

February 10, 2009

Real Estate Tracker

BSE-30: 9,647

India

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**Kotak Institutional Equities
Research**

Important disclosures appear at the back of this report.

Disappointing 3QFY09. The BSE Real Estate index underperformed the Sensex by 21% over the past month largely on the back of the poor 3QFY09 results. We observe sharp earning downgrades in consensus estimates for FY2009E and FY2010E indicating a weak demand environment. We see buoyancy in residential launches in Chennai prior to the Fairpro exhibition this weekend.

Highlights for the month ended Tuesday, February 9, 2009

- Top gainers/losers for the month: Akruti City (+49.6%), Orbit (6.5%), DLF (-35.3%), HDIL (-22.8%)
- Fitch downgraded Unitech's Rs44 bn long-term debt to 'B' from 'BBB' earlier and Rs12 bn short-term debt and bank loans to 'F4' from 'F3'.
- Sophia Power Company, a subsidiary of Indiabulls Real Estate is close to achieving financial closure for its proposed 2,640 MW Amravati thermal power project. SBI capital Markets is the lead arranger for funds.
- Ansal Properties, Brigade Enterprises, Orbit Corp, Parsvnath, Puravnakara are moving out of the F&O segment effective January 30, 2009.

Key investments

- IL&FS Realty Fund has picked up 15% stake in Infrastructure Ventures India (SPV floated by Akruti City) for Rs2 bn.

Key land deals/tenders

- NTC Mills has invited bids for sale and redevelopment of its Digvijay Mill chawl in Lalbaug, Kohinoor Mill chawl in Naigaum and Tata Mill chawl in Parel. The 3 mills are spread over an area of 7 acres.

Key project announcements

- Lots of launches in Chennai: Amara by Arihant on Poonamallee High Road, Pushpa Druma by Marg Ltd in Thaiyur (OMR) and Prince Village by Prince Foundation in Thondairpet (North Chennai).
- DLF launched its first office –cum-retail venture 'The Galleria' on Ferozepur road, Ludhiana.
- Ozone Group launched Ozone Greens in Bangalore at a pricing of Rs2.9-3.5 mn.

Market performance

- Relative performance of Real Estate index
- Stock performance
- Real estate sector valuation
- Real estate consensus estimates

Relative performance of Real Estate index

Exhibit: Key performance of benchmark indices
(base 100 as of July 9, 2007)

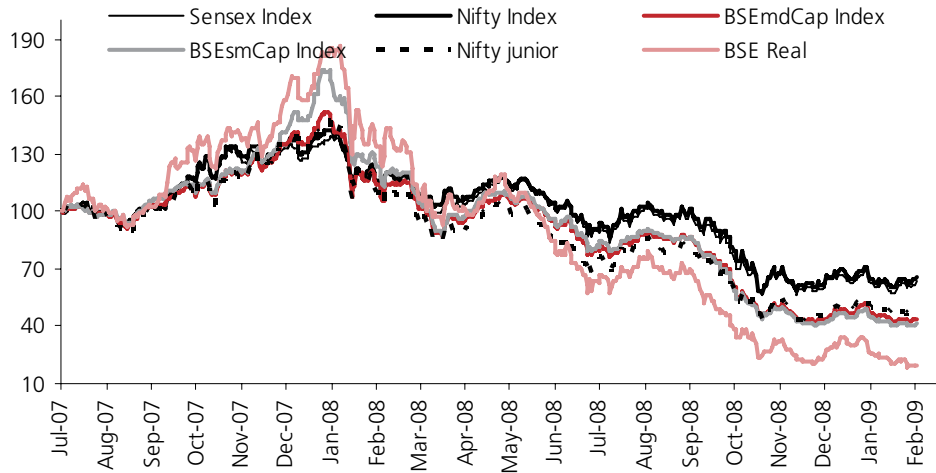


Exhibit: Weekly performance of the benchmark indices (% change)

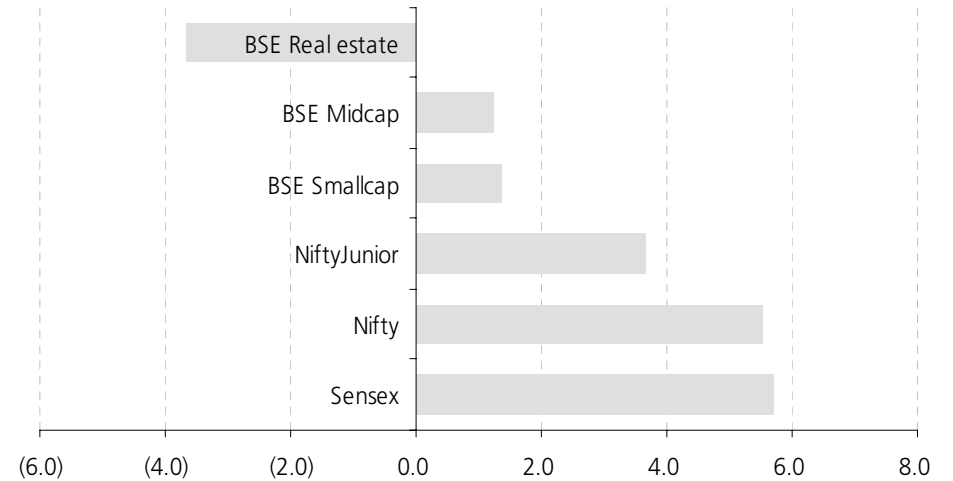


Exhibit: 1-month performance of the benchmark indices (% change)

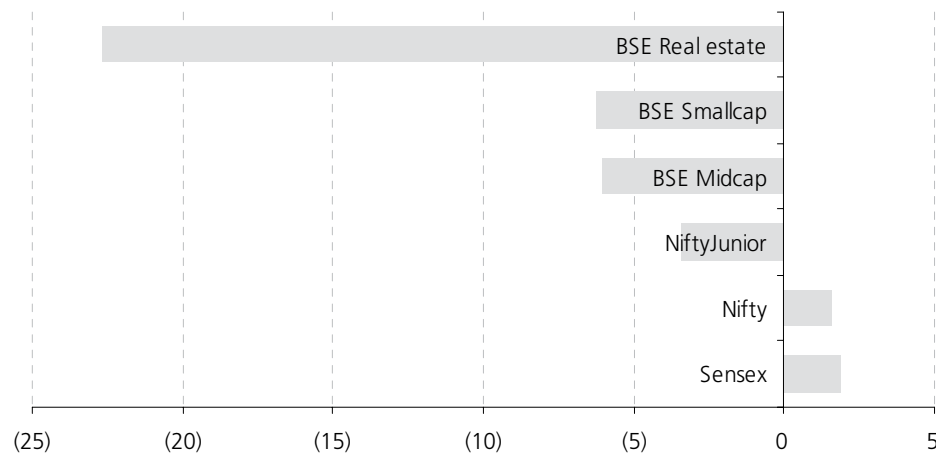
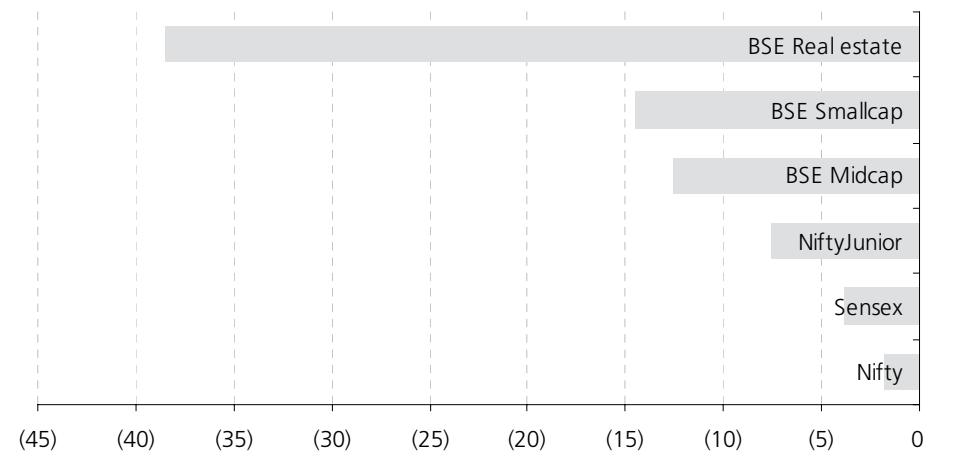


Exhibit: 3-month performance of the benchmark indices (% change)



Source: Bloomberg.

Stock performance

Exhibit: Real Estate stock performance as of January 9, 2009

	Market cap. (US\$ mn)	Shares (in mn)	Last price (local curr.)	Change %						
				1 day	1 week	1 month	3 months	6 months	1 year	YTD
Indian listed companies										
DLF	4,912	1,705	140	1.5	(8.5)	(35.3)	(50.1)	(74.5)	(82.9)	(50.4)
Akruti City	1,268	67	924	1.3	14.3	49.6	41.4	23.6	(23.2)	42.4
Unitech	969	1,621	29	1.8	(0.9)	(19.3)	(42.9)	(83.5)	(91.7)	(28.5)
Lanco infratech	542	222	119	6.0	3.4	7.6	(29.7)	(64.9)	(75.4)	(23.7)
Indiabulls Real estate	525	258	99	3.2	(3.4)	(13.7)	(37.1)	(68.5)	(84.6)	(24.7)
HDIL	459	275	81	3.4	(4.9)	(22.8)	(30.9)	(79.1)	(88.5)	(37.7)
BF Utilities	336	38	433	(1.6)	(2.7)	(28.4)	(50.0)	(82.1)	(72.3)	(19.3)
Anant Raj Industries	293	295	48	5.0	(2.0)	(28.9)	(13.4)	(68.1)	(86.3)	(45.2)
Jai Corp	258	178	70	(1.8)	6.2	(8.5)	(55.4)	(81.5)	(91.8)	(9.4)
Purvankara	186	213	42	(2.1)	11.7	(1.7)	(24.6)	(78.6)	(87.2)	(14.1)
Phoenix	177	145	59	(3.3)	(8.8)	(10.7)	1.0	(70.3)	(86.3)	(22.0)
Omaxe	171	174	48	0.1	0.6	(14.6)	(25.5)	(65.3)	(82.3)	(25.9)
Parsvnath	153	185	40	(1.7)	6.1	(3.0)	(14.9)	(68.4)	(85.3)	(15.0)
Sobha	129	73	86	2.6	0.8	(3.5)	(19.3)	(70.0)	(89.4)	(18.6)
Mahindra Lifespace	104	41	123	1.7	(2.6)	(22.5)	(34.4)	(74.7)	(79.5)	(30.4)
Brigade Enterprises	87	112	38	(3.7)	3.7	(13.4)	(24.0)	(71.6)	(87.6)	(13.1)
Ajmera Realty	76	118	31	5.0	(0.5)	(23.9)	(12.2)	(69.6)	(89.5)	(16.8)
Ansal Properties	62	115	26	0.8	6.5	0.8	(44.3)	(74.1)	(88.9)	(19.5)
IVR Prime	43	64	33	(2.1)	3.8	(10.1)	(27.3)	(82.3)	(88.1)	(20.6)
Orbit	42	36	56	0.0	34.7	6.5	(24.8)	(80.8)	(92.4)	(10.5)
Kolte Patil Developers	38	75	25	(0.4)	9.6	(6.1)	(17.2)	(69.7)	(83.8)	(19.5)
Ganesh Housing	26	33	39	0.3	(2.9)	(19.9)	(42.8)	(82.0)	(92.3)	(25.6)
BSEL Infrastructure	18	83	11	4.8	6.4	(16.5)	(44.9)	(70.8)	(80.7)	(23.6)
DS Kulkarni	9	26	18	(0.8)	8.9	(12.6)	(38.8)	(81.2)	(92.1)	(22.1)
Ansal Housing	7	18	19	(2.9)	(6.3)	(33.9)	(58.6)	(84.2)	(92.2)	(43.0)
Foreign-listed companies										
Indiabulls Properties Investment Trust	308	2,357	0.20	(4.9)	(2.5)	(13.3)	11.4	(69.5)	-	(25.0)
Ascendas India REIT	259	757	0.51	0.0	6.3	0.0	(7.3)	(38.6)	(55.7)	12.1
Ishaan	89	207	28.75	0.0	(1.7)	(11.5)	(8.7)	(64.2)	(74.7)	(12.2)
Hirco Plc	83	77	73	(1.4)	(0.7)	(13.7)	(39.6)	(75.0)	(80.5)	(2.7)
Unitech Corporate Park	46	360	9	0.0	3.5	(34.4)	(13.0)	(80.9)	(91.8)	(3.0)

Top quartile performers (75% to 100%)
 Bottom quartile performers (0% to 25%)

Source: Bloomberg.

