



DB Realty: Mumbai Magic



Karishma Solanki
+91 22 4031 3446
karishma.solanki@antiquelimited.com

31 March 2010

Investment thesis

Mumbai-focused developer. DB Realty is a real estate company focusing on projects in and around Mumbai. Its project portfolio comprises 61m sq ft of saleable area spread across 25 projects in Mumbai and Pune. Its strong presence in Mumbai is a plus since it is one of the most rewarding real estate markets in India in terms of demand as well as property prices.

Attractive project locations. 56% (34.2m sq ft) of DB Realty's saleable area is located within Mumbai city and 29% in MMR (Mumbai Metropolitan Region) ex-Mumbai city. Within Mumbai city too, projects are well-spread across the island city and suburban locations. The company intends to expand its business in and around Mumbai and Pune vs. being a pan-India player.

Urban renewal/joint development approach. ~46% of company's saleable area comes from urban renewal/public-private partnership/joint development projects. This strategy enables it to develop strategically located projects and reduces upfront payments towards land costs.

Mumbai has huge development potential. The city offers vast opportunity in the form of redevelopment of cessed buildings, MHADA colonies, BDD chawls and gaathan areas, slum rehabilitation and cluster redevelopment. The development and absorption potential makes Mumbai one of the most attractive real estate markets in the country. We believe DB Realty's deep understanding of the Mumbai market and regulatory environment together with the management's experience and capabilities makes it one of the best players to tap Mumbai's mega prospects.

Focus on execution. Ongoing projects account for 32% of DB Realty's saleable area and construction/rehabilitation work has begun on projects constituting 23% of saleable area. Further, IPO proceeds of INR15bn and low gearing provide better assurance on execution.

Valuation

We initiate coverage with a BUY recommendation and target price of INR541, which is our March 2011 NAV. Projects in Mumbai city account for 82.1% of the Gross NAV. On a PE basis too (12x FY11 PE), valuations look attractive.

Key financials

	2008a	2009a	2010e	2011e	2012e
Net Revenues (INR m)	0	4,644	8,328	20,895	39,807
EBITDA (INR m)	(128)	2,258	3,404	11,142	27,953
EBITDA growth (%)	-	-	51	227	151
PAT (INR m)	(217)	1,417	2,334	8,959	18,284
PAT growth (%)	-	-	65	284	104
Adj. EPS (INR/share)	(0.9)	5.8	9.6	36.8	75.2
EPS growth (%)	-	-	65	284	104
Adj PE (x)	-	77.3	46.9	12.2	6.0
PB (x)	0.5	0.5	4.0	3.0	2.0
EV/EBITDA (x)	-	53.6	35.6	10.9	4.3
ROE (%)	(3)	17	9	25	33

Source: Company, Antique

BUY
CMP : INR450
Target Price : INR541

Market data

Sector	:	Real Estate
Market Cap (INRbn)	:	110
Market Cap (USDbn)	:	2.4
O/S shares (m)	:	243
Free Float (m)	:	88
52-wk HI/LO (INR)	:	476/407
Avg 6m Vol	:	154
Bloomberg	:	DBRL IN
Reuters	:	DBRL.BO

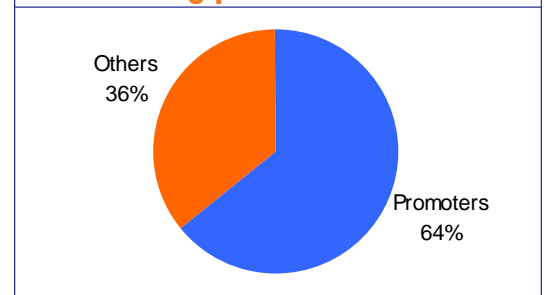
Source: Bloomberg

Returns (%)

	1m	3m	6m	12m
Absolute	3	NA	NA	NA
Relative	(5)	NA	NA	NA

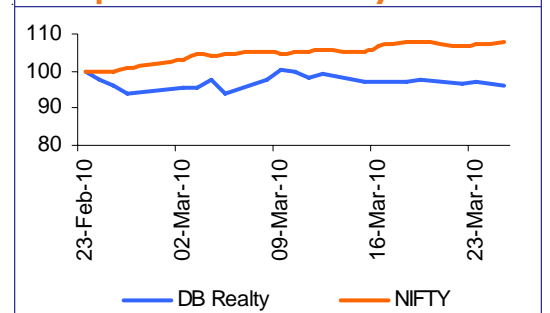
Source: Bloomberg

Shareholding pattern



Source: Company, Antique

Price performance vs Nifty



Source: Bloomberg

Company Background

DB Realty's has a Mumbai focused portfolio comprising 25 projects with a saleable area of 61m sq ft

Build and sell model is very scalable

Raised INR15bn through IPO in Feb 2010

DB Realty, incorporated in Jan 2007, is a real estate development company focusing in and around Mumbai. The company has projects across different segments including residential, commercial, retail, mass housing and cluster redevelopment. Its project portfolio consists of 25 projects with a saleable area of 61m sq ft. The company is jointly promoted by Mr. Vinod Goenka and Mr. Shahid Balwa, whose families have been in the real estate business for more than 25 years and 95 years, respectively, and the promoters and promoter group companies have collectively developed nearly 15.9m sq ft. Some of the key projects developed by the promoters include Gokuldham and Yashodham in Goregaon (East), Orchid City Centre Mall in Mumbai Central, Ascot Centre in Andheri, Le Royal Meridien hotel in Andheri, Vasant Vihar in Thane, and Le Meridien hotel in Ahmedabad.

DB Realty's residential projects cater to customers across various income groups. The company's commercial projects follow a build and sell model. The company has 11 ongoing projects with saleable area of 19.5m sq ft, most of which are concentrated in and around Mumbai. One of the company's key strengths is its ability to identify projects in Mumbai through redevelopment opportunities, public private partnerships and joint ventures. It partners with best in class contractors and architects for development of its projects, but has in-house project management and execution process teams to supervise development activities and ensure efficient and timely project execution.

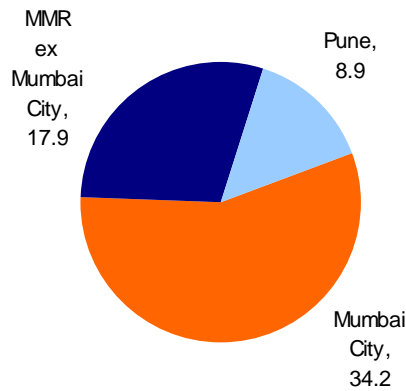
In Feb 2010, it raised INR15bn through an IPO; post this, the promoters and promoter group together hold 64% stake in the company.

