Rs	122.30	-75.3%	4.8%	-55.9%	-83.4%
Keppel Land	KLAN.SI	Paul Lian	S\$	1.64	-68.6%	-20.0%	-65.2%	-75.0%
Kerry Properties	0683.HK	Anthony Wu	HK\$	17.90	-59.3%	-22.8%	-53.6%	-70.3%
KWG Property Holding	1813.HK	Tommy Wong	HK\$	1.88	-68.7%	2.2%	-63.4%	-79.3%
Mahindra Lifespace Developers	MALD.BO	Vishnu Gopal	Rs	152.70	-63.7%	-39.5%	-63.2%	-81.9%
Mapletree Logistics Trust	MAPL.SI	Paul Lian	S\$	0.40	-54.3%	-27.9%	-45.2%	-57.4%
New World Development	0017.HK	Justin Kwok	HK\$	7.93	-54.9%	-0.3%	-47.1%	-71.0%
Parsvnath Developers	PARV.BO	Vishnu Gopal	Rs	40.20	-80.6%	-52.6%	-64.5%	-91.4%
Poly Real Estate Group	600048.SS	Jason Sun	Rmb	15.69	-35.4%	12.7%	-6.6%	-60.8%
Shanghai Forte Land	2337.HK	Jason Sun	HK\$	1.18	-62.5%	-10.6%	-46.4%	-71.9%
Shenzhen Investment	0604.HK	Tommy Wong	HK\$	1.41	-57.1%	48.4%	-51.5%	-73.2%
Shimao Property	0813.HK	Yi Wang, CFA	HK\$	4.75	-59.8%	11.5%	-53.7%	-73.8%
Shui On land	0272.HK	Tommy Wong	HK\$	2.12	-71.0%	-25.1%	-68.3%	-75.2%
Sino Land	0083.HK	Anthony Wu	HK\$	7.92	-54.6%	-3.8%	-48.3%	-70.5%
Sino-Ocean Land Holdings	3377.HK	Yi Wang, CFA	HK\$	3.75	-42.7%	53.1%	-25.7%	-55.8%
Sobha Developers	SOBH.BO	Vishnu Gopal	Rs	86.35	-87.2%	-35.6%	-66.0%	-90.9%
SOHO China	0410.HK	Yi Wang, CFA	HK\$	3.13	-35.1%	22.7%	-27.4%	-56.4%
Sun Hung Kai Properties	0016.HK	Anthony Wu	HK\$	66.45	-43.3%	-10.2%	-41.6%	-60.1%
Suntec REIT	SUNT.SI	Paul Lian	S\$	0.73	-47.1%	-21.1%	-48.6%	-53.8%
The LINK Real Estate Investment Trust	0823.HK	Anthony Wu	HK\$	14.20	-22.0%	9.7%	-18.5%	-26.3%
Unitech	UNTE.BO	Vishnu Gopal	Rs	35.00	-86.8%	-60.5%	-78.6%	-93.3%
UOL Group	UTOS.SI	Paul Lian	S\$	2.09	-41.9%	-0.9%	-36.7%	-45.3%
Wing Tai Holdings	WTHS.SI	Paul Lian	S\$	0.77	-62.8%	-1.9%	-47.3%	-66.8%
Yanlord Land	YNLG.SI	Yi Wang, CFA	S\$	0.95	-50.8%	-1.0%	-52.5%	-64.6%
India BSE30 Sensex				9,370	-39.0%	-18.4%	-29.7%	-54.8%

Note: Prices as of most recent available close, which could vary from the price date indicated above.

This table shows movement in absolute share price and not total shareholder return. Results presented should not and cannot be viewed as an indicator of future performance.

Source: Factset, Quantum database.