Coverage valuation summary

Exhibit: Coverage valuation summary as of February 9, 2009

Company name	Land bank (mn sq. ft)	Rating	Target	Market cap. (US\$ mn)	EV (US\$ mn)	Price (local curr.)	P/B (X)			P/E (X)			EV/EBITDA (X)			EBITDA	NAV (Rs/ share)
			price (Rs)				2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	margin (%)	
DLF	748	REDUCE	190	4,792	7,282	140	1.2	1.0	0.9	3.0	4.6	6.2	3.7	5.7	6.7	67.3	269
Unitech	650	SELL	24	962	2,769	29	1.3	1.0	0.8	2.8	4.2	5.3	6.1	6.9	7.8	53.8	47
Indiabulls Real Estate	225	ADD	180	520	520	99	0.4	0.4	0.4	6.4	33.2	29.1	(1,292)	(87.0)	52.4	(1.4)	212
HDIL	125	REDUCE	120	433	1,154	81	0.6	0.5	0.5	1.5	2.6	4.1	3.3	6.0	7.0	71.1	243
Phoenix Mills	34	BUY	210	164	147	59	0.6	0.6	0.5	4.8	11.0	6.8	4.1	10.7	4.0	87.9	297
Puravankara Projects	125	REDUCE	55	180	359	42	0.7	0.7	0.6	3.7	5.5	5.7	7.3	9.8	8.6	42.7	109
Sobha Developers	138	REDUCE	90	127	459	86	0.6	0.6	0.5	2.7	5.4	7.2	6.1	7.7	8.8	25.9	185
Mahindra Lifespaces	67	BUY	410	106	81	123	0.6	0.6	0.6	7.7	12.8	12.1	10.4	15.1	9.2	22.1	469

Source: Bloomberg, Kotak Institutional Equities estimates.

Global real estate performance

Exhibit: Global real estate stock performance as of February 9, 2009

	No. of companies included	Market cap. (\$US bn)	(% change)				
			1 week	1 month	3 months	6 months	1 year
REITs index							
Singapore Diversified	5	3.3	(8.1)	(21.3)	(15.6)	(53.7)	(54.0)
Singapore Retail	5	3.4	(5.5)	(14.7)	(14.8)	(51.2)	(55.7)
US Retail	5	16.1	6.3	(10.3)	(12.3)	(65.8)	(65.8)
US Commercial	4	10.1	8.7	(15.9)	(21.8)	(56.7)	(54.7)
UK	5	13.7	11.9	(24.0)	(27.4)	(46.7)	(55.6)
Hongkong	4	5.6	0.7	3.6	4.7	(19.4)	(26.2)
Developers index							
US	5	10.9	9.2	(1.3)	27.8	(26.7)	(38.9)
HK	4	65.8	4.4	(7.0)	4.6	(36.0)	(45.6)
China Developers	5	28.2	15.4	19.2	32.9	16.0	(55.0)
Singapore Developers	4	14.1	4.5	(8.6)	(9.1)	(44.0)	(48.8)
AIM listed	3	0.2	(0.4)	(13.5)	(30.1)	(74.5)	(81.1)
India	BSE Real estate		(3.7)	(22.7)	(38.5)	(73.8)	(85.3)

Source: Bloomberg, Kotak Institutional Equities estimates.

Real estate valuation summary

Exhibit: Valuation summary of Real Estate sector as of February 9, 2009

Company name	Market cap.	EV	Price	P/B	P/E (X)		EV/EBITDA (X)		EBITDA	NAV
	(US\$ mn)	(US\$ mn)	(local curr.)	(X)	Year1	Year2	Year1	Year2	(%)	(local curr.)
Property developers										
USA										
Pulte Homes Inc	3,177	4,628	12	1.1	(8.0)	115.3	(23.7)	69.9	1.2	
Hongkong										
China Overseas Land & Invest	11,225	12,250	11	2.8	15.7	13.0	10.6	9.1	42.2	
Country Garden Holdings Co	3,692	3,500	2	1.3	7.0	6.3	3.9	4.0	38.0	
Guangzhou R&F Properties - H	3,183	5,578	8	1.6	7.0	7.2	7.9	8.3	35.0	
Hang Lung Properties Ltd	8,874	8,324	17	1.0	18.5	14.5	13.1	10.5	61.9	
Henderson Land Development	7,738	10,312	28	0.5	13.1	12.2	19.0	19.2	17.8	
New World Development	3,901	7,693	8	0.4	8.8	7.7	10.3	9.9	13.2	
Sino Land Co	4,545	6,051	7	0.6	6.8	11.2	7.7	12.5	42.1	
China										
Beijing North Star Co -A	1,664	2,377	4	1.4	22.0	17.2	14.1	10.4	26.0	
China Merchants Property Dev	3,743	4,646	17	2.7	21.5	16.9	16.0	15.5	36.9	
Gemdale Corp-A	2,132	3,000	9	1.7	13.3	12.9	10.2	9.6	28.0	
Singapore										
City Developments Ltd	3,140	5,381	5	0.9	7.3	8.2	7.2	7.7	25.8	
Fraser And Neave Ltd	2,566	5,418	3	0.7	9.6	8.8	8.9	8.2	19.1	
Yanlord Land Group Ltd	1,137	1,315	1	1.1	7.9	8.4	3.4	3.6	39.0	
UK										
Barratt Developments Plc	451	2,919	87	0.1	(3.5)	(3.6)	25.0	56.6	15.6	
Taylor Wimpey Plc	310	2,424	20	0.1	(48.8)	(2.7)	12.4	41.3	10.5	
India										
Anant Raj Industries Ltd	293	180	48	0.5	4.2	3.3	1.9	1.5	(52.0)	
Ansal Properties & Infrastru	62	249	26	0.3	3.3	2.9	3.9	3.4	24.3	
B. L. Kashyap And Sons Ltd	66	97	157	0.8	2.7	2.2	2.2	1.7	12.6	
Dlf Limited	5,871	8,648	140	1.2	3.0	4.6	3.6	5.5	71.5	269
Housing Development & Infrast	531	1,221	81	0.6	1.5	2.6	2.9	5.2	54.4	243
Indiabulls Real Estate Ltd	525	257	99	0.6	25.4	13.6	64.5	5.3	(0.2)	212
Ivr Prime Urban Developers L	46	(4)	33	0.2	1.1	11.3	(0.1)	(0.7)	25.4	
Mahindra Lifespace Developer	130	114	123	0.6	7.7	12.8	12.0	17.3	13.0	469
Orbit Corporation Ltd	42	104	56	0.4	2.0	1.4	2.7	1.9	49.1	
Parsvnath Developers Ltd	153	456	40	0.4	4.4	2.9	6.9	6.6	34.7	
Phoenix Mills Limited	201	158	59	0.6	4.8	11.0	3.6	9.4	64.5	297
Puravankara Projects Ltd	220	375	42	0.7	3.7	5.5	6.2	8.4	35.8	109
Sobha Developers Ltd	156	595	86	0.6	2.7	5.4	6.4	8.1	21.6	185
Unitech Limited	1,179	2,965	29	1.4	2.8	4.2	5.3	6.1	60.9	47

Source: Bloomberg, Kotak Institutional Equities estimates for DLF, Unitech, HDIL, Puravankara, Sobha, Mahindra Lifespaces, IVR Prime and Phoenix Mills.

Consensus estimates

Exhibit: Consensus EPS estimates for real estate companies in India as of January 12, 2009

Company	Market cap (US\$ mn)	Consensus EPS				Kotak estimates		Kotak vs consensus (difference %)	
		2007	2008	2009E	2010E	2009E	2010E	2009E	2010E
Coverage companies									
DLF Limited	4,912	51.5	42.6	32.1	21.8	30.6	22.5	(4.7)	3.4
Unitech	969	10.2	10.9	7.1	6.0	6.9	5.5	(2.7)	(8.2)
HDIL	459	53.8	53.4	34.3	30.6	30.6	19.8	(10.6)	(35.2)
Purvankara	186	NA	10.7	8.2	6.4	7.6	7.5	(7.2)	17.5
Phoenix Mills	177		6.6	4.8	7.3	5.4	8.7	12.2	20.6
Sobha Developers	129	31.3	32.6	22.7	21.1	15.9	11.9	(30.2)	(43.7)
Mahindra Lifespace Developers	104	16.3	9.5	15.2	26.3	9.7	10.2	(36.3)	(61.3)
Indiabulls Real estate	525	17.2	14.1	3.6	7.0	3.0	3.4	(16.7)	(51.3)
Non-coverage companies									
Akruti City	1,268	44.9	30.1	89.3	160.2				
Anant Raj Industries	293	16.1	15.5	11.5	14.5				
Parsvnath Developers	153	23.0	24.9	9.2	13.7				
Omaxe	171	29.7	32.0	8.3	6.4				
Orbit Corp	42	NA	63.0	27.8	41.4				

Source: Bloomberg, Kotak Institutional Equities estimates.