Projects developed by promoters of DB Realty

Project	Location	Project Type	Developable Area (m sq ft)
Vasant Vihar	Thane	Residential and Commercial	1.5
Kandivali (West)	Kandivali	Residential and Commercial	3.7
Yashodham	Goregaon	Residential and Commercial	1.2
Gokuldham	Goregaon	Residential and Commercial	3.0
Upper Govind Nagar	Malad	Residential	0.4
Aldeia De Goa	Goa	Residential	3.5
Srishti	Mira Road	Residential and Commercial	1.8
Orchid Apartment	Mumbai Central	Residential	0.1
Orchid Tower	Mumbai Central	Residential	0.1
Orchid City Centre Mall	Tardeo	Retail	0.2
Shagun Arcade	Goregaon	Retail	0.1
DB Mall	Juhu	Retail	0.1
Milan Mall	Vile Parle	Retail	0.1
Le Meridien	Ahmedabad	Hospitality	0.1
Le Royal Meridien	Andheri	Hospitality	0.2
Total			15.9

Source: Company

DB Realty's saleable area by location (m sq ft)



Source: Company, Antique

Of the DB Realty's saleable area in Mumbai city, 18% is in the island city, while the rest 82% is in the suburbs.

Amongst peers DB Realty has a dominant presence in Mumbai city

Company Highlights

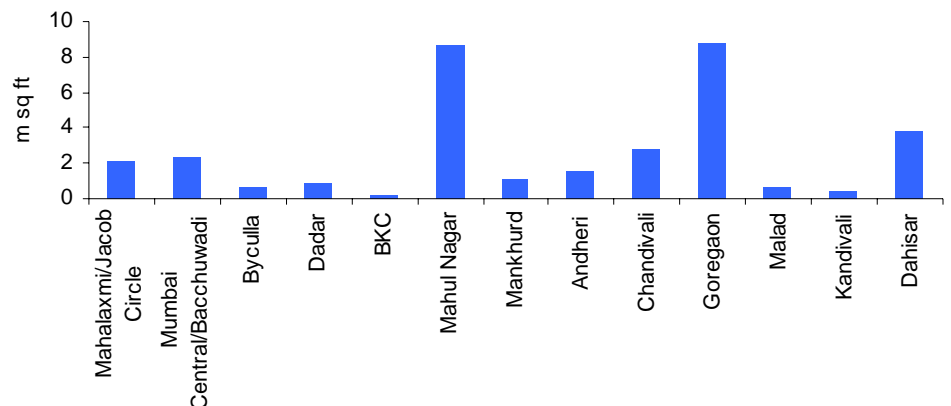
Strong presence in Mumbai City

DB Realty is a Mumbai-focused developer with 56% of its total saleable area (61 m sq ft) located in the main city and 29% in Mumbai Metropolitan Region ex-Mumbai city. The company holds a good knowledge of the Mumbai market and regulatory environment, which helps it in identifying projects at strategic locations.

Strategically located projects in Mumbai

Within Mumbai city, the company's projects are well-spread across the island city and suburban locations. Of the DB Realty projects in Mumbai city, 18% (6.1 m sq ft) is in the island city, while the rest 82% (28.1 m sq ft) in suburbs. Key ongoing projects in the city include: Orchid Turf View at Mahalaxmi, Orchid Heights at Jacob Circle and Orchid Crown at Dadar, while suburbs have Mahul Nagar, Orchid Woods at Goregaon, Orchid Suburbia at Kandivali and Orchid Ozone at Dahisar projects.

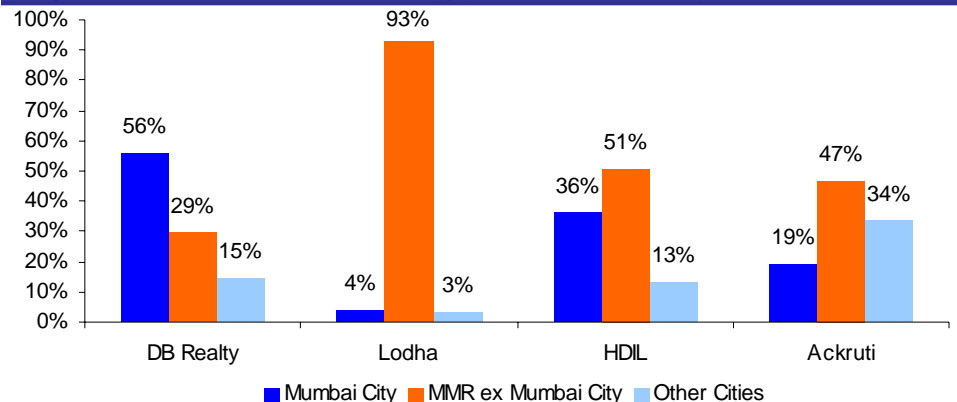
DB Realty's saleable area location within Mumbai city (m sq ft)



Source: Company, Antique

Due to a larger proportion of area within Mumbai city compared to some of the other Mumbai-based developers, the company has a better visibility of demand.

Comparison of area within Mumbai city (as a % of total area)



For HDIL, TDR included
Source: Company, Antique

Mumbai is one of the most lucrative real estate markets in the country

Focus on Mumbai - a key positive

The company's strong presence in Mumbai is a key strength since it is one of the most rewarding real estate markets in India in terms of demand as well as property prices. The table below highlights residential demand in Mumbai.

Residential absorption in different cities

City	4QCY09	3QCY09	Chg(%)	2HCY09	1HCY09	Chg (%)
Mumbai	9,618	8,232	17	17,850	17,689	1
Thane	4,656	4,101	14	8,757	4,360	101
Bangalore	5,534	5,113	8	10,647	6,423	66
Noida	6,912	7,166	(4)	14,078	6,808	107
Gurgaon	5,469	6,775	(19)	12,244	6,443	90
Pune	6,336	7,856	(19)	14,192	13,899	2
Hyderabad	3,057	4,356	(30)	7,413	4,761	56
Chennai	2,202	3,438	(36)	5,640	5,958	-5

Source: Propequity, Antique

Further, property prices in Mumbai are amongst the highest in the country because of strong demand and high purchasing power.