Exhibit 20: Summary financials – DLF

Profit model (Rs mn)	3/08	3/09E	3/10E	3/11E	Balance sheet (Rs mn)	3/08	3/09E	3/10E	3/11E
Total revenue	144,375.0	149,934.7	140,374.6	147,498.6	Cash & equivalents	21,421.4	11,737.9	26,546.5	42,088.4
Cost of goods sold	(40,898.1)	(55,009.3)	(54,861.0)	(56,973.5)	Accounts receivable	76,106.1	106,179.3	107,057.2	108,832.8
SG&A	(7,226.7)	(7,412.9)	(7,603.9)	(7,800.0)	Inventory	94,544.0	99,641.6	103,187.2	111,549.6
R&D	--	--	--	--	Other current assets	73,929.3	93,929.3	93,929.3	93,929.3
Other operating profit/(expense)	154.6	149.6	149.6	149.6	Total current assets	266,000.8	311,488.2	330,720.2	356,400.2
EBITDA	97,305.3	88,672.9	79,397.9	84,706.8	Net PP&E	100,031.1	126,360.1	156,873.8	194,848.6
Depreciation & amortization	(900.6)	(1,010.7)	(1,338.6)	(1,832.1)	Net intangibles	20,930.7	20,930.7	20,930.7	20,930.7
EBIT	96,404.7	87,662.2	78,059.3	82,874.7	Total investments	9,102.0	9,102.0	9,102.0	9,102.0
Interest income	2,121.6	2,459.7	2,127.1	3,417.0	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(3,100.0)	(3,192.0)	(4,788.1)	(4,788.1)	Total assets	396,064.6	467,881.0	517,626.7	581,281.5
Income/(loss) from uncons. subs.	264.1	0.0	0.0	0.0	Accounts payable	17,046.4	14,377.3	13,076.0	13,335.5
Others	175.6	0.0	0.0	0.0	Short-term loans	0.0	0.0	0.0	0.0
Pretax profits	95,866.0	86,929.9	75,398.3	81,503.6	Other current liabilities	55,111.0	67,161.5	66,622.1	73,607.8
Income tax	(17,390.8)	(16,516.7)	(15,833.7)	(17,115.8)	Total current liabilities	72,157.4	81,538.8	79,698.1	86,943.3
Minorities	(354.8)	0.0	0.0	0.0	Long-term debt	122,770.8	122,770.8	122,770.8	122,770.8
Net income pre-preferred dividends	78,120.4	70,413.2	59,564.7	64,387.9	Other long-term liabilities	358.9	358.9	358.9	358.9
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	123,129.7	123,129.7	123,129.7	123,129.7
Net income (pre-exceptionals)	78,120.4	70,413.2	59,564.7	64,387.9	Total liabilities	195,287.1	204,668.5	202,827.8	210,073.0
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	9,495.8	9,495.8	9,495.8	9,495.8
Net income	78,120.4	70,413.2	59,564.7	64,387.9	Total common equity	187,387.0	249,822.0	301,408.4	357,818.0
EPS (basic, pre-exception) (Rs)	46.98	41.30	34.94	37.77	Minority interest	3,894.7	3,894.7	3,894.7	3,894.7
EPS (basic, post-exception) (Rs)	46.98	41.30	34.94	37.77	Total liabilities & equity	396,064.6	467,881.0	517,626.7	581,281.5