Change in consensus estimates

Exhibit: Consensus estimates over the past one year

Company	2009E			Change in 2009E (%)		2010E			Change in 2010E (%)	
	7-Dec-07	12-Jan-09	10-Feb-09	(A)	(B)	16-Apr-08	12-Jan-09	10-Feb-09	(C)	(B)
Coverage companies										
DLF Limited	53.3	41.7	32.1	(39.8)	(23.0)	72.7	40.1	21.8	(70.0)	(45.6)
Unitech	20.3	8.8	7.1	(65.2)	(19.8)	26.0	8.3	6.0	(77.1)	(28.3)
HDIL	60.0	42.6	34.3	(42.9)	(19.5)	87.0	47.5	30.6	(64.9)	(35.6)
Sobha Developers	46.9	25.5	22.7	(51.5)	(10.9)	77.0	26.0	21.1	(72.5)	(18.5)
Mahindra Lifespace Developers	32.0	18.6	15.2	(52.7)	(18.5)	50.6	30.2	26.3	(48.0)	(12.9)
Purvankara	23.0	9.6	8.2	(64.2)	(14.1)	31.4	8.8	6.4	(79.8)	(27.8)
Phoenix Mills		9.2	4.8		(48.0)		13.7	7.3		(47.0)
Indiabulls Real estate		5.6	3.6		(36.4)		9.4	7.0		(25.9)
Non-coverage companies										
Akruti City	98.4	89.3	89.3	(9.3)	0.0	245.0	160.2	160.2	(34.6)	0.0
Anant Raj Industries	19.7	12.4	11.5	(41.4)	(7.2)	42.0	20.0	14.5	(65.6)	(27.8)
Parsvnath Developers	48.8	9.5	9.2	(81.2)	(3.0)	69.7	14.5	13.7	(80.3)	(5.4)
Omaxe	36.6	9.3	8.3	(77.3)	(10.9)	69.5	6.8	6.4	(90.7)	(5.4)
Orbit Corp	91.0	30.2	27.8	(69.5)	(8.0)	148.8	43.7	41.4	(72.2)	(5.4)

Note:

(A) change (%) is measured from the base date of Dec 7, 2007.

(B) change (%) is measured from January 12, 2009.

(C) change (%) is measured from the base date of April 16, 2008.

Source: Bloomberg, Kotak Institutional Equities.

Deal of the month: Break-even analysis

True Value Home bid for 3.7 acres plot in Adyar, Chennai for Rs2 bn will breakeven at rentals of Rs100/sq. ft/month

Break-even for the transaction will happen at rentals of Rs100/sq. ft/month

Key details of area (mn sq. ft) and NAV (Rs bn), March fiscal year-ends, 2007-2012E

Land cost (Rs mn)	2,000
Leasing volumes (mn sq. ft)	0.40
Residential volumes (mn sq. ft)	0

	2008	2009	2010	2011
Leasing space				
Operational space (mn sq. ft)				0.40
Leasing rate (Rs/sq. ft)				100
Income (Rs mn)				480
Operating costs (Rs mn)				48
EBIDTA (Rs mn)				432
EBIDTA margin (%)				90%
Depreciation				
Interest				
PBT				432
PAT				346
Cash accrual				346
% complete		5	40	55
Construction cost		(60)	(480)	(660)
Selling rate (Rs/sq. ft)		2,300	2,300	2,300
% complete		10	30	50
% sold		30	50	70
Construction cost incurred		—	—	—
Customer payments		—	—	—
Land payments		(2000)	—	—
Total cost		(2,060)	(480)	(660)
Capitalized leases		—	—	3,840
WACC (%)		13		
		1.0	1.1	1.3
PV		(2,060)	(425)	2,490
NAV		6		

	WACC (%)					
	6	13	16	20	22	25
80		(596)	(681)	(785)	(833)	(900)
90		(295)	(396)	(518)	(575)	(655)
100		6	(111)	(252)	(317)	(409)
110		306	175	15	(59)	(163)
120		607	460	282	199	83
130		908	746	548	457	328

Source: Kotak Institutional Equities estimates.

News for Jan 11, 2009–Feb 9, 2009

- Sector news highlights
- New project announcements
- New land acquisitions
- Demand for real estate
- Fund raising & investments
- SEZ notifications/approvals
- Events, Upcoming IPOs
- Tenders

Sector news highlights

Week 1: January 10, 2009 to January 17, 2009

The real estate index dropped 38% during the day mainly on speculation that a key DLF official (Mr. Ramesh Sankha, CFO) was exiting the company and partly on fears that realty balance sheets may not reflect the correct land bank position.

Home loan disbursement in the first 3 quarters of FY2009 in Tamil Nadu and Puducherry by the SBI has exceeded that of the whole of last year. The bank has disbursed over Rs7.6 bn up to December 2008 against Rs7.5 bn in FY2008 in Tamil Nadu and Puducherry.

The Maharashtra Housing and Area Development Authority (MHADA) plans to put 3,863 flats up for sale — at affordable rates. The scheme, which kicks off Monday, will include homes at Versova, Pratiksha Nagar, Ghatkopar, Chembur, Kannamwar Nagar (Vikhroli), Dahisar, Chandivli and Goregaon

Unitech Ltd has rescheduled loans of Rs10 bn to banks, out of Rs25 bn that it needs to pay by March 2009. Fixed maturity plans (FMPs), which are short term in nature, have invested a mammoth Rs15 bn in real estate major Unitech.

Expansion plans for Arvind Brands-owned Megamart may get scaled down in the next two to three years. The discount store chain, which had drawn up plans to have 30 large stores by 2010, may revise the plan to open only 20-22 stores in the next three years.

JM Financial group's real estate-focused fund, Infinite India Investment Management, which invested Rs6 bn (US\$150 mn) in Maytas Properties early last year, may initiate legal proceedings against the Hyderabad-based company and its management for breach of investment agreement.

DLF may start 5 of its other SEZs after 2010 on an expected revival in demand for real estate. The proposed SEZs are in Khurda district in Orissa, Kancheepuram in Tamil Nadu, Kolkata in West Bengal, Sonapat in Haryana, Gandhinagar in Gujarat among others, according to the list of SEZs notified by the government.

Fitch has downgraded Unitech's Rs44 bn long-term debt to 'B' from 'BBB' earlier, and Rs12 bn short-term debt and bank loans to 'F4' from 'F3'. The 'F4' rating indicates a highly uncertain capacity for timely payment of financial commitments

The Chandigarh Housing Board (CHB) has frozen the escrow account of the Parsvnath Prideasia housing project, owing to the non-payment of Rs3 bn, part of the Rs8.2 bn the developer had bid for the much-hyped real-estate venture.

Maytas Properties indicated that 80% of the 500 strong staff of the private limited company are being asked to leave as the company has given up most of its projects.

Harshad Mehta's properties are on sale. The price of the property measuring nearly 12,000 sq ft carpet area is worth nearly Rs 50 crore at today's prices. All eight flats are being sold as a single unit since the nine flats were merged together by the Mehtas.

SEZs are likely to miss their 2008-09 target of Rs1,000 bn. Till December 2008, exports from SEZs were Rs700 bn.

DLF and Akroti City have scrapped the 5-star hotel they were planning in Prabhadevi in Mumbai through a joint venture. DLF is the majority stakeholder in the 34:66 JV. Instead, a luxury residential project may come up at the site.

HDFC has cut lending rates by 0.5% for all floating rate loans. While this will lower the EMI (equated monthly instalments) for new as well as existing borrowers, the benefit will be much more, a cut of 1.5% for new borrowers taking loans up to Rs2 mn.

Puravankara Projects Ltd, which had won the bid to develop the Hi-Tech City in Hyderabad on a 30-acre plot in 2007, will now be developing only 20 acres. Bangalore-based realtor had to pay a total of Rs6.3 bn for the 30-acre plot. Of this, it has already acquired 20 acre for Rs4 bn.

HCC has raised Rs4.5 bn from Axis Bank, Bank of India and Allahabad Bank towards 4.5% equity stake in the company in the form of compulsory convertible preference shares and convertible debentures. The funds will be utilised for its Lavasa hill station project.

Sector news highlights

Week 2: January 18, 2009 to January 25, 2009

More than 50 of the 220 people who booked plush flats at the Seawoods NRI Estate in Nerul have stopped paying their monthly instalments. Cidco is running after them and offering them all sorts of enticements to retain them.

Unitech Ltd has rolled over almost Rs5 bn out of Rs9 bn that it borrowed through the FMPs of about half a dozen mutual funds. Under an agreement with the mutual funds, Unitech has repaid nearly Rs4 bn and is rolling over the remainder for three months at 14% interest.

Three months since its buyback programme got underway, real estate major DLF has so far bought back shares worth Rs860 mn.

Developers who were selling apartments in the range of Rs 2,800 to Rs 3,500/sq. ft in Greater Noida have brought their rates to between Rs 2,300- 2,500/sq. ft.

DLF is restructuring its various business verticals such as homes, offices, retail, Special Economic Zone (SEZ), hotels and infrastructure for improving the efficiency and productivity of the company which may lead to layoffs.

Unitech Ltd has temporarily shelved its ambitious Rs220 bn SEZ project in Haryana, blaming the state authorities for "not assisting" it in land acquisition.

During the 9 month period, HDFC's disbursements increased by 22% to Rs272 bn compared to Rs223 bn during the corresponding period of the previous fiscal.

DLF Ltd is committed to remain title sponsors of the Indian Premier League, the second edition of which will be held in April-May this year.

HCC's group company Lavasa Corporation announced a tie-up with US-based Space Investment Company to set up a space entertainment centre at a cost of Rs4 bn .

Omaxe managed to pay Indiabulls Financial Services Rs210 mn in December 2008. With the latest tranche of payment, Omaxe has been able to pay Rs2 bn as against the total loan of Rs3 bn it took from the latter in December 2007.

The Uttar Pradesh government is moving in to aid developers involved in projects coming up in the Noida, Greater Noida and Ghaziabad areas near Delhi with a plan to stretch payment deadlines and renegotiate land areas. The plan offers developers a longer time-frame to pay back their dues for the land purchases made earlier.

Union government plans to change foreign ownership rules in the real estate sector by scaling down the minimum area requirements for residential and commercial projects that have overseas investmen by reducing the mandatory norms to 10 acres (from 25 acres) and 10,000 sq. m (from 50,000 sq. m).

LIC intends to buy land and properties worth Rs10 bn this financial year to accommodate its upcoming new branch offices.

Unitech may postpone the sale of its Gurgaon-based hotel, The Courtyard, as the company has received undervalued quotations from various suitors. According to people in the loop, buyers are offering prices in the range of Rs2.3-2.4 bn for the hotel.

Ansal Properties & Infrastructure has put on hold its Rs20 bn plan to develop 30 hotels due to the current slowdown in hospitality business. In June 2007, the company had announced setting up the hotels in 10 years.

The Haryana government has allocated an amount of about Rs23 bn for providing free residential plots to Dalits and families belonging to the BPL category in the state. As many as 59,000 plots had already been allocated to the beneficiaries against a target of about six lakh plots.

Week 3: January 26, 2009 to Feb 2, 2009

Major mall developers in the National Capital Region have cut rentals by at least 15% to prevent retailers from exiting malls. Unitech has cut the rentals of its 1 mn sq. ft mall 'The Great India Place' (TGIP), which is the largest mall in India.

Source: Press reports (Jan 11, 2009- Feb 9, 2009)

Sector news highlights

Malls in south India have recorded lowest vacancy levels with Chennai at 1.2%, Bangalore at 3.1% and Hyderabad at 4.7% as compared with 15% in Pune and 24% in the NCR. According to Cushman & Wakefield's annual retail report, this is due to the fact that the southern cities witnessed relatively lower supply than anticipated. Sahara Prime City Ltd has appointed Gannon Dunkerley & Company Ltd along with the 7 other infrastructure companies for the construction work of Sahara City Homes, Indore Township.

Vishal Retail is undertaking re-negotiation of rent agreements with property owners for a 25-50% reduction in rentals.

The Adani group has sought the board's approval to merge its three SEZs at Mundra in Gujarat resulting in lower expenses.

Polaris Software Lab has deferred its plans to foray into the real estate business because of poor market conditions.

Raheja Developers has chalked out plans to build nearly 20,000 low-cost flats by the end of 2009. The flats would be priced a little upwards of Rs0.4 mn and will be built in eight to 9 cities across the country.