DB Realty intends to expand in and around core markets of Mumbai and Pune rather than being a pan-India player

Residential capital values in different cities

	INR/sq ft 4QCY09	Price Change (%)	
		3mths	1 Yr
Mumbai			
Colaba, Cuffe Parade	42,500-58,000	5	3
Altamount Rd, Napeansea Rd, Peddar Rd	42,000-66,000	4	(4)
Lower Parel, Parel	15,000-26,000	8	0
Bandra, Santacruz, Juhu	16,000-24,000	11	21
Andheri, Malad, Goregaon	8,500-11,500	5	25
NCR			
Amrita Shergil Marg, Prithviraj Rd	40,000-45,000	0	(11)
Shanti Niketan, Vasant Vihar	29,000-34,000	3	3
Friends Colony, Greater Kailash - I & II	21,000-24,000	5	7
New Friends Colony, Kalindi Colony	14,500-16,500	3	3
Gurgaon	4,000-6,500	0	17
Noida	3,200-5,500	0	16
Bangalore			
Lavelle Rd, Richmond Rd	12,000-14,500	0	(17)
Marathalli, Whitefield	2,400-2,700	0	(12)
Sarjapur Rd, Outer Ring Rd	2,500-3,200	(3)	(17)
Koramangala	6,000-8,500	0	(9)
Hebbal, Yelahanka	2,800-4,000	0	(3)
Chennai			
Boat Club	18,000-20,000	0	(10)
Nungambakkam	7,000-8,000	0	(9)
Velachery	3,500-4,000	0	(6)
OMR	2,500-2,800	0	(13)

Source: Cushman & Wakefield, Antique

Besides Mumbai, DB Realty also has a presence in Pune - one of the fastest growing cities in India. Going forward, it intends to leverage its expertise and familiarity to expand its business in and around core markets of Mumbai and Pune rather than being a pan-India player.

DB Realty's Urban Renewal/Public-Private Partnership/Joint Development Projects

Project	Location	Area (m sq ft)
Urban Renewal		10.3
Orchid Turf View	Mahalaxmi	1.5
Orchid Heights	Jacob Circle	0.6
Ascot Centre II	Andheri (E)	0.3
DB Tower	BKC	0.2
Orchid Views	Mumbai Central	0.7
Orchid Enclave II	Mumbai Central	0.7
Orchid Central	Mumbai Central	0.3
Orchid Splendor	Byculla	0.4
Orchid Skyz	Byculla	0.3
Orchid Park	Bacchuwadi	0.6
Orchid Hills	Chandivali	2.8
Orchid West View	Malad	0.7
Orchid Apartments	Mankhurd	1.2
Public-Private Partnership		15.1
Orchid Hill Park	Goregaon	7.9
Orchid Town	Pune	6.7
Orchid Centre	Pune	0.5
Joint Development Agreement		2.5
Orchid Crown	Dadar	0.9
Orchid Ozone	Dahisar	1.6
Total		27.9

Source: Company, Antique

Incentive FSI under cluster redevelopment

Total area of amalgamated plots (sq mt)	Incentive FSI (%)
4,000-8,000	55
8,001-12,000	65
12,001-16,000	70
16,0001-20,000	75
>20,000	80

Source: Government of Maharashtra, Antique

Urban renewal/joint development approach

A large part of DB Realty's saleable area represents urban renewal/redevelopment/joint development/public-private partnership projects - this strategy enables the company to access strategic locations and reduces upfront payments towards land costs. This is especially significant in Mumbai where land is a scarce resource and forms a substantial component of the total project cost. Joint development projects generally involve contribution of land by partners, while development cost is borne by the company in addition to some part of revenues or profits being shared with the partner. This provides greater flexibility in usage of funds and allows the company to handle more projects than would otherwise have been possible.

Of the total saleable area of 61m sq ft, public-private partnership projects account for 25%, urban renewal projects 17% and Joint Development Agreements 4%. Going forward, urban renewal and redevelopment projects in Mumbai will be key opportunities for the company, through which the company can gain access to projects in strategic locations and avail higher FSI (Floor Space Index).

Urban renewal and redevelopment opportunities in Mumbai

In 2007, the Maharashtra government introduced a housing policy with the objective of promoting affordable housing, rehabilitation of slums and redevelopment of old and dilapidated buildings. Some of the key strategies under the policy are:

Cluster approach towards redevelopment

To expedite and incentivise planned development, the Maharashtra government decided to adopt a cluster redevelopment approach with higher FSI norms. In Mar 2009, the government introduced a revised DCR 33(9) for reconstruction or redevelopment of cessed buildings/ Urban Renewal Schemes on extensive area. Urban renewal schemes can include buildings as well as slum areas. Under this regulation, FSI for cluster redevelopment will be 4 or the FSI required for rehabilitation of existing tenants/occupiers plus incentive FSI, whichever is higher. Some key conditions under this regulation include:

- Area to be redeveloped should have a minimum size of 4,000 sq mtrs.
- Consent of not less than 70% of the eligible tenants/occupiers of each plot involved in the project is obtained.
- Each tenant/occupant shall be given minimum carpet area of 300 sq ft (27.88 sq mt) in the reconstructed building. If the cluster redevelopment plan includes slum areas, the slum dwellers will be eligible for area admissible as per DCR 33(10) i.e., each eligible family will get a dwelling with carpet area of 269 sq ft.
- Incentive FSI against FSI required for rehabilitation is highlighted in the adjoining table.

Redevelopment of cessed buildings under DCR 33(7)

There were 16,104 cessed buildings in Mumbai in Mar 2008 - old and dilapidated state of these buildings is a major concern. Cessed buildings are classified into three categories:

- Category A: Constructed prior to Sep 01, 1940 (13,360 buildings).
- Category B: Constructed between Sep 01, 1940–Dec 31, 1950 (1,474 buildings).
- Category C: Constructed between Jan 01, 1951–Sep 30, 1969 (1,270 buildings).

There are 16,104 cessed buildings in Mumbai which could be redeveloped

Size of opportunity in the island city of Mumbai is staggering

To promote redevelopment, the Maharashtra government in Sep 2009 increased the FSI for redevelopment of cessed buildings to 3 from 2.5 earlier. Key highlights include:

- Consent of not less than 70% of the eligible tenants/occupiers of the building to be redeveloped should be obtained.
- Each tenant/occupant shall be given minimum carpet area of 300 sq ft (27.88 sq mt) in the reconstructed building.
- In case of redevelopment of Category A cessed buildings, the total FSI shall be 3 or the FSI required for rehabilitation of existing tenants/occupiers plus 50% incentive FSI, whichever is higher.
- In case of redevelopment of Category B cessed buildings, the total FSI shall be the FSI required for rehabilitation of existing tenants/occupiers plus 50% incentive FSI.
- Further, old properties can also be redeveloped by clubbing them together instead of developing them separately. The additional incentives in FSI for joint redevelopment of A, B or C category cessed buildings on two or more plots are as follows:

Incentive FSI for joint redevelopment of cessed buildings

No. of proposed plots	Permissible FSI
2 to 5 plots	3 or FSI required for rehab of occupiers plus 60% incentive FSI
6 or more plots	3 or FSI required for rehab of occupiers plus 70% incentive FSI

Source: MHADA, Government of Maharashtra, Antique

Incentive FSI for redevelopment of MHADA colonies

Island city	Incentive FSI (%)
Area up to 4,000 sq mt	50
Area above 4,000 sq mt	60
Suburbs	Incentive FSI (%)
Area up to 4,000 sq mt	60
Area above 4,000 sq mt	75

Source: Government of Maharashtra, Antique

Redevelopment of MHADA colonies

The government has also decided to go in for redevelopment of MHADA colonies, since in several colonies, FSI has not been optimally utilised. Most of the MHADA colonies were built for EWS (Economically Weaker Sections) and LIG (Low Income Group) categories where tenement sizes are restricted to 30 sq mtrs. In Dec 2008, the Maharashtra government issued a revised DCR 33(5) for redevelopment of MHADA housing schemes. Some key conditions under this regulation include:

- Consent of not less than 70% of the members of the MHADA housing society should be obtained.
- Total permissible FSI is 2.5.