EPS (diluted, post-exception) (Rs)	46.90	41.21	34.86	37.68	BVPS (Rs)	109.92	146.54	176.80	209.88
DPS (Rs)	4.00	4.00	4.00	4.00	RNAV (Rs mn)	432,779.2	457,526.8	495,783.6	--
Dividend payout ratio (%)	8.5	9.7	11.4	10.6	RNAVPS (Rs)	253.85	267.74	290.13	--
Free cash flow yield (%)	(5.6)	(1.8)	5.9	6.4					
Growth & margins (%)	3/08	3/09E	3/10E	3/11E	Ratios	3/08	3/09E	3/10E	3/11E
Sales growth	448.0	3.9	(6.4)	5.1	ROE (%)	73.2	32.2	21.6	19.5
EBITDA growth	547.6	(8.9)	(10.5)	6.7	ROA (%)	27.1	16.3	12.1	11.7
EBIT growth	567.3	(9.1)	(11.0)	6.2	ROACE (%)	36.6	21.0	15.7	15.2
Net income growth	304.0	(9.9)	(15.4)	8.1	Inventory days	675.3	644.2	674.7	687.9
EPS growth	268.5	(12.1)	(15.4)	8.1	Receivables days	115.2	221.9	277.2	267.1
Gross margin	71.7	63.3	60.9	61.4	Payable days	88.0	104.3	91.3	84.6
EBITDA margin	67.4	59.1	56.6	57.4	Net debt/equity (%)	50.5	42.2	30.6	21.7
EBIT margin	66.8	58.5	55.6	56.2	Interest cover - EBIT (X)	98.5	119.7	29.3	60.4
Cash flow statement (Rs mn)	3/08	3/09E	3/10E	3/11E	Valuation	3/08	3/09E	3/10E	3/11E
Net income pre-preferred dividends	78,120.4	70,413.2	59,564.7	64,387.9	P/E basic (X)	4.4	5.0	5.9	5.4
D&A add-back	900.6	1,010.7	1,338.6	1,832.1	P/B (X)	1.9	1.4	1.2	1.0
Minorities interests add-back	0.0	0.0	0.0	0.0	EV/EBITDA (X)	14.8	5.2	5.6	5.1
Net (inc)/dec working capital	(50,654.4)	(29,776.8)	(6,264.2)	(2,892.8)	Dividend yield (%)	2.0	2.0	2.0	2.0
Other operating cash flow	(54,410.8)	(20,000.0)	0.0	0.0					
Cash flow from operations	(26,803.1)	21,647.2	54,639.0	63,327.1	Underlying valuation	3/08	3/09E	3/10E	3/11E
Capital expenditures	(47,831.4)	(27,339.7)	(31,852.2)	(39,806.8)	Underlying profit (Rs mn)	78,120.4	70,413.2	59,564.7	--
Acquisitions	(16,459.2)	0.0	0.0	0.0	Underlying EPS (Rs)	46.98	41.30	34.94	--
Divestitures	2,196.0	0.0	0.0	0.0	Underlying ROE (%)	73.2	32.2	21.6	NM
Others	(990.8)	0.0	0.0	0.0	Underlying ROA (%)	27.1	16.3	12.1	NM
Cash flow from investments	(63,085.4)	(27,339.7)	(31,852.2)	(39,806.8)	Underlying ROACE (%)	36.6	21.0	15.7	NM
Dividends paid (common & pref)	(7,978.9)	(3,990.9)	(7,978.3)	(7,978.3)	Underlying P/E (X)	4.4	5.0	5.9	--
Inc/(dec) in debt	23,177.0	0.0	0.0	0.0	Underlying dividend payout (%)	8.5	9.7	11.4	NM
Common stock issuance (repurchase)	94,701.2	0.0	0.0	0.0	Underlying EPS growth (%)	--	(12.1)	(15.4)	--
Other financing cash flows	(2,743.7)	0.0	0.0	0.0					
Cash flow from financing	107,155.7	(3,990.9)	(7,978.3)	(7,978.3)					
Total cash flow	17,267.1	(9,683.4)	14,808.5	15,542.0					