HDIL is in talks with banks to restructure as much as Rs12.8 bn worth of loans. These loans are expected to mature in 2009-10.

Promoter holding in Unitech has dropped by 7% since their September disclosure after lenders sold the shares pledged with them.

In a move to decongest the commercial hubs of south and central Mumbai, the MMRDA is planning to develop a business district in the eastern suburb of Kanjurmarg on the lines of Oshiwara and Bandra-Kurla Complex (BKC).

Subhiksha is closing a significant number of its 1,600 stores across the country to cope with a cash crunch that has held up store rent and salary cheques.

'Project Arrow' aims to make post offices across India the next big retail centres. The idea is to use 0.15 mn conveniently located post offices to profitably sell merchandise, off-the-counter medicines, education and auto loans and even healthcare services.

The Khaitans of the Williamson Magor group concluded sale of some 8.32 acres at Bhandup in Mumbai to Housing Development and Infrastructure (HDIL). The property, which housed group company Kilburn Engineering's factory, was sold off for a total consideration of Rs1.15 bn.

At a time when funds for special economic zones (SEZ) are drying up and big companies are facing opposition while acquiring large tracts of contiguous land for such projects, the Centre has, for the first time, allowed small landholders to jointly develop an SEZ.

DLF may drop the plan to develop India's largest convention and exhibition complex in Delhi as per media source. The cost of the project is estimated at Rs60 bn and was expected to be completed in 3 years. DLF is in talks with DDA to see if changes can be made to the original terms in the lease agreement, sources said.

DLF had about Rs13 bn worth of debt papers downgraded by one notch by Crisil on slowing real estate sales which is constraining cash flows.

The Income Tax department has ordered a special audit of the accounts of DLF Ltd for allegedly trying to lower its tax liability by understating sales for 2005-06.

Week 4: Feb 2, 2009 to Feb 9, 2009

Hiranandani Group has dropped the proposal to merge its real estate projects (Panvel and Chennai) and Hirco Developments with its investment arm Hirco.

Parsvnath disclosed that the promoters have pledged over 10% of their 80% holding with public sector banks to repay the loan taken for the Delhi Metro project.

DLF has suspended work on more than a quarter of its commercial projects in a bid to save costs as demand for homes and offices slows. DLF has halted construction work on nearly 16 mn sq. ft of office and retail mall space out of the 62 mn sq. ft of planned construction.

Sobha plans to raise Rs7.5 bn through a combination of preferential share sale, land sale and bringing in strategic investors in some projects in an attempt to reduce debt.

Source: Press reports (Jan 11, 2009-Feb 9, 2009)

Sector news highlights

BPTP which clinched a 95-acre plot in Noida with a winning bid of Rs50 bn in March last year, is looking to surrender the plot in Sector 94 of the industrial- cum- residential township. Post that, Noida Authority has approved BPTP's application and would deduct Rs1.3 bn as penalty.

LIC Housing Finance (LHFL) has slashed interest rates on home loans by up to 1% with effect from February 1. With this, the floating rate for loans up to Rs 30-lakh will now be 8.75% as against 9.75% earlier.

DLF is threatening to pull out of the Rs230 bn Bidadi Knowledge City project as the state government has failed to allot land for the township.

The real estate sector witnessed a credit growth of only 2.49% between November 7, 2008 and January 16, 2009 despite the measures taken by RBI. This is in sharp contrast to an average credit growth of about 10-20% in almost all quarters before the global financial turmoil started showing its impact since September last year.

The NHB has disbursed nearly Rs21 bn to housing finance companies (HFCs) out of the Rs40 bn refinance facility provided by the RBI.

Prestige Group is looking for a buyer for its prestigious commercial property at UB city on Vittal Mallya Road, according to multiple sources familiar with the transaction. The asking price is said to be between Rs2.4-3 bn.

Citigroup Property Investors (CPI), the real estate arm of Citigroup, is selling its entity-level investment in Delhi-based developer BPTP and is looking at SPV-level investments in the latter's various projects. CPI has a 5.89% stake in BPTP, which it had picked up in 2007 for Rs3.2 bn but this stake does not give much control to them. The promoters of BPTP are expected to buyback the 5.89% stake of CPI.

Post the price cuts and interest rate cuts in January 2009, Akruti has sold 250 flats at Akruti Greenwoods in Thane and Akruti Galleria in Mira Road. By March-end 2009, they hope to sell 1,000 flats. The Lodha Group has also seen a rise in demand. 50% of the apartments at its CASA Royale project in Thane have already been booked.

Real estate developer Akruti City said it has pledged 4.99% stake with Hi-Tech Housing Projects.

MHADA has sold a total of 0.75 mn form for the 3,863 tenements as of the last day of sale of forms.

Sophia Power Company (SPCL), a subsidiary of Indiabulls Real Estate, is close to achieving financial closure for its proposed 2,640 MW Amravati thermal power project in Maharashtra. The project would raise Rs5.2 bn debt from Indian financial institutions (FIs) and banks. The company officials said Power Finance Corporation — a leading financial institution focused on power sector financing — has allocated over Rs10 bn to the project, with the rest being pooled in from other public sector banks. SPCL has appointed SBI Capital Markets, as the lead arranger for funds.

Tata Realty & Infrastructure (TRIL), a 100% subsidiary of Tata Sons, has projects worth Rs200-250 bn in hand, while Tata Housing Development Company (THDC), which is 97.5% owned by Tata Sons, has a shelf of projects worth Rs125 bn to be executed over the next five years or so.

Rates offered by PSBs (8.5-10.5%) are lower than those of private banks (10.5-11.75%) and foreign banks (13-16%). SBI is offering home loans at 8% between February 2 and April 30, 2009.

Phoenix Mills has signed up 51 restaurants at their upcoming market city project in Kurla.

Malaysia-based industrial conglomerate Usaha Tegas (UT) group is in advanced stage of negotiations with Apollo Hospital's Prathap Reddy's firm Sindya Properties to form a US\$40 mn joint venture (JV).

Source: Press reports (Jan 11, 2009-Feb 9, 2009)

Regulatory updates

January 11, 2009 to February 10, 2009

The Maharashtra government has proposed a 10-30% cut in the rates of the ready reckoner of properties across Greater Mumbai. The ready reckoner determines the valuation of stamp duty to be paid on property transactions

The government may not allow real estate developers to own commercial projects such as malls in the same company that develops projects for which they have accepted foreign investment. As FDI is permitted only in residential projects, IT parks, hotels, resorts and integrated townships, realty companies will have to hive off other projects into a separate company or a special purpose vehicle (SPV).

Property developers building residential complexes will not have to pay service tax on sale of apartments now, as the tax department has cleared the ambiguity on taxability of these companies.

The commerce ministry today amended rules governing the Special Economic Zones (SEZs). About 16 amendments to the rules were incorporated in the SEZ rulebook, catering to various demands of exporters and developers operating in the tax-free industrial enclaves for exports.

The Ministry of Housing is considering a proposal that may allow home owners to add extra floor beyond prevailing norms on their existing properties by paying a fee to the local body.

MMRDA has recommended to the state urban development department that developer Niranjan Hiranandani be made to pay a penalty of Rs20 bn. The metro authority has charged the builder with constructing large apartments instead of the 40 sq. m and 80 sq. m flats, for which permission was accorded.

The state government has allowed floor-wise registration of the houses falling under municipal limits, Huda sectors and Town and Country Planning licensed areas. Besides making people in Gurgaon, Faridabad and Panchkula the legal owners of their part of the house, the move will also help the state earn revenue of around Rs2 bn annually as additional stamp duty.

Board of Approval (BoA) for special economic zones (SEZs) has given formal approvals to seven proposals and in-principle clearance to two proposals. The SEZs, which got formal clearance, include a multi-services SEZ by Anand Jain's Navi Mumbai SEZ in Maharashtra, an aluminium SEZ by JSW Aluminium in Andhra Pradesh and an agro product SEZ by Anand Agrochem India in Uttar Pradesh. An in-principle clearance was given to a multi-product tax free zone by Lepakshi Knowledge Hub Pvt Ltd in Andhra Pradesh.

Source: Press reports (Jan 11, 2009-Feb 9, 2009)

New project announcements

Date	Company	City	Type	Area	Brief description
12-Jan-09	Ansal API		Township		The company will invest about Rs4 bn over the next 5 years to set up two education cities in Lucknow and near Jaipur.
14-Jan-09	Apple A Day	Kochi	Residential		The company has launched a new venture called 'Nano Homes.' It features two-bedroom apartments costing Rs0.75 mn. The project is being planned at New Kochi, 20 km from Vyttila.
15-Jan-09	Unitech	Kolkata	Residential		The Unitech Group is offering on sale flats in the fourth phase of this project called "Cascades".
15-Jan-09	Arihant Foundations & Housing	Chennai	Residential		The company is set to launch Amara, a 2-acre residential project, offering a mix of 120 2BHKs and 3BHKs would come up on the Poonamallee High Road, close to the bye-pass leading to the Sriperumbudur industrial cluster
15-Jan-09	Simplex	Libya	Residential		The company plans to develop a 2,000-unit housing complex near Sebha in central Libya.
15-Jan-09	Marriott		Hotels		The company will open seven hotels across the country in 2009.
16-Jan-09	Haryana State Industrial Infrastructure Development Corporation (HSIIDC)	Gurgaon	Leisure	350 acres	The company has decided to set up recreation and leisure project over 350 acres at village Wazirabad in Gurgaon district.
16-Jan-09	Kanakia Group	Mumbai	Commercial	0.3 mn sq. ft	The company has launched its first IT park name SIGMA IT PARK at Vashi, Rabale.
19-Jan-09	Punjab government	Punjab	Sports complex	25 acres	The Punjab government is planning to construct a state-of-the-art Sports-cum-Commercial Complex in Sector 63 of S.A.S. Nagar.
19-Jan-09	Marg Constructions	Chennai	Residential	4 acres	The group will promote a 500-apartment complex, Pushpa Druma, in Thaiyur (OMR).The apartments range from 847-1,175 sq. ft and are priced between Rs2-2.75 mn.
19-Jan-09	Bharat Hotels Ltd		Hotels		The 17- hotels strong group is now planning to launch 25 budget hotels in the country, which will range from 2-star to 4-star properties.
20-Jan-09	DLF	Ludhiana	Commercial	2.25 acres	The company launched its first office-cum-retail venture 'The Galleria' on Ferozepur road, Ludhiana.
21-Jan-09	Prince Foundation	Chennai	Residential		The company plans to launch a residential project, Prince Village in Thondiarpur, North Chennai. The apartments will range from 635-1,300 sq.ft priced at Rs2,800/sq.ft.
22-Jan-09	Bakeri Engineers & Infrastructure	Ahmedabad	Township	7 mn sq. ft	The township is planned to have nearly 7,000 homes spread across 7 mn sq. ft ranging, from one-bedroom flats for Rs 8 lakh to bungalows for Rs 50 lakh.
22-Jan-09	Ozone Group	Bangalore	Residential		Ozone Greens, an eight-tower 912-unit development, with 2-3 BHK apartments (about 900-1,200 sq.ft), would be available in the Rs2.9-3.5 mn. Expected completion in February 2011.
23-Jan-09	Indu Projects Ltd	Hyderabad	Residential		The company has launched Indu City, coming up in Bachupally in Hyderabad. The proposed gated community is expected to cost over Rs16.5 bn, is scheduled to be completed by 2011.
23-Jan-09	Ansal Properties and Infrastructure Ltd		Residential		The company plans to invest Rs4-5 bn in the next 18 months to build 10,000 affordable homes in Uttar Pradesh and Rajasthan.
24-Jan-09	Noida Authority	Noida	Residential		Noida Authority has decided to make available two-room flats for people living below the poverty line for Rs 1.75 lakh per unit. The Authority has promised to allot these two-room flats in Sector-45 for Rs 1.75 lakh per unit.