There are nearly 104 MHADA colonies in Mumbai spread over 1,500 hectares of land. Of these, 56 are on larger layouts and 60% are for LIG.

Redevelopment of BDD chawls

BDD (Bombay Development Department) chawls were constructed more than 90 years ago and comprise 160 sq ft tenements. The Maharashtra government proposes to undertake redevelopment of such colonies so that present occupants can be provided better housing and permissible FSI can be better utilised. (There are 207 BDD chawl buildings located in the heart of the city at Worli, Naigaon, N.M. Joshi Marg and Sewri.)

Snapshot of BDD Chawls in Mumbai

Location	Worli	N M Joshi Marg	Naigaon	Sewri	Total
Land Area (sq mt)	239,000	55,640	53,900	22,900	371,440
No. of buildings	121	32	42	12	207
No. of tenements	9,680	2,560	3,344	960	16,544
FSI utilised	0.95	1.08	1.47	0.99	1.05

Source: Mumbai Transformation Support Unit, All India Institute of Local Self-Government

There are 207 BDD chawl buildings located in the heart of the city at Worli, Naigaon, N.M. Joshi Marg and Sewri

Slum rehabilitation

Nearly 60% of the total population of Mumbai city lives in slums (see Annexure), and thereby, rehabilitation of slum dwellers is a key objective of the government and presents significant opportunity to access projects at strategic locations.

Highlights of the slum rehabilitation policy include:

- Consent of not less than 70% of the slum dwellers should be obtained.
- Each eligible family will get a dwelling with carpet area of 269 sq ft.
- FSI available for free sale as a proportion of the rehabilitation area: Suburbs - 1:1; Island city - 1:0.75; Difficult areas - 1:1.33.
- Maximum permissible FSI for slum projects is 3. For high density slums (650 tenements per hectare) the maximum permissible FSI is 4.

Redevelopment of Gaothan areas

In July 2008, the Maharashtra government approved the Gaothan redevelopment policy, which allows FSI up to 2 for redevelopment in concerned areas. There are 189 Gaothans in Mumbai, which could provide redevelopment opportunities.

DB Realty has a strong track record of identifying urban renewal/redevelopment/public-private partnership projects and joint development agreements which emphasizes its ability to win similar projects in the future.

Ownership/development rights for substantial part of area

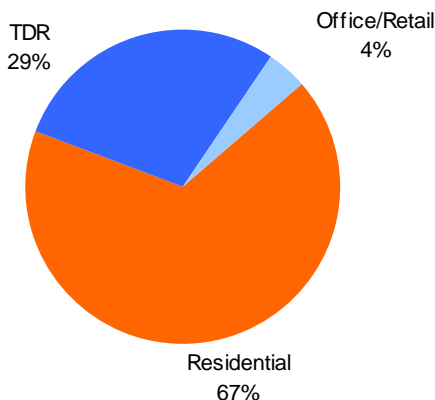
DB Realty has land reserves of ~30.7m sq ft, translating into developable area of ~100.9m sq ft and saleable area of 61m sq ft. The company either owns or has sole development rights over 79% of the saleable area.

DB Realty's Landownership

Million sq ft	Land (m sq ft)	Developable Area (m sq ft)	Saleable Area (m sq ft)
Land owned by the company	14.8	34.9	22.8
Land DB Realty has sole development rights	6.0	33.5	25.1
MOUs	6.2	16.1	7.9
Joint Development agreements	1.3	9.4	3.5
Joint Ventures	2.5	7.0	1.7
Total	30.7	100.9	61.0

Source: Company

Saleable area by Segment (%)

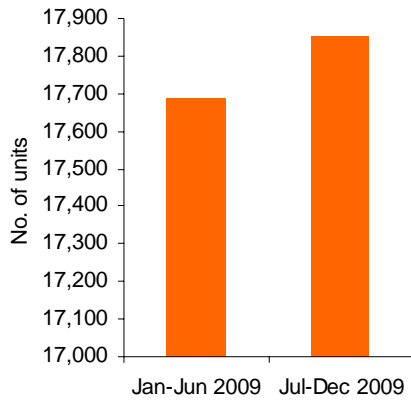


Source: Company, Antique

Higher proportion of residential projects

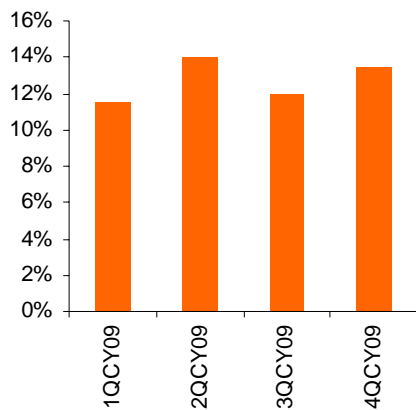
Residential projects account for 67% of the total saleable area. We like DB Realty's strategy of focusing on the residential segment in Mumbai given significant demand and better pricing potential. In the current environment, we believe, a development mix favouring residential projects is advantageous since the office and retail segments are yet to see full recovery.