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

Exhibit 21: Summary financials – HDIL

Profit model (Rs mn)	3/08	3/09E	3/10E	3/11E	Balance sheet (Rs mn)	3/08	3/09E	3/10E	3/11E
Total revenue	23,803.7	19,763.1	23,628.9	26,982.3	Cash & equivalents	3,505.1	704.0	1,625.9	7,684.9
Cost of goods sold	(6,343.9)	(5,642.1)	(8,998.2)	(10,778.1)	Accounts receivable	566.5	566.5	566.5	566.5
SG&A	(553.4)	(448.9)	(436.4)	(483.0)	Inventory	55,228.7	62,745.5	75,425.0	87,013.1
R&D	--	--	--	--	Other current assets	13,107.8	26,161.7	26,161.7	26,161.7
Other operating profit/(expense)	150.1	150.3	382.9	440.3	Total current assets	72,408.0	90,177.7	103,779.0	121,426.1
EBITDA	17,071.4	13,858.1	14,612.9	16,197.2	Net PP&E	596.3	5,644.7	11,565.2	16,437.6
Depreciation & amortization	(14.9)	(35.7)	(35.7)	(35.7)	Net intangibles	91.1	91.1	91.1	91.1
EBIT	17,056.5	13,822.5	14,577.2	16,161.5	Total investments	1,914.8	1,914.8	1,914.8	1,914.8
Interest income	267.5	61.6	142.3	672.4	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(1,407.7)	(1,364.2)	(1,431.5)	(1,636.0)	Total assets	75,010.1	97,828.2	117,350.1	139,869.5
Income/(loss) from uncons. subs.	0.0	0.0	0.0	0.0	Accounts payable	3,877.6	3,219.3	2,913.2	3,326.6
Others	100.5	0.0	0.0	0.0	Short-term loans	0.0	0.0	0.0	0.0
Pretax profits	16,016.8	12,519.9	13,288.0	15,197.9	Other current liabilities	3,598.9	5,557.6	10,998.0	24,019.2
Income tax	(1,918.3)	(1,502.4)	(1,594.6)	(1,823.7)	Total current liabilities	7,476.4	8,777.0	13,911.2	27,345.8
Minorities	0.0	0.0	0.0	(101.9)	Long-term debt	31,127.4	41,627.4	45,127.4	42,127.4
Net income pre-preferred dividends	14,098.5	11,017.5	11,693.4	13,272.2	Other long-term liabilities	15.4	15.4	15.4	15.4
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	31,142.8	41,642.8	45,142.8	42,142.8
Net income (pre-exceptionals)	14,098.5	11,017.5	11,693.4	13,272.2	Total liabilities	38,619.2	50,419.8	59,054.0	69,488.6
Post-tax exceptionals	(24.7)	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	14,073.8	11,017.5	11,693.4	13,272.2	Total common equity	36,390.8	47,408.3	58,296.0	70,278.9
EPS (basic, pre-exception) (Rs)	53.80	39.99	42.45	48.18	Minority interest	0.1	0.1	0.1	102.0
EPS (basic, post-exception) (Rs)	53.70	39.99	42.45	48.18	Total liabilities & equity	75,010.1	97,828.2	117,350.1	139,869.5
EPS (diluted, post-exception) (Rs)	53.70	39.99	42.45	48.18	BVPS (Rs)	132.09	172.08	211.61	255.10