Source: Press reports (Dec 08, 2008-Jan 10, 2009)

New project announcements

Date	Company	City	Type	Area	Brief description
27-Jan-09	Municipal Corporation of Delhi	Delhi	Retail	2.5 acres	MCD is looking at commercial use of vacant plots owned by them. It is already considering a proposal to make a mall or commercial complex in one such plot in Greater Kailash.
27-Jan-09	DLF	Jalandhar	Retail	6 acres	Group owns 8 acres on Nakodar chowk in Jalandhar wherein DCCL is likely to launch its office space cum retail projects.
29-Jan-09	Dholakia group		Hotels		The company plans to launch 12 new business class hotels over next three years at an investment of Rs 200 crore.
29-Jan-09	Elecon Group	Gujarat	Township		Elecon Group of companies has firmed up its plans to float a separate entity for realty projects including golf course and residential township. The company has zeroed in a site near Anand in Central Gujarat. Elecon intends to pump in around Rs 400 crore for the project.
29-Jan-09	Omaxe	Greater Noida	Residential		Omaxe Panache Homes are located in Sector MU of Greater Noida (Uttar Pradesh), in Sector 78 of Faridabad (Haryana) and Pakhowal Road in Ludhiana (Punjab) and would provide studio apartments, 1BHK and 2BHK houses. Available in semi or fully furnished formats, these "affordable luxury" homes are priced at Rs 12.12 lakh and above.
30-Jan-09	Fire Capital	Bangalore	Residential	220 acres	The \$121-million FIRE Capital has partnered with Nilgiris group director Prabhu Ramachandran to develop a \$350-400-million integrated township in the outskirts of Bangalore.
3-Feb-09	Infopark	Kochi	IT park	350 acres	The company is embarking on second phase of expansion, which will see the organization adding another 350 acres spread over Kochi, Alappuzha and Thrissur districts in a timeframe of 2 to 3 years.
5-Feb-09	Sahara Prime City	Kolkata	Residential	160 acres	The company has now acquired 160 acres at Rajarhat in the eastern fringes of Kolkata to put up the first Sahara City Homes in the East.
5-Feb-09	Sabari Resorts	Kodaikanal	Hotels		A 50 key business-cum-leisure resort of three-star category, Quality Inn Sabari Resorts is slated to open at Kodaikanal
5-Feb-09	Dhunseri Tea & Industries	Kolkata	IT park		The company would develop Twin Towers at Kolkata IT Park at Banala. The total cost of the project is Rs 130 crore.
6-Feb-09	Kerala Government		IT park		The chief minister will lay the foundation stones for two IT parks in Alappuzha district—one at Ambalapuzha and the other at Cherthala.
7-Feb-09	Cybercity Builders & Developers and Ashoka Developers	Hyderabad	Township	15 acres	The company announced a Rs 550-crore integrated township project, Rainbow Vistas, planned to come up at Kukatpally.
9-Feb-09	Marg Ltd	Chennai	Residential	4.4 acres	The company announced the launch of Pushpadruma, a housing project on the IT corridor at Kalavakkam, a 30 minute drive from Adyar at Rs2,000/sq. ft.

Source: Press reports (Jan 11, 2008-Feb 9, 2009)

New land acquisitions

Date	Deal	Company	City	Type	Area	Brief description
16-Dec-08	Secondary market	HMDA	Hyderabad	Land		Hyderabad Metropolitan Development Authority (HMDA) has come forward to 'buy' land from revenue department for Rs12.6 bn for the 105 acres of land at Khanamet village in Serilingampally . Interestingly, the urban authority had auctioned away prime land in areas like Kokapet and Budwel for Rs140 mn to Rs180 mn per acre earlier.
26-Dec-08	Secondary market		Bangalore	Land		The government has fixed compensation of Rs6.2 mn/acre of land to be acquired for formation of IT Park near Devanahalli
3-Jan-09	Secondary market	True Value Homes	Bangalore	Land		It's the city's second biggest land deal True Value Homes (TVH) has bought 3.7 acres (67 grounds) on Lattice Bridge Road in Adyar for a whopping Rs2 bn to set up a 4,00,000 sq. ft mall-cum-hotel.
6-Jan-09	Secondary market	APIIC	Hyderabad	Land		The state government on Monday allotted 471 acres of land to the APIIC at Sultanpur for development of the first phase of Hyderabad Economic City (HEC). The APIIC will have to shell out Rs1.6 mn/acre towards the land.
3-Feb-09	Secondary market	Punjab Government	Chandigarh	Land		The Mohali District Price Fixation Committee recommended a rate ranging between Rs10 mn/acre and Rs12.5 mn/acre for acquiring around 125 acres for three important roads planned in the sectoral grid of the Mohali master plan
7-Feb-09	Auction	HP State Industrial Development Corporation (HPSIDC)	Baddi	Land		Only five bidders turned up to bid for the 19 industrial plots put on auction by the HPSIDC at the Davni industrial area, near Baddi.The two plots measuring 500 sq. m were auctioned for Rs1.75 mn each, a plot measuring 1,000 sq. m was auctioned for Rs3.5 mn.

Source: Press reports (Jan 11, 2009-Feb 9, 2009)

Demand for real estate

Date	Company	City/State	Type	Brief description
10-Jan-09	Infiniti Retail			The company, a 100% subsidiary of Tata Sons, will invest Rs3.5 bn this fiscal for expanding their retail reach across the country. The firm will be launching small format stores by the name of Croma Zip.
14-Jan-09	United Retail		Retail	The company has decided to foray into kids wear segment with plans to invest Rs150-200 mn per year for setting 35 stores approximately by 2010 of its kids wear brand — Urban10.
15-Jan-09	Raymonds		Retail	The company, a subsidiary of Raymond, is planning to open 100 stores under its new chain Neckties & More.
15-Jan-09	REI Agro		Retail	REI Agro has chalked out a Rs15 bn expansion plan for its retail venture 6Ten, which entails setting up 3,000 new stores over the next three years.
16-Jan-09	Gianni Versace		Retail	Gianni Versace is opening up an 8,000 sq. ft store in DLF Emporio mall in Delhi. It is now looking to open its first store in the country by late February while its store in Delhi would get operational only by March end.
16-Jan-09	Sherwin-Williams Paints	Bangalore	Retail	The company opened four company-owned stores in the city.
16-Jan-09	Liberty		Retail	Liberty Shoes Ltd is all set to open 100 new retail outlets in the country this year.
16-Jan-09	Cinemax		Multiplexes	The company will be investing Rs2.5 bn to put up 178 additional screens across the country by 2012.
17-Jan-09	Daum		Retail	The company opened its first exclusive boutique in Bangalore. The company plan to set up 5-6 stores of 600 sq. ft at luxury malls across all metros in the country
19-Jan-09	Rasna Private Ltd		Retail	The company is going to launch around 40 big and 100 small Devil's Workshop retail outlets in each of Delhi and Mumbai.
19-Jan-09	Jotun India Pvt Ltd		Retail	The company has tied up with Lifestyle International, a retail chain, to offer customers the look and feel of its paint range at Lifestyle's outlets.
21-Jan-09	Rosebys Interiors India Ltd		Retail	The company is planning to expand its footprint aggressively and open 150 stores across the country in the next six months.
23-Jan-09	Guardian Lifecare		Retail	The company, a health chain, plans on opening 50 stores across the country by March this year. It currently has 15-20 stores in the pipeline, two of which will be opening shortly in Mumbai at Phoenix Mills and Inorbit Mall at Vashi.
23-Jan-09	Da Milano		Retail	The company has formed a 50:50 joint venture with Pavers Foresight Smart Ventures to retail international fashion footwear brand Staccato in India.
23-Jan-09	Rolex		Retail	Rolex set up its Indian subsidiary last year in Mumbai. At present, the luxury brand has 15 points of sale in the country, which includes five boutique outlets in Delhi, Mumbai, Kolkata, Bangalore and Chennai. The company is planning to reach out to its customers in Hyderabad and Chandigarh in 2009.
28-Jan-09	TGKF		Retail	The Great Kabab Factory (TGKF) is seeking to venture into the UK and South-East Asian countries, besides expanding in more cities across India, as part of its ambition to have 50 operational restaurants in 15 countries by 2011.
03-Feb-09	Bausch and Lomb		Retail	The company plans to have 1,500 outlets in the next 3 years.

Source: Press reports (Jan 11, 2009- Feb 9, 2009)

Demand for real estate

Date	Company	City/State	Type	Brief description
04-Feb-09	Donnear		Retail	The company plans to have 15 outlets in this year
05-Feb-09	Vision Express			the joint venture between Reliance Retail and Dutch optical retailer Pearle Europe, plans to open 500 eyewear outlets across the country by 2015
06-Feb-09	Xenos Technologies Ltd		Retail	The company expects to open around 50 auto boutiques across the country in the next three-five years to market high end automotive accessories.
06-Feb-09	Zapak		Gaming cafes	Zapak Digital Entertainment plans to increase the number of its gaming cafes to 200 this year and would also foray into Brazil, Pakistan and Russian markets.
07-Feb-09	Kajaria World		Retail	The company plans to open 10 more Kajaria world boutique showrooms across the country to offer discerning customers wide range of imported tiles from Italy, Spain and China in tune with the fast changing lifestyle.
07-Feb-09	Aerens Gold Souk	Kochi	Retail	The company will open a retail landmark – The Souk, Kochi – in April. It will be a large format mall with Gold Souk zone spread across five lakh sq.ft. in the heart of the city.

Source: Press reports (Jan 11, 2009- Feb 9, 2009)

Fund raising & investments

Exhibit: Investments in real estate companies

Date	Fund/company	Company	Amount (currency)	Description
22-Dec-08	IL&FS Milestone Group	Kumar Builders	Rs1.4 bn	The company has received the investment for its one building — part of a three-tower IT park development at kalyani nagar — from IL&FS Milestone Group.
22-Dec-08	Landmark Holdings	Kumar Builders	Rs1 bn	The builder has received private equity funding of Rs1 bn for its 124 acre development at Hinjewadi.
22-Dec-08	Landmark Real Estate Fund	Forum Ventures	Rs1 bn	The funds are picking up around 60% stake in Kolkata-based realty company .
2-Jan-09	Changi Airport International Pte	Bengal Aerotropolis Projects Ltd (BAPL)		The company has picked up a 26% stake in BAPL, which is setting up a Rs100 bn airport city in Durgapur.
6-Jan-09	Kamat Hotels	BW Highway Star		Kamat Hotels has bought 9% stake of partner BSEL Infrastructure Realty, in BW Highway Star for an disclosed amount. BW Highway Star is a joint venture, operating two hotels, Orchid and VITS, in Pune's Balewadi area.
17-Jan-09	SBI	Mayfair Hotels		SBI has acquired 19.7% stake in Mayfair Hotels and Resorts through a private equity deal.
28-Jan-09	Investor funds	Sterling Holiday Resorts		Sterling Holiday Resorts is making a preferential allotment of shares by placing 15 percent to three new investors—India Horizon Fund, India Discovery Fund and Blue Ocean Investment Trust.
3-Feb-09	IL&FS Realty Fund	Akruti City	Rs2 bn	The fund has picked up 15% equity stake in Infrastructure Ventures India, an SPV floated by Mumbai-based developer Akruti City, for Rs2 bn.
5-Feb-09	Kotak Realty	Sunteck Realty		The fund has converted warrants in Sunteck Realty at the agreed price of Rs1,167/share. With the conversion, Kotak Realty now controls 10% in the real estate firm.