Residential Absorption in Mumbai



Source: Propequity, Antique

Vacancy rates for office space in Mumbai



Source: Cushman & Wakefield, Antique

DB Realty's ongoing projects

Project	Location	Area (m sq ft)
Orchid Ozone	Dahisar	1.6
Orchid Woods	Goregaon	0.9
Orchid Heights	Jacob Circle	0.6
Orchid Crown	Dadar	0.9
Orchid Suburbia	Kandivali	0.5
Mahul Nagar	Chembur	8.7
Orchid Hills	Chandivali	2.8
Ascot Centre - II	Andheri (E)	0.3
Orchid Turf View	Mahalaxmi	1.5
Orchid Corp Park	Andheri (E)	1.2
Orchid Centre	Pune - Yerawada	0.5
Total		19.5

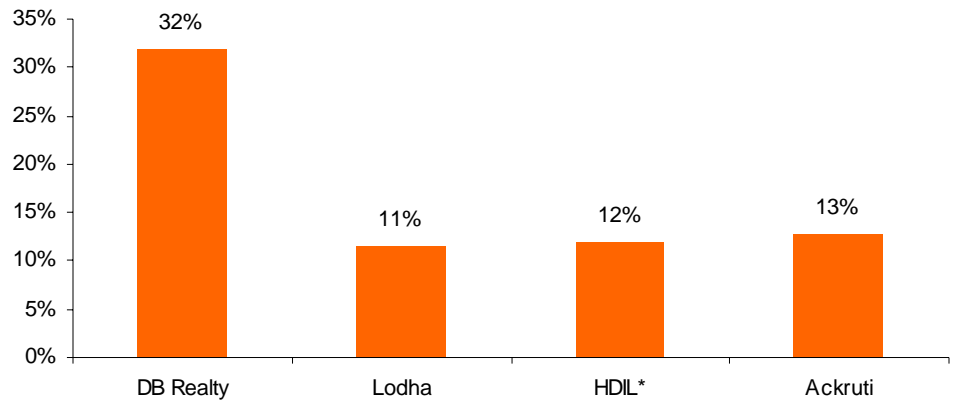
Source: Company, Antique

Focus on execution

Ongoing projects account for 32% of DB Realty's saleable area. The company has in-house project management and execution process teams working with third party contractors, such as L&T, Man Infraconstruction, Unity Infrastructure, etc., thereby enabling to scale up the execution.

L&T and Man Infraconstruction are primary contractors for DB Realty. Further, IPO proceeds of INR15bn and low gearing provide better assurance on execution.

Ongoing projects as a % of total area

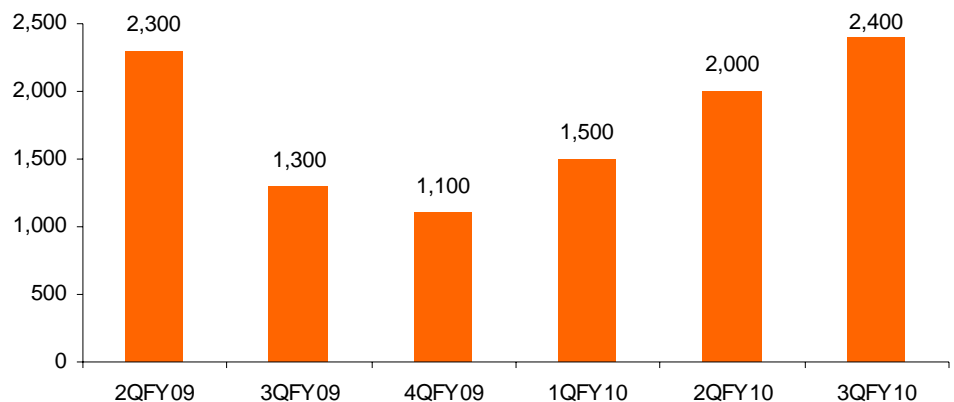


Note: *HDIL's ongoing projects include only 3 land parcels for airport project
Source: Company, Antique

Presence in TDR market

Besides residential, DB Realty also has a significant TDR portfolio. Its saleable area includes TDR of 17.88m sq ft (29%) to be derived from four projects in Mumbai. Its presence in the Mumbai TDR market is an advantage given buoyant prices and demand; TDR prices have more than doubled since 4QFY09.

HDIL's average TDR Price (INR/sq ft)



Source: HDIL, Antique

Sale model enables better cash flows

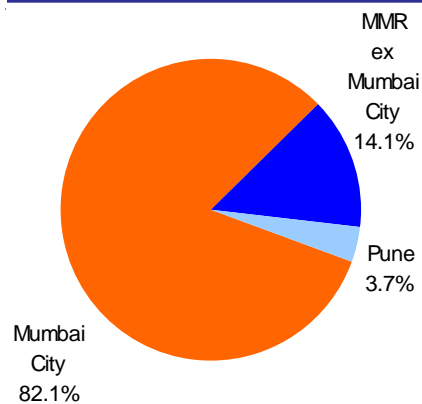
The company operates on a sale model for both residential and commercial projects. The pre-sale model helps provide cash flows for construction of the project and also reduces the need for debt.

DB Realty NAV Summary

NAV Summary	INRm
Mumbai City	103,389
MMR ex Mumbai City	17,777
Pune	4,713
Total Gross NAV	125,880
Less: Deposit Payable for Projects	1,075
Less: Net Debt/(Cash)	(6,777)
Net NAV	131,582
No. of shares	243
NAV per share	541

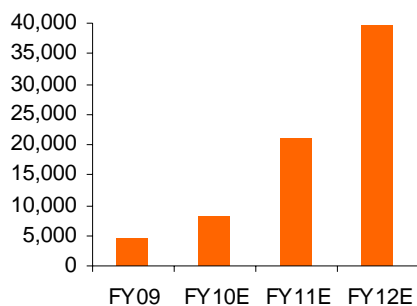
Source: Antique

DB Realty's Gross NAV by Location (%)



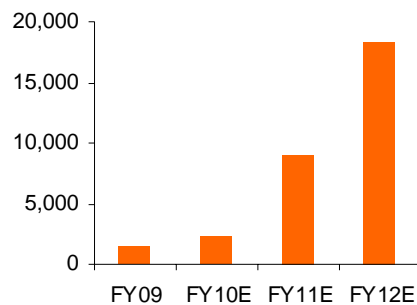
Source: Antique

DB Realty's Revenues (INRm)



Source: Company, Antique

DB Realty's Net Profit (INRm)



Source: Company, Antique

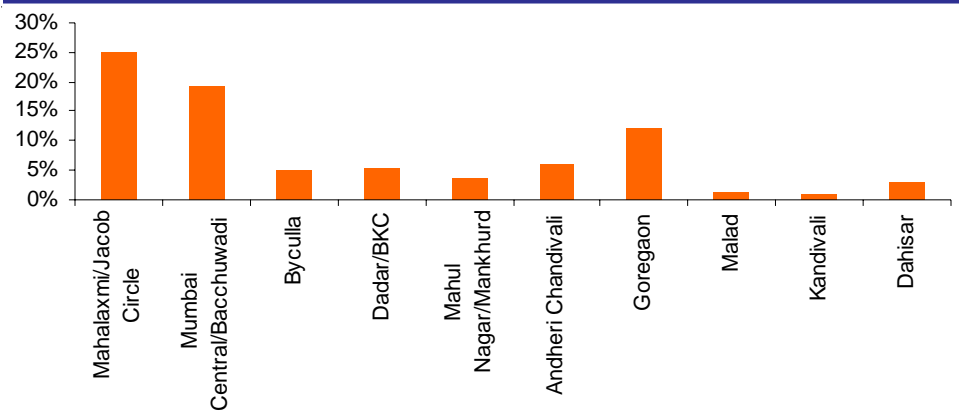
Valuation

We initiate coverage on the company with a BUY recommendation and target price of INR541 - our March 2011 NAV. Considering company's superior project profile, low cost project acquisition strategy and execution focus, we believe target price at par with NAV is fairly valued. Its strong presence in the Mumbai market gives better visibility of demand and urban renewal/redevelopment/joint development oriented business model helps reduce land acquisition cost. In addition, the company's emphasis on execution is encouraging. Our NAV of INR541 is based on the following assumptions:

- 5% annual increase in property prices.
- 5% annual increase in construction costs.
- WACC of 13%.