DPS (Rs)	5.26	0.00	2.50	4.00	RNAV (Rs mn)	81,180.0	55,254.1	57,413.0	--
Dividend payout ratio (%)	9.8	0.0	5.9	8.3	RNAVPS (Rs)	294.67	200.56	208.40	--
Free cash flow yield (%)	(26.3)	(46.8)	(12.7)	30.8					
Growth & margins (%)	3/08	3/09E	3/10E	3/11E	Ratios	3/08	3/09E	3/10E	3/11E
Sales growth	97.7	(17.0)	19.6	14.2	ROE (%)	64.6	26.3	22.1	20.6
EBITDA growth	152.8	(18.8)	5.4	10.8	ROA (%)	29.8	12.7	10.9	10.3
EBIT growth	152.9	(19.0)	5.5	10.9	ROACE (%)	40.3	16.0	13.5	13.8
Net income growth	157.1	(21.7)	6.1	13.5	Inventory days	1,969.8	3,816.0	2,802.3	2,750.5
EPS growth	127.0	(25.5)	6.1	13.5	Receivables days	28.2	10.5	8.8	7.7
Gross margin	73.3	71.5	61.9	60.1	Payable days	189.1	229.6	124.4	105.7
EBITDA margin	71.7	70.1	61.8	60.0	Net debt/equity (%)	75.9	86.3	74.6	48.9
EBIT margin	71.7	69.9	61.7	59.9	Interest cover - EBIT (X)	15.0	10.6	11.3	16.8
Cash flow statement (Rs mn)	3/08	3/09E	3/10E	3/11E	Valuation	3/08	3/09E	3/10E	3/11E
Net income pre-preferred dividends	14,098.5	11,017.5	11,693.4	13,272.2	P/E basic (X)	2.0	2.7	2.5	2.2
D&A add-back	14.9	35.7	35.7	35.7	P/B (X)	0.8	0.6	0.5	0.4
Minorities interests add-back	0.0	0.0	0.0	101.9	EV/EBITDA (X)	10.7	5.1	5.0	3.9
Net (inc)/dec working capital	(41,579.7)	(5,464.1)	(8,351.1)	1,363.0	Dividend yield (%)	4.9	--	2.4	3.8
Other operating cash flow	(13,381.3)	(13,053.9)	0.0	(101.9)					
Cash flow from operations	(39,154.2)	(7,464.8)	3,378.0	14,772.8	Underlying valuation	3/08	3/09E	3/10E	3/11E
Capital expenditures	(454.7)	(5,084.1)	(5,956.2)	(4,908.1)	Underlying profit (Rs mn)	14,098.5	11,017.5	11,693.4	13,272.2
Acquisitions	(225.3)	0.0	0.0	0.0	Underlying EPS (Rs)	53.80	39.99	42.45	48.18
Divestitures	0.1	0.0	0.0	0.0					
Others	5.3	0.0	0.0	0.0	Underlying ROE (%)	64.8	26.3	22.1	20.6
Cash flow from investments	(674.6)	(5,084.1)	(5,956.2)	(4,908.1)	Underlying ROA (%)	29.8	12.7	10.9	10.3
Dividends paid (common & pref)	(491.0)	(752.1)	0.0	(805.8)	Underlying ROACE (%)	40.3	16.0	13.5	13.8
Inc/(dec) in debt	27,370.6	10,500.0	3,500.0	(3,000.0)	Underlying P/E (X)	2.0	2.7	2.5	2.2
Common stock issuance (repurchase)	17,136.0	0.0	0.0	0.0	Underlying dividend payout (%)	9.8	0.0	5.9	8.3
Other financing cash flows	(738.8)	0.0	0.0	0.0	Underlying EPS growth (%)	127.2	(25.7)	6.1	13.5
Cash flow from financing	43,276.7	9,747.9	3,500.0	(3,805.8)					
Total cash flow	3,448.0	(2,801.0)	921.8	6,059.0					