Source: Press reports (Jan 11, 2009- Feb 9, 2009)

Fund raising & investments (contd.)

Exhibit: Fund raising for investing in real estate sector

Date	Fund/company	Amount (currency)	Description
20-Nov-08	Indiareit Fund Advisors	US\$300 mn	The company would raise an offshore fund worth US\$300 mn. The fund will be used to finance real estate projects in India in the next four years.
20-Nov-08	JP Morgan		The company is understood to have shown a "keen interest" in helping Narayana Hospitals, which has 140 acres in its land bank, to unlock the value of its real estate assets.
27-Nov-08	DLF Assets	US\$400 mn	DLF Assets is looking to raise US\$450 mn from private equity investors (JP Morgan and TCG) for part payment to another promoter group firm DLF.
3-Dec-08	Alok Infrastructure	Rs3 bn	The company in advanced talks with two to three private equity firms and by March 2009 the final agreement is expected to be signed for its Lower Parel property.
5-Dec-08	Piramal fund	Rs1 bn	The company is holding discussions to pick up a sizable stake in Trichy-based Kaveri Medical Centre (KMC), a 400-bed hospital, for around Rs 1 bn.
16-Dec-08	Golden Gate	Rs 5 bn	The company is in talks with private equity firms to raise up to Rs5 bn for its budget housing projects.
17-Dec-08	Trikona capital	US\$400 mn	The fund plans to invest up to US\$400 mn in 2009 in India, with about US\$120-160 mn going in for low-budget homes aimed at middle-income groups.
30-Dec-08	Aberdeen Asset Management	US\$1 bn	The fund is planning to raise money which would be invested over the next three years, at project and entity levels with real estate companies.
10-Jan-09	Kotak Realty Fund	US\$295 mn	The fund has raised the money from offshore clients to invest in Indian property sector.
21-Jan-09	Saffron Asset Advisors	US\$350 mn	The fund is targeting to raise about US\$350 mn through Saffron India Real Estate Fund in the next two quarters.

Source: Press reports (Jan 11, 2009- Feb 9, 2009)

Events

Exhibit: Upcoming Real Estate events

Event	City	To	From	Description
Kerala Property Expo	Kochi	19-Dec-08	19-Dec-08	
FAIRPRO	Chennai	13-Feb-09	15-Feb-09	Chennai Trade Centre, Nandambakkam
Lands & Buildings	Hyderabad	6-Mar-09	8-Mar-09	Hyderabad International Trade Exposition Centre(HITEX), Hyderabad, India

Source: Websites, Kotak Institutional Equities.

Tender information

Exhibit: Tender information

Date	Company	Detail	Location
25-Jan-09	Yamuna Expressway Industrial Development Authority (YEA)	YEA invites applications for Allotment of Micro SDZ (50 Acres-200 acres of area) in the development area of Yamuna Industrial Development Authority.	Yamuna Expressway
27-Jan-09	Rattha	Auction of 9-ground (1 ground=2,400 sq. ft) property of Rattha, north-east facing property, at Velachery, near MPL Motors showroom.	Chennai
07-Feb-09	NTC mills	NTC mills invited bids for sale and redevelopment of its Digvijay Mill chawl on Dr Ambedkar Road in Lalbaug, Kohinoor Mill chawl in Naigaum and Tata Mill chawl in Parel. The three mills are spread over a total of 7 acres	Mumbai, Maharashtra

Source: www.tendertimes.com, Press reports (Jan 11, 2008-Feb 9, 2008).

Price indicators

- Construction cost indicators
- City prices—Pune, Mumbai, Bangalore, NCR, Hyderabad, Kolkata, Chennai
- Housing loan data

Construction cost indicators

Exhibit: Cement Index, base year 1993-94=100

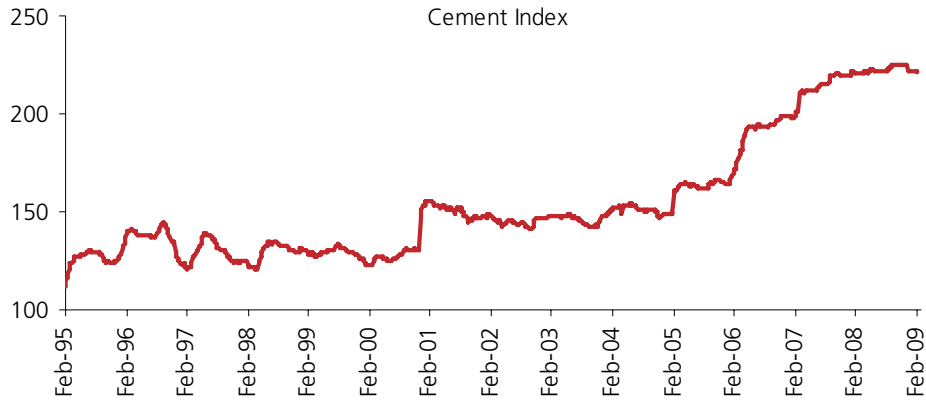


Exhibit: Sand Index, base year 1993-94=100

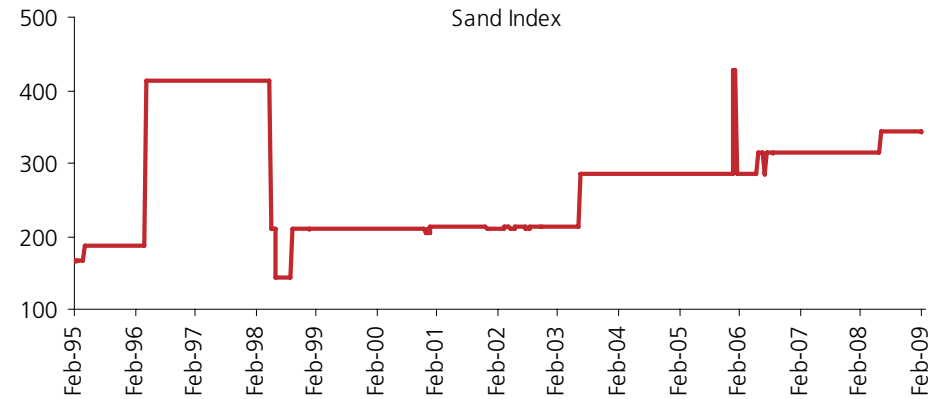


Exhibit: Brick Index, base year 1993-94=100

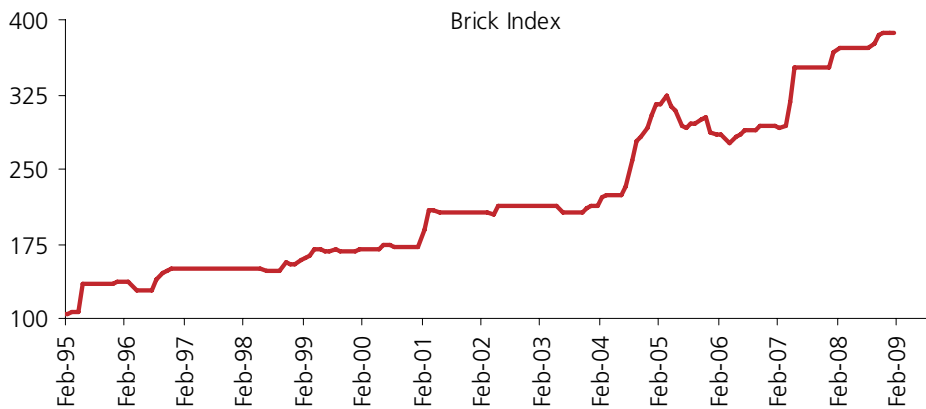
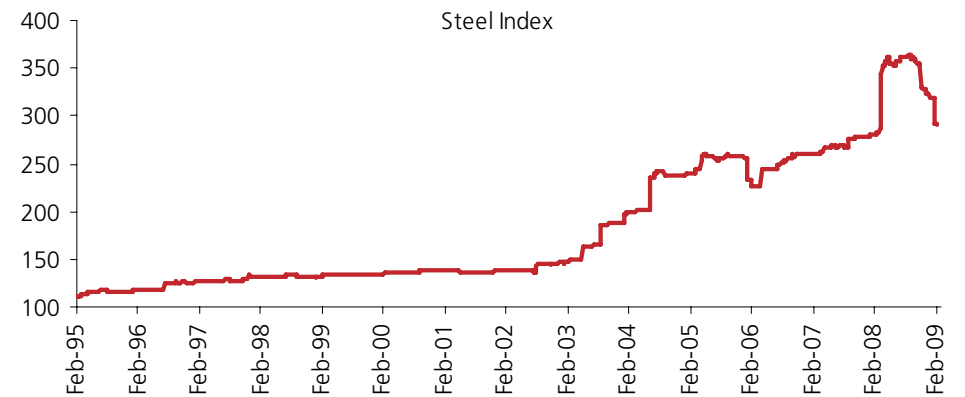


Exhibit: Steel Index, base year 1993-94=100



Source: Bloomberg, WPI data.