Projects in the island city of Mumbai account for 54.7% of the total Gross NAV, while projects within the rest of the city stand at 27.4%.

Gross NAV of projects within Mumbai city (% of total Gross NAV)



Source:

Financials

For FY11, we expect company's revenues and net profit to grow 151% and 284%, respectively. Key projects contributing to revenues are TDR from Mahul Nagar, Orchid Woods in Goregaon, Orchid Ozone in Dahisar and Orchid Suburbia in Kandivali. In FY11, Orchid Crown is also expected to contribute. Further, given that Orchid Woods is substantially completed, additional sales will be recognised faster than earlier.

Risks

- DB Realty has provided corporate guarantees worth ~INR16bn to various financial institutions on behalf of promoters for businesses other than their real estate business. If any of these guarantees is triggered, it could have an adverse impact on the financials.
- Although the company was incorporated in Jan 2007 and its promoters and promoter group companies have developed 15.9m sq ft of real estate, the company itself has not yet completed any project.
- There are litigations pending in relation to some of the properties forming part of the company's project portfolio. Any unfavourable outcome could adversely impact the company's ability to develop these properties.

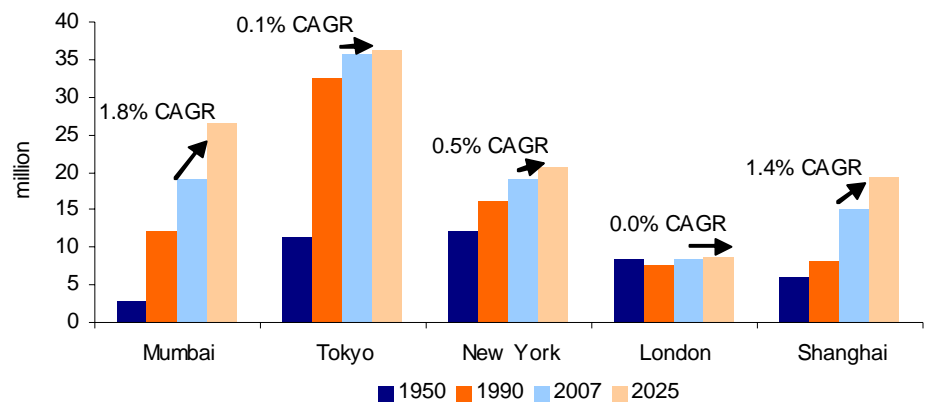
Mumbai - most attractive opportunity

Mumbai is India's financial capital, which generates nearly 5% of the country's GDP. The city is a major contributor to employment, industrial output, tax collections and foreign trade and is like a home to several large domestic and multinational companies and banks.

Mumbai is where the action is

The city is amongst the most populous in India. According to a study by United Nations, this city is one of the fastest growing urban agglomerations with its population growing from 2.9m (18th Rank) in 1950 to 19m (4th Rank) in 2007 and is expected to increase to 26.4m (2nd Rank) by 2025.

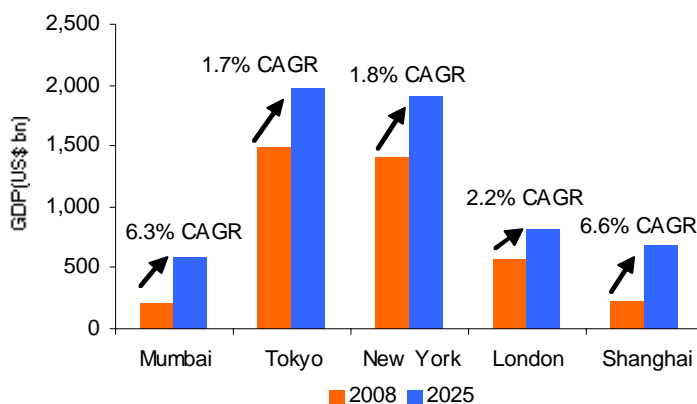
Population growth in key cities across the world



Source: United Nations, PricewaterhouseCoopers

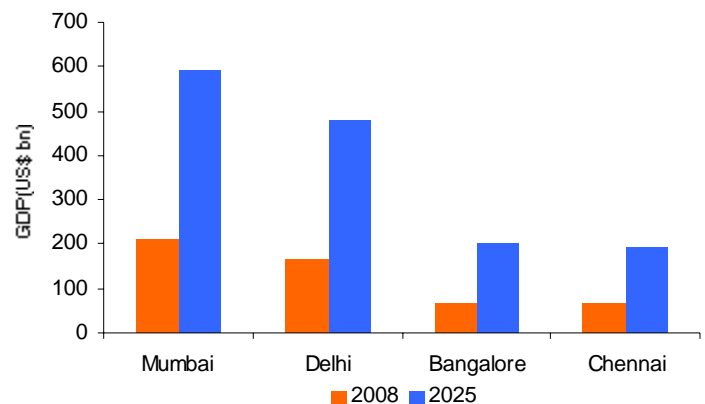
In terms of economic growth, Mumbai is one of the fastest growing cities in the world. According to a study by PricewaterhouseCoopers, Mumbai ranked 29th out of 30 cities worldwide in 2008 with respect to GDP. However, the city is expected to see real GDP growth of ~6.3% per annum from 2008-2025, as a result of which its ranking is expected to improve to 11th by 2025. Moreover, amongst Indian cities too, Mumbai is expected to witness the highest population and GDP.