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

Exhibit 22: Summary financials – Parsvnath Developers

Profit model (Rs mn)	3/08	3/09E	3/10E	3/11E	Balance sheet (Rs mn)	3/08	3/09E	3/10E	3/11E
Total revenue	17,713.3	10,987.6	13,193.7	16,782.1	Cash & equivalents	4,228.4	525.4	640.7	699.1
Cost of goods sold	(11,001.3)	(8,139.7)	(10,028.0)	(13,092.5)	Accounts receivable	12,813.9	11,443.5	10,942.4	11,166.3
SG&A	(799.0)	(498.3)	(598.4)	(761.1)	Inventory	22,610.8	27,977.7	29,080.2	31,495.9
R&D	--	--	--	--	Other current assets	7,477.2	7,477.2	7,477.2	7,477.2
Other operating profit/(expense)	79.1	79.1	79.1	79.1	Total current assets	47,130.3	47,423.7	48,140.5	50,838.5
EBITDA	6,231.2	2,763.5	3,139.2	3,740.0	Net PP&E	2,634.9	8,558.5	13,299.1	19,989.7
Depreciation & amortization	(239.1)	(334.9)	(492.7)	(732.5)	Net intangibles	0.0	0.0	0.0	0.0
EBIT	5,992.0	2,428.6	2,646.5	3,007.6	Total investments	167.5	167.5	167.5	167.5
Interest income	388.2	208.0	51.0	58.6	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(391.2)	(576.5)	(451.5)	(781.5)	Total assets	49,932.7	56,149.6	61,607.0	70,995.6
Income/(loss) from uncons. subs.	4.4	0.0	0.0	0.0	Accounts payable	3,629.6	2,694.8	2,891.8	3,448.4
Others	183.2	0.0	0.0	0.0	Short-term loans	4,225.0	4,225.0	4,225.0	4,225.0
Pretax profits	6,176.5	2,060.1	2,246.0	2,284.7	Other current liabilities	9,186.9	12,054.7	14,262.5	14,015.2
Income tax	(1,928.5)	(636.0)	(693.4)	(705.4)	Total current liabilities	17,041.6	18,974.5	21,379.3	21,688.6
Minorities	0.2	0.0	(16.9)	(25.3)	Long-term debt	13,980.2	14,980.2	16,480.2	23,980.2
Net income pre-preferred dividends	4,248.3	1,424.0	1,535.6	1,554.0	Other long-term liabilities	0.0	0.0	0.0	0.0
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	13,980.2	14,980.2	16,480.2	23,980.2
Net income (pre-exceptionals)	4,248.3	1,424.0	1,535.6	1,554.0	Total liabilities	31,021.8	33,954.7	37,859.5	45,668.8
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	4,248.3	1,424.0	1,535.6	1,554.0	Total common equity	18,897.0	22,181.0	23,716.7	25,270.7
EPS (basic, pre-exception) (Rs)	22.98	7.71	8.31	8.41	Minority interest	13.9	13.9	30.8	56.1
EPS (basic, post-exception) (Rs)	22.98	7.71	8.31	8.41	Total liabilities & equity	49,932.7	56,149.6	61,607.0	70,995.6
EPS (diluted, post-exception) (Rs)	22.98	7.71	8.31	8.41	BVPS (Rs)	102.31	120.09	128.41	136.82
DPS (Rs)	3.00	0.00	0.00	0.00	RNAV (Rs mn)	16,565.1	17,279.6	16,816.5	--
Dividend payout ratio (%)	13.1	0.0	0.0	0.0	RNAVPS (Rs)	89.69	93.56	91.05	--
Free cash flow yield (%)	(13.5)	(58.0)	(22.4)	(107.0)					
Growth & margins (%)	3/08	3/09E	3/10E	3/11E	Ratios	3/08	3/09E	3/10E	3/11E
Sales growth	17.3	(38.0)	20.1	27.2	ROE (%)	25.1	6.9	6.7	6.3
EBITDA growth	46.3	(55.7)	13.6	19.1	ROA (%)	9.9	2.7	2.6	2.3
EBIT growth	45.6	(59.5)	9.0	13.6	ROACE (%)	15.7	4.6	4.3	4.3
Net income growth	45.4	(66.5)	7.8	1.2	Inventory days	647.8	1,134.2	1,038.4	844.4
EPS growth	26.5	(66.4)	7.8	1.2	Receivables days	189.5	402.9	309.6	240.4
Gross margin	37.9	25.9	24.0	22.0	Payable days	121.7	141.8	101.7	88.4
EBITDA margin	35.2	25.2	23.8	22.3	Net debt/equity (%)	73.9	84.2	84.5	108.6
EBIT margin	33.8	22.1	20.1	17.9	Interest cover - EBIT (X)	NM	6.6	6.6	4.2
Cash flow statement (Rs mn)	3/08	3/09E	3/10E	3/11E	Valuation	3/08	3/09E	3/10E	3/11E
Net income pre-preferred dividends	4,248.3	1,424.0	1,535.6	1,554.0	P/E basic (X)	1.7	5.2	4.8	4.8
D&A add-back	239.1	334.9	492.7	732.5	P/B (X)	0.4	0.3	0.3	0.3
Minorities interests add-back	(0.2)	0.0	16.9	25.3	EV/EBITDA (X)	12.0	9.4	8.8	9.3
Net (inc)/dec working capital	(10,589.7)	(1,415.3)	1,803.3	(2,330.3)	Dividend yield (%)	7.5	--	--	--
Other operating cash flow	1,308.1	1,860.0	(16.9)	(25.3)					
Cash flow from operations	(6,379.0)	2,203.7	3,848.6	(18.5)	Underlying valuation	3/08	3/09E	3/10E	3/11E
Capital expenditures	(1,849.2)	(6,258.5)	(5,233.3)	(7,423.1)	Underlying profit (Rs mn)	4,248.3	1,424.0	1,535.6	1,554.0
Acquisitions	396.0	0.0	0.0	0.0	Underlying EPS (Rs)	22.98	7.71	8.31	8.41
Divestitures	256.6	0.0	0.0	0.0					
Others	0.0	0.0	0.0	0.0	Underlying ROE (%)	25.1	6.9	6.7	6.3
Cash flow from investments	(1,196.6)	(6,258.5)	(5,233.3)	(7,423.1)	Underlying ROA (%)	9.9	2.7	2.6	2.3
Dividends paid (common & pref)	(540.2)	(648.3)	0.0	0.0	Underlying ROACE (%)	15.7	4.6	4.3	4.3
Inc/(dec) in debt	6,482.7	1,000.0	1,500.0	7,500.0	Underlying P/E (X)	1.7	5.2	4.8	4.8
Common stock issuance (repurchase)	404.0	0.0	0.0	0.0	Underlying dividend payout (%)	13.1	0.0	0.0	0.0
Other financing cash flows	0.0	0.0	0.0	0.0	Underlying EPS growth (%)	26.5	(66.4)	7.8	1.2
Cash flow from financing	6,346.5	351.7	1,500.0	7,500.0					
Total cash flow	(1,229.1)	(3,703.1)	115.3	58.4					