City prices—Pune, Mumbai

Exhibit: Pune residential prices- 7 locations

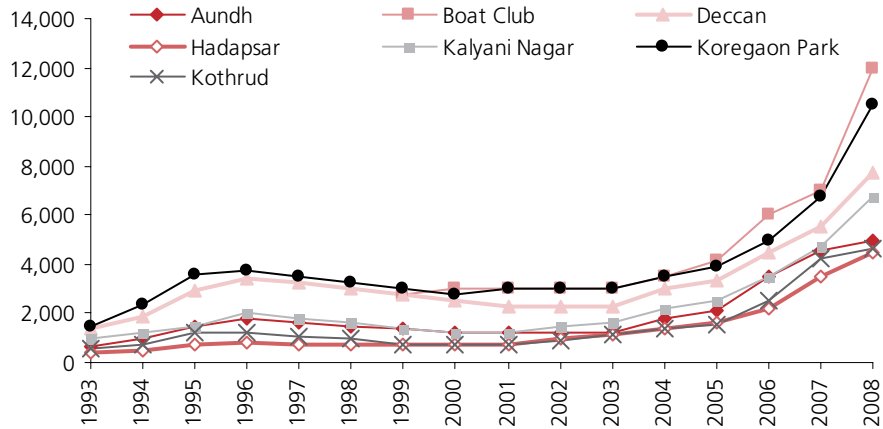


Exhibit: Pune commercial prices- 5 locations

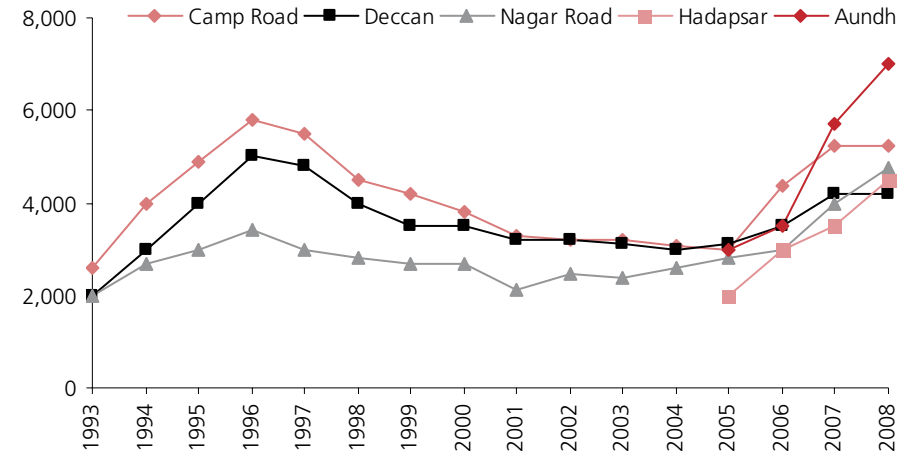


Exhibit: Mumbai residential prices- 7 locations

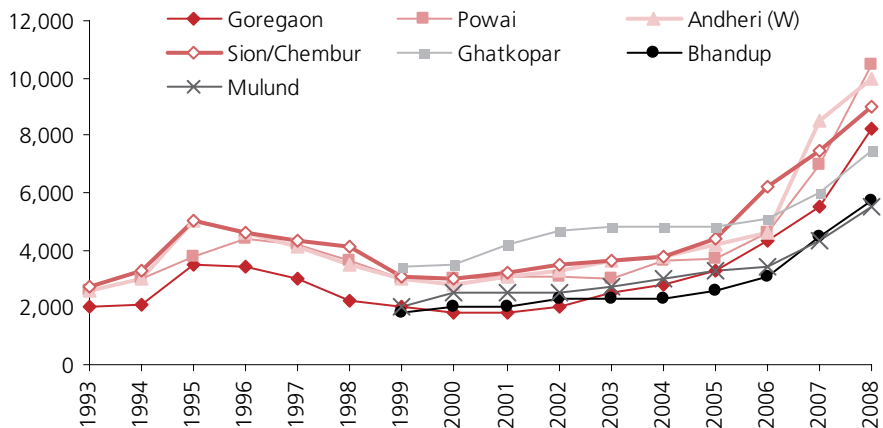
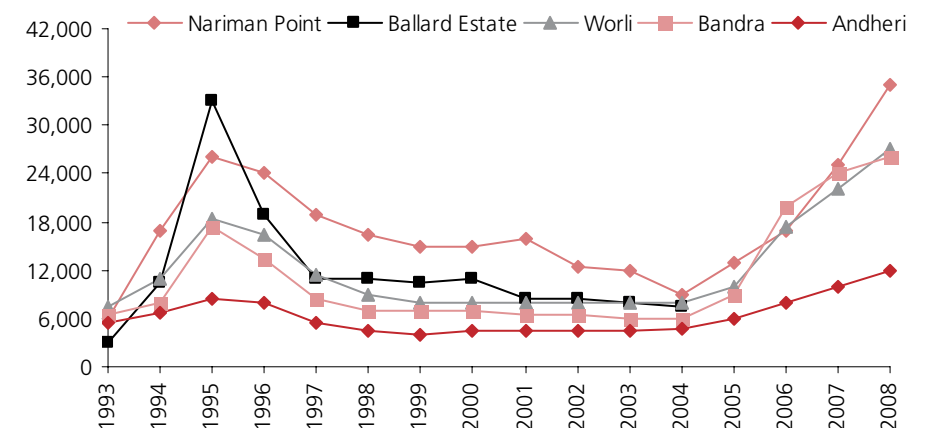


Exhibit: Mumbai commercial prices- 5 locations



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

City prices—Bangalore, NCR

Exhibit: Bangalore residential prices - 6 locations

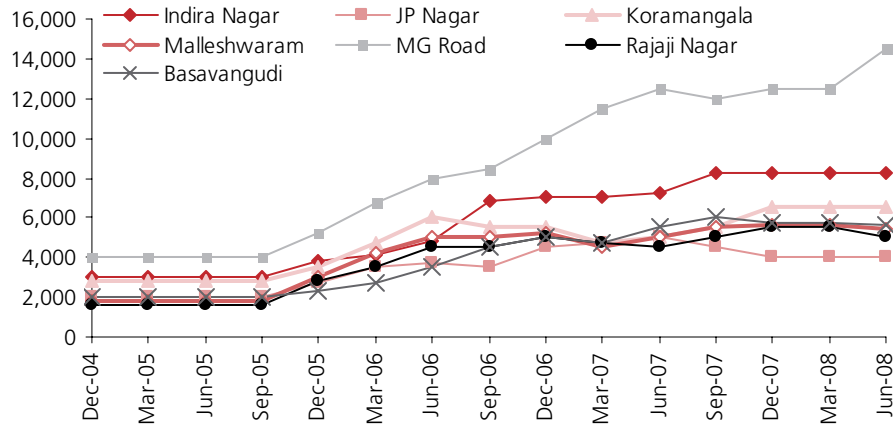


Exhibit: Bangalore commercial prices - 8 locations

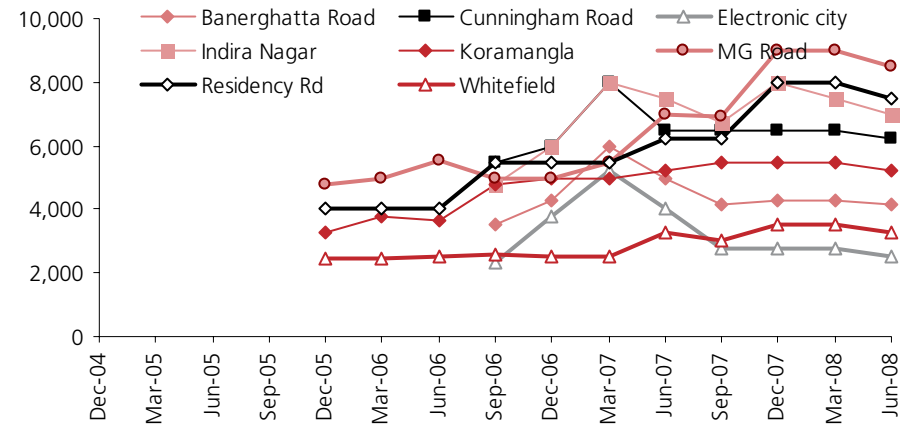


Exhibit: NCR residential prices - 7 locations

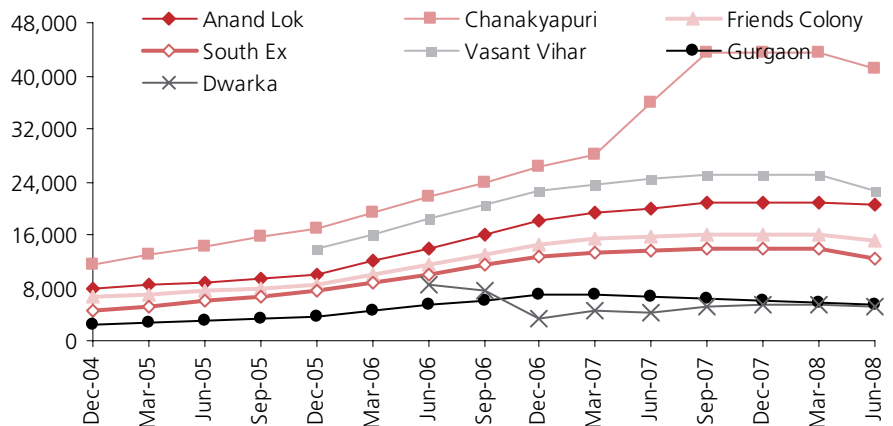
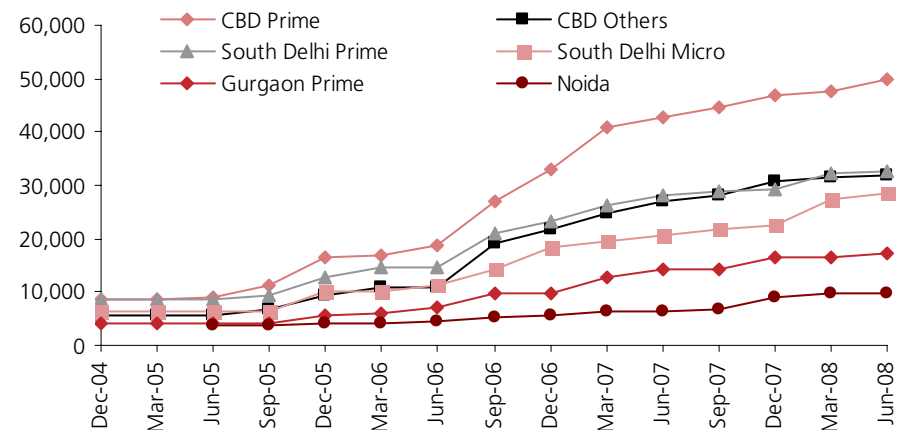