GDP growth of key cities across the world (USDbn at PPP*)



* Purchasing Power Parity
Source: PricewaterhouseCoopers

GDP growth of Indian cities (USDbn at PPP*)

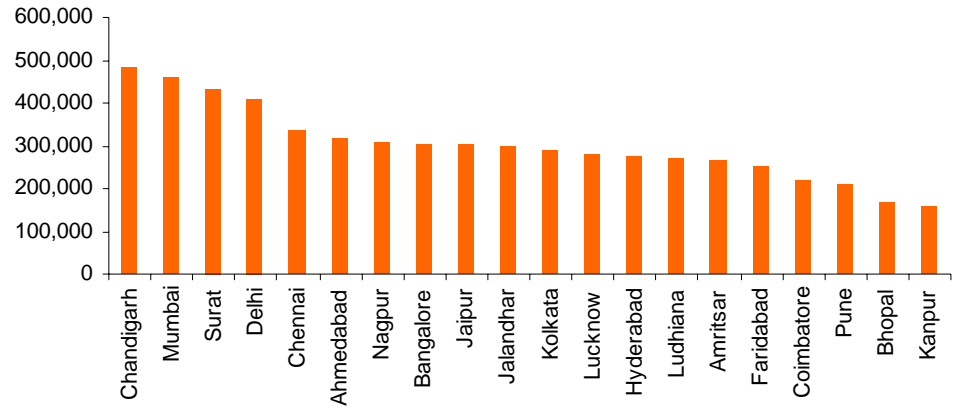


* Purchasing Power Parity
Source: PricewaterhouseCoopers

Apart from being amongst the fastest growing cities in the world, Mumbai is also one of the most prosperous cities in India. According to a study done by NCAER and Future Capital Research, it has the second highest average household income amongst top 20 Indian cities.

Prosperity of Mumbai makes absorption rate of real estate highest in the country

Avg annual household income of Indian cities (INR/household)

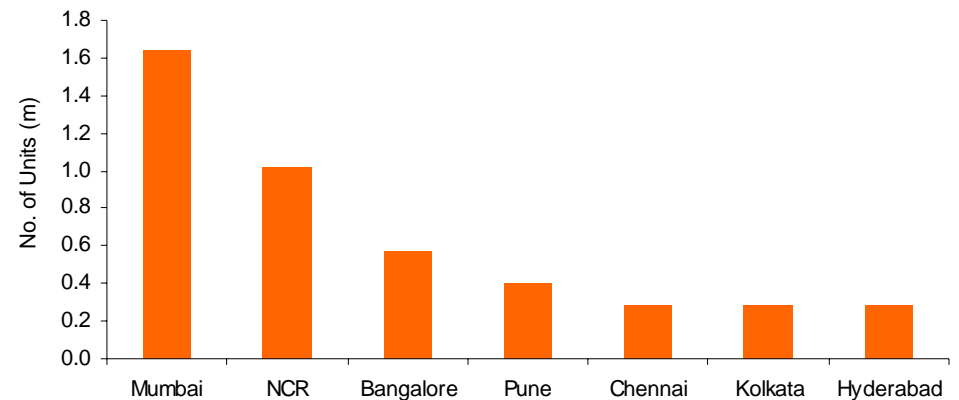


Source: NCAER/FCR

Estimated residential demand in Mumbai

Mumbai, with its high population and purchasing power, is the largest market for residential real estate in India. According to Cushman & Wakefield, from 2009-2013, Mumbai is expected to witness demand for 1.64m homes - the highest in the country.

Estimated Residential Demand in key Indian cities



Source: Cushman & Wakefield, Antique

Financials

Profit and Loss Account (INRm)

Year ended 31st March	2008a	2009a	2010e	2011e	2012e
Revenues	-	4,644	8,328	20,895	39,807
Expenses	128	2,386	4,924	9,753	11,854
EBITDA	(128)	2,258	3,404	11,142	27,953
Depreciation & amortisation	16	74	79	87	95
EBIT	(143)	2,184	3,325	11,055	27,858
Interest expense	154	747	804	487	633
Other income	63	68	65	65	65
Profit before tax	(235)	1,505	2,586	10,633	27,290
Taxes incl deferred taxation	1	67	252	1,674	9,006
Profit after tax	(236)	1,438	2,334	8,959	18,284
Adjusted profit after tax	(217)	1,417	2,334	8,959	18,284
Recurring Adj EPS (INR)	(0.9)	5.8	9.6	36.8	75.2

Balance Sheet (INRm)

Year ended 31st March	2008a	2009a	2010e	2011e	2012e
Share Capital	94	91	2,433	2,433	2,433
Reserves & Surplus	7,188	8,023	25,029	33,987	52,271
Networth	7,282	8,114	27,461	36,420	54,704
Minority Interest	554	553	553	553	553
Debt	6,030	12,357	5,500	7,150	9,295
Capital Employed	13,866	21,024	33,514	44,123	64,552
Gross Fixed Assets	167	301	316	347	382
Accumulated Depreciation	24	92	171	258	354
Net Assets	143	208	144	89	28
Capital work in progress	5	15	0	0	0
Investments	1,785	2	2	2	2
Current Assets, Loans & Advances					
Inventory	5,338	10,578	10,325	14,624	25,086
Debtors	91	426	848	912	1,922
Cash & Bank balance	1,037	769	13,130	13,927	20,223
Loans & advances and others	9,848	12,442	13,064	20,362	30,824
Current Liabilities & Provisions					
Creditors	4,374	3,357	3,685	4,054	4,459
Other liabilities & provisions	5	61	316	1,742	9,076
Net Current Assets	11,934	20,797	33,365	44,029	64,519
Deferred tax assets/(liabilities)	0	(4)	(4)	(4)	(4)
Misc Exp	0	5	5	5	5
Application of Funds	13,866	21,024	33,514	44,123	64,552

Per share data

Year ended 31st March	2008a	2009a	2010e	2011e	2012e
No. of shares (m)	8	8	243	243	243
BVPS (INR)	892.9	976.4	112.9	149.7	224.9
Adj CEPS (INR)	(0.8)	6.1	9.9	37.2	75.6
DPS (INR)	-	-	-	-	-

Margins (%)

Year ended 31st March	2008a	2009a	2010e	2011e	2012e
EBITDA	na	48.6	40.9	53.3	70.2
EBIT	na	47.0	39.9	52.9	70.0
PAT	na	30.5	28.0	42.9	45.9

Source: Company, Antique

Cash flow statement (INRm)

Year ended 31st March	2008a	2009a	2010e	2011e	2012e
Adjusted PAT	(217)	1,417	2,334	8,959	18,284
Depreciation & amortisation	16	74	79	87	95
Minority Interest	-	-	-	-	-
(Inc)/Dec in working capital	(8,317)	(7,287)	(208)	(9,866)	(14,194)
Other Items	66	578	-	-	-
Cash flow fm opr activities	(8,452)	(5,218)	2,205	(821)	4,185
Capital expenditure	(189)	(126)	-	(32)	(35)
Inc/(Dec) in & inc from inv	(1,032)	(1,477)	-	-	-
Cash flow fm inv activities	(1,220)	(1,603)	-	(32)	(35)
Inc/(Dec) in share capital	7,037	-	17,013	-	-
Inc/(Dec) in debt	3,620	6,302	(6,857)	1,650	2,145
Dividends paid	-	-	-	-	-
Cash flow fm fin activities	10,657	6,302	10,155	1,650	2,145
Net cash flow	984	(260)	12,361	797	6,296
Opening balance	53	1,029	769	13,130	13,927
Closing balance	1,037	769	13,130	13,927	20,223