Note: Last actual year may include reported and estimated data.
Source: Company data, Goldman Sachs Research estimates.

Exhibit 23: Summary financials – Sobha Developers

Profit model (Rs mn)	3/08	3/09E	3/10E	3/11E	Balance sheet (Rs mn)	3/08	3/09E	3/10E	3/11E
Total revenue	14,310.7	13,839.3	16,417.5	20,040.6	Cash & equivalents	286.6	146.2	1,026.2	636.8
Cost of goods sold	(7,992.7)	(8,178.9)	(10,527.5)	(13,886.0)	Accounts receivable	5,548.1	6,044.3	5,870.2	5,657.2
SG&A	(2,965.3)	(2,168.4)	(2,664.7)	(2,943.3)	Inventory	8,393.2	10,425.1	12,431.5	14,067.3
R&D	--	--	--	--	Other current assets	17,277.1	17,277.1	17,277.1	17,277.1
Other operating profit/(expense)	16.7	0.0	0.0	0.0	Total current assets	31,505.0	33,892.7	36,605.0	37,638.3
EBITDA	3,719.8	3,847.7	3,586.2	3,577.7	Net PP&E	2,142.0	3,592.9	3,465.9	5,051.8
Depreciation & amortization	(350.4)	(355.7)	(361.0)	(366.4)	Net intangibles	0.0	0.0	0.0	0.0
EBIT	3,369.4	3,492.0	3,225.2	3,211.3	Total investments	38.3	38.3	38.3	38.3
Interest income	36.1	43.7	56.6	65.2	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(614.6)	(753.1)	(715.3)	(652.3)	Total assets	33,685.3	37,523.9	40,109.1	42,728.4
Income/(loss) from uncons. subs.	0.0	0.0	0.0	0.0	Accounts payable	810.7	947.9	989.5	1,207.9
Others	1.0	0.0	0.0	0.0	Short-term loans	0.0	0.0	0.0	0.0
Pretax profits	2,791.9	2,782.6	2,566.6	2,624.2	Other current liabilities	4,934.9	5,701.9	8,122.6	9,353.1
Income tax	(482.7)	(481.1)	(443.8)	(453.8)	Total current liabilities	5,745.6	6,649.8	9,112.2	10,561.0
Minorities	(27.7)	(311.4)	(278.2)	(339.7)	Long-term debt	17,830.5	18,030.5	16,030.5	15,030.5
Net income pre-preferred dividends	2,281.5	1,990.1	1,844.6	1,830.8	Other long-term liabilities	0.0	0.0	0.0	0.0
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	17,830.5	18,030.5	16,030.5	15,030.5
Net income (pre-exceptionals)	2,281.5	1,990.1	1,844.6	1,830.8	Total liabilities	23,576.1	24,680.3	25,142.7	25,591.5
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	2,281.5	1,990.1	1,844.6	1,830.8	Total common equity	9,881.5	12,304.5	14,149.1	15,979.9
EPS (basic, pre-except) (Rs)	31.29	27.30	25.30	25.11	Minority interest	227.7	539.1	817.4	1,157.0
EPS (basic, post-except) (Rs)	31.29	27.30	25.30	25.11	Total liabilities & equity	33,685.3	37,523.9	40,109.1	42,728.4
EPS (diluted, post-except) (Rs)	31.29	27.30	25.30	25.11	BVPS (Rs)	135.55	168.79	194.09	219.20
DPS (Rs)	6.50	0.00	0.00	0.00	RNAV (Rs mn)	14,271.6	13,363.8	13,247.6	--