Exhibit: NCR commercial prices - 6 locations



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

City prices—Hyderabad, Kolkata

Exhibit: Hyderabad residential prices- 7 locations

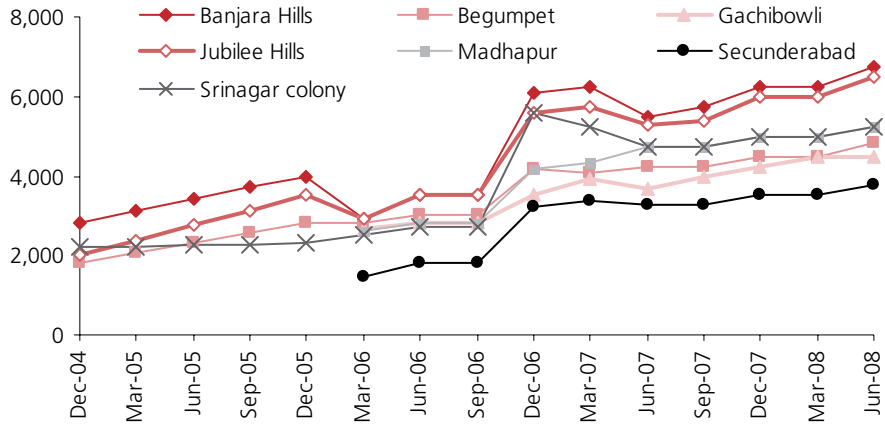


Exhibit: Hyderabad commercial prices- 6 locations

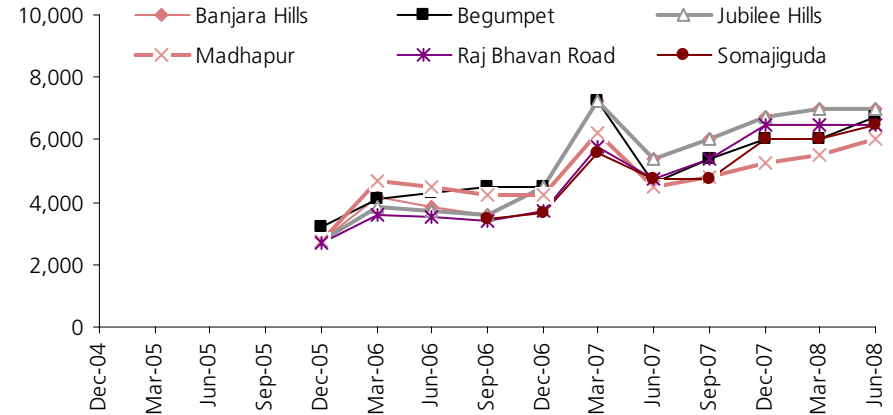


Exhibit: Kolkata residential prices- 5 locations

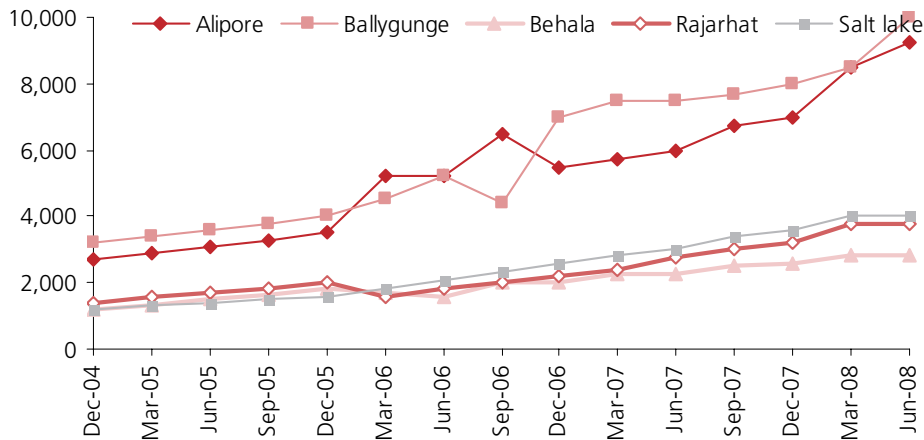
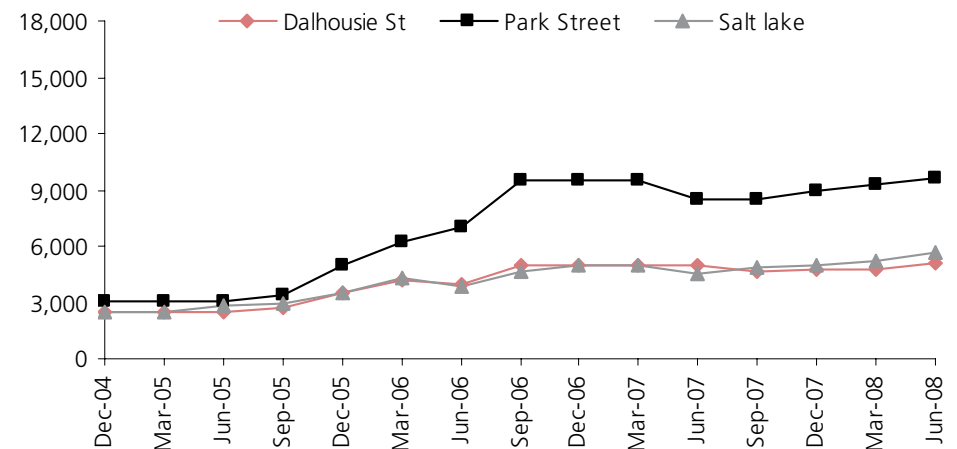


Exhibit: Kolkata commercial prices- 3 locations



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

City prices—Chennai

Exhibit: Chennai residential prices- 7 locations

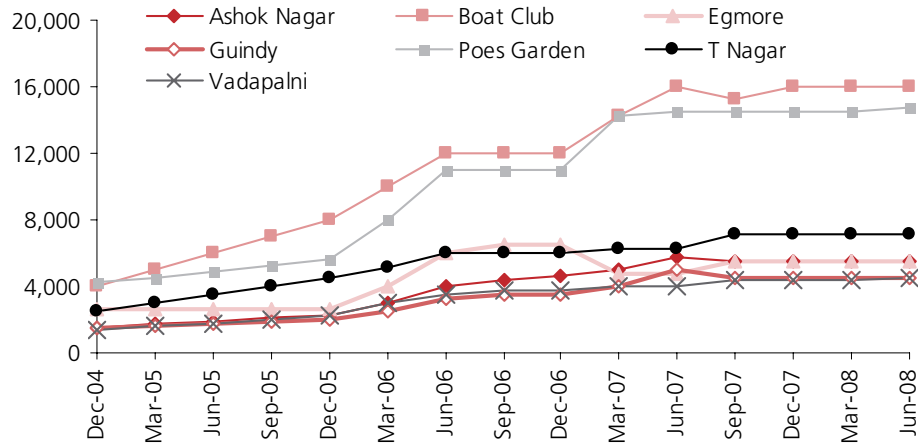
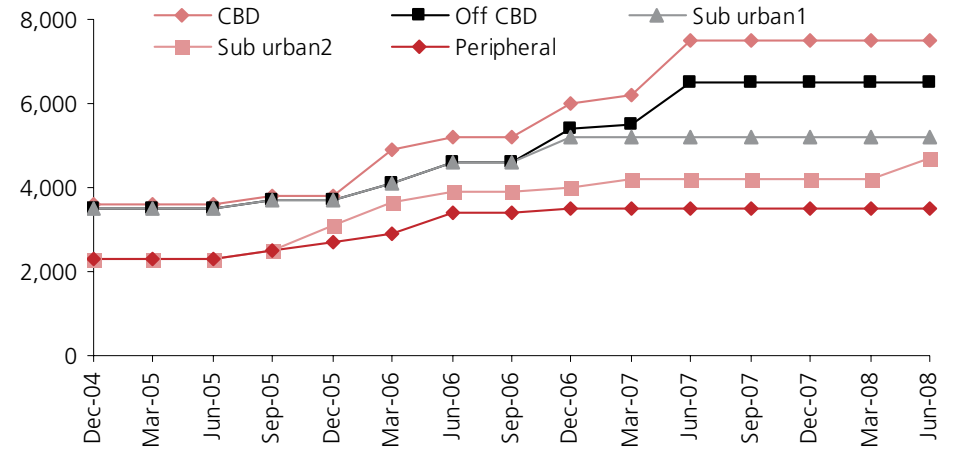


Exhibit: Chennai commercial prices



Source: Bloomberg, Cushman& Wakefield, Knight Frank, Kotak Institutional Equities.

Housing loan data

Exhibit: Growth in outstanding credit for housing loans is slowing down

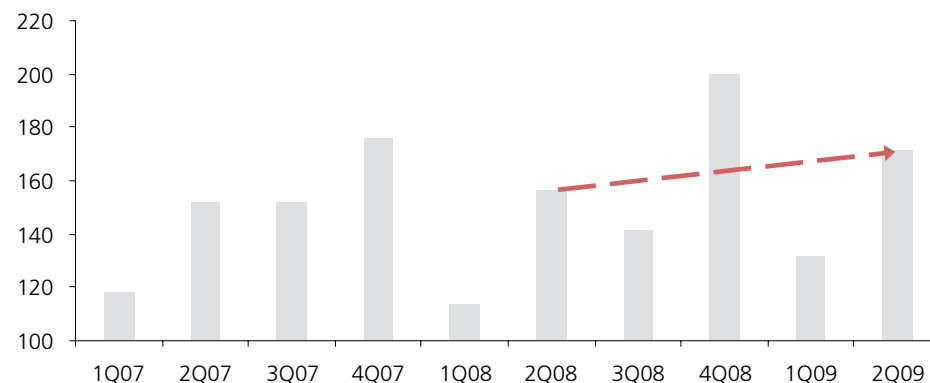
	Outstanding credit (Rs bn)									Growth rate in outstanding credit (%)									Average monthly increment(Rs bn)											
	Mar-04	Mar-05	Mar-06	Dec-06	May-07	Aug-07	Nov-07	Feb-08	May-08	Aug-08	Mar-04	Mar-05	Mar-06	Dec-06	May-07	Aug-07	Nov-07	Feb-08	May-08	Aug-08	Mar-04	Mar-05	Mar-06	Dec-06	May-07	Aug-07	Nov-07	Feb-08	May-08	Aug-08
Food credit	360	411	407	416	428	384	377	428	543	504	(27)	14	(1)	3	7	(35)	(7)	66	159	(26)	(11)	4	(0)	1	2	(15)	(2)	17	38	(13)
Agriculture	905	1,253	1,723	1,978	2,220	2,205	2,321	2,418	2,648	2,625	23	38	38	20	32	(3)	23	18	44	(3)	14	29	39	28	49	(5)	39	32	77	(8)
Industry total	3,131	4,269	5,491	6,253	6,764	7,110	7,544	8,150	8,585	9,323	6	36	29	19	21	22	27	36	23	39	15	95	102	85	102	115	145	202	145	246
Industry (medium & large)	2,472	3,523	4,588	5,247	5,606	5,916	6,242	6,737	6,822	8,018	5	43	30	20	17	24	24	36	5	91	10	88	89	73	72	103	109	165	28	399
SSI	659	746	902	1,006	1,159	1,194	1,303	1,413	1,763	1,306	9	13	21	16	40	13	42	38	142	(70)	5	7	13	12	31	12	36	37	117	(153)
Trade	249	579	814	992	1,055	1,049	1,118	1,189	1,224	1,294	10	133	40	30	16	(2)	29	28	12	25	2	28	20	20	13	(2)	23	24	12	23
Retail loans	1,238	2,451	3,538	4,279	4,554	4,641	4,884	5,037	5,280	5,521	28	98	44	29	16	8	23	13	21	20	23	101	91	82	55	29	81	51	81	80
Housing	520	1,287	1,864	2,178	2,308	2,352	2,467	2,517	2,625	2,688	42	148	45	23	15	8	21	8	18	10	13	64	48	35	26	15	38	17	36	21
Others	1,762	1,446	2,486	2,735	2,929	3,088	3,397	3,807	4,011	3,882	33	(18)	72	14	18	24	46	58	23	(12)	37	(26)	87	28	39	53	103	137	68	(43)
Real Estate loans	56	133	267	396	463	467	507	539	610	682	(5)	139	101	70	45	3	39	28	64	56	(0)	6	11	14	13	1	13	11	24	24
NBFCs	168	225	309	382	444	453	534	641	720	770	19	34	38	32	44	8	93	108	59	31	2	5	7	8	13	3	27	36	26	17
Total	7,644	10,409	14,458	16,653	17,951	18,477	19,642	21,029	22,291	23,149	14	36	39	21	20	12	28	31	26	16	79	230	337	244	260	175	389	462	420	286
Real estate loans + housing	576	1,420	2,131	2,575	2,770	2,818	2,973	3,056	3,235	3,370	35	147	50	29	19	7	24	12	26	18	13	70	59	49	39	16	52	27	60	45

Exhibit: Slowdown in disbursement growth for housing and commercial construction

	2004	2005	2006	2007	2008	2009E
ICICI Bank	133	189	257	284	222	250
HDFC	127	162	207	262	328	420
LICHF	41	47	49	51	71	85
Total	301	397	514	597	621	755
% growth		32.1	29.3	16.2	4.0	21.6

Source: RBI, Kotak Institutional Equities.

Exhibit: Disbursements in 2QFY09 increased 