Growth indicators (%)

Year ended 31st March	2008a	2009a	2010e	2011e	2012e
Revenue	-	-	79	151	91
EBITDA	-	-	51	227	151
PAT	-	-	65	284	104
Adj EPS	-	-	65	284	104

Valuation (x)

Year ended 31st March	2008a	2009a	2010e	2011e	2012e
Adj PE	-	77.3	46.9	12.2	6.0
P/BV	0.5	0.5	4.0	3.0	2.0
EV/EBITDA	-	53.6	35.6	10.9	4.3
EV/Sales	-	26.1	14.5	5.8	3.0

Financial ratios

Year ended 31st March	CY07	2009e	2010e	2011e	2012e
RoE	(3)	17	9	25	33
RoCE	(1)	10	10	25	43
Debt/Equity (x)	0.8	1.5	0.2	0.2	0.2
EBIT/Interest (x)	(0.9)	2.9	4.1	22.7	44.0

Source: Company Antique

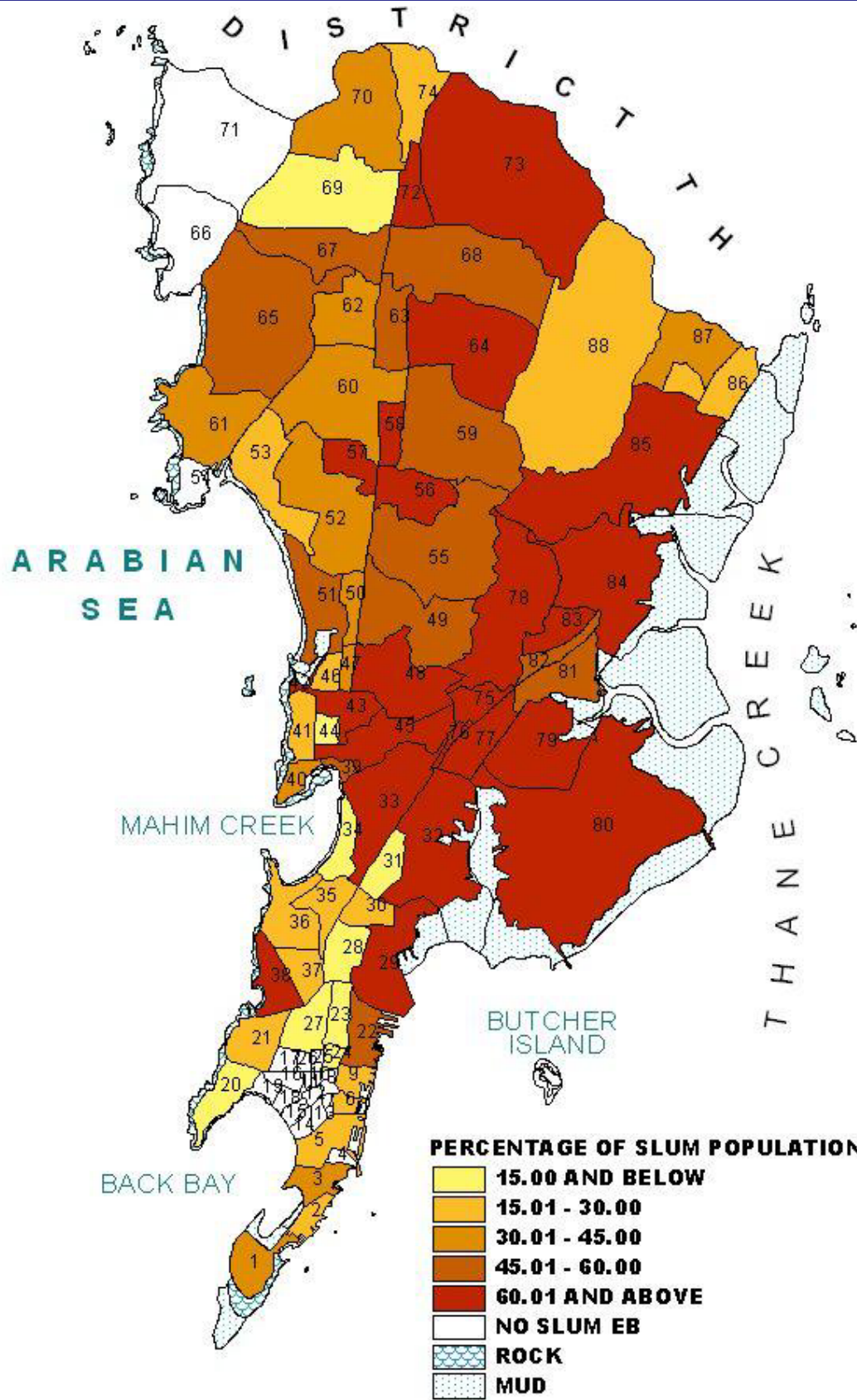
Reasonable debt level

EBITDA margins to expand given higher contribution from high value projects such as Orchid Woods, Crown, Turf View and Heights

Expansion in PAT margin will be lower than expansion in EBITDA margin since new projects contributing to revenues will not have 80IB tax benefit.

Annexure

Greater Mumbai Municipal Corporation % of slum population (2001 Census)



Important Disclaimer:

This report is prepared and published on behalf of the research team of Antique Stock Broking Limited (ASBL). This is intended for private circulation and should not be taken as recommendation to trade in the securities mentioned or any legal or taxation advice. We have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time without any notice. ASBL or any persons connected with it do not solicit any action based on this report and do not accept any liability arising from the use of this document. The recipients of this material should rely on their own judgment and take their own professional advice before acting on this information. The research reports are not, and are not to be construed as, an offer to sell or solicitation of an offer to buy any securities. Unless otherwise noted, all research reports provide information of a general nature and do not address the circumstances of any particular investor. ASBL or any of its connected persons including its directors or subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained, views and opinions expressed in this publication. ASBL, its affiliates, directors, officers or employees may, from time to time, deal in the securities mentioned herein, as principal or agent. ASBL or its affiliates may have acted as an Investment Advisor or Merchant Banker for some of the companies (or its connected persons) mentioned in this report. The research reports and all the information opinions and conclusions contained in them are proprietary information of ASBL and the same may not be reproduced or distributed in whole or in part without express consent of ASBL.

	Firm	Directors	Analyst
Ownership in Stock	No	No	No



Antique Stock Broking Limited

Nirmal, 2nd Floor, Nariman Point, Mumbai 400 021.
Tel. : +91 22 4031 3444 • Fax : +91 22 4031 3445
www.antiquelimited.com