Dividend payout ratio (%)	20.8	0.0	0.0	0.0	RNAVPS (Rs)	195.77	183.32	181.72	--
Free cash flow yield (%)	(21.2)	(15.3)	36.5	1.4					
Growth & margins (%)	3/08	3/09E	3/10E	3/11E	Ratios	3/08	3/09E	3/10E	3/11E
Sales growth	20.6	(3.3)	18.6	22.1	ROE (%)	25.3	17.9	13.9	12.2
EBITDA growth	44.3	3.4	(6.8)	(0.2)	ROA (%)	8.6	5.6	4.8	4.4
EBIT growth	44.4	3.6	(7.6)	(0.4)	ROACE (%)	13.6	9.9	8.8	8.6
Net income growth	41.2	(12.8)	(7.3)	(0.7)	Inventory days	280.9	419.9	396.2	348.3
EPS growth	29.0	(12.8)	(7.3)	(0.7)	Receivables days	90.9	152.9	132.4	105.0
Gross margin	44.1	40.9	35.9	30.7	Payable days	39.4	39.2	33.6	28.9
EBITDA margin	26.0	27.8	21.8	17.9	Net debt/equity (%)	173.5	139.2	100.3	84.0
EBIT margin	23.5	25.2	19.6	16.0	Interest cover - EBIT (X)	5.8	4.9	4.9	5.5
Cash flow statement (Rs mn)	3/08	3/09E	3/10E	3/11E	Valuation	3/08	3/09E	3/10E	3/11E
Net income pre-preferred dividends	2,281.5	1,990.1	1,844.6	1,830.8	P/E basic (X)	2.8	3.2	3.4	3.4
D&A add-back	350.4	355.7	361.0	366.4	P/B (X)	0.6	0.5	0.4	0.4
Minorities interests add-back	0.0	0.0	0.0	0.0	EV/EBITDA (X)	21.4	6.3	5.9	5.8
Net (inc)/dec working capital	(7,888.5)	(1,624.0)	630.2	26.1	Dividend yield (%)	7.5	--	--	--
Other operating cash flow	(6,313.6)	433.0	0.0	0.0					
Cash flow from operations	(12,108.9)	1,430.0	3,077.9	2,526.8	Underlying valuation	3/08	3/09E	3/10E	3/11E
Capital expenditures	(549.0)	(1,806.6)	(234.0)	(1,952.4)	Underlying profit (Rs mn)	2,281.0	1,990.1	1,844.6	--
Acquisitions	(8,551.8)	0.0	0.0	0.0	Underlying EPS (Rs)	31.29	27.30	25.30	--
Divestitures	9,092.9	36.1	36.1	36.1	Underlying ROE (%)	25.3	17.9	13.9	NM
Others	0.0	0.0	0.0	0.0	Underlying ROA (%)	8.5	5.6	4.8	NM
Cash flow from investments	(7.9)	(1,770.5)	(197.9)	(1,916.3)	Underlying ROACE (%)	13.6	9.9	8.8	NM
Dividends paid (common & pref)	(474.1)	0.0	0.0	0.0	Underlying P/E (X)	2.8	3.2	3.4	--
Inc/(dec) in debt	11,993.7	200.0	(2,000.0)	(1,000.0)	Underlying dividend payout (%)	20.8	0.0	0.0	NM
Common stock issuance (repurchase)	200.0	0.0	0.0	0.0	Underlying EPS growth (%)	--	(12.8)	(7.3)	--
Other financing cash flows	0.0	0.0	0.0	0.0					
Cash flow from financing	11,719.6	200.0	(2,000.0)	(1,000.0)					
Total cash flow	(397.2)	(140.5)	880.0	(389.5)					

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

The prices in the body of this report are based on the market close of January 13, 2009.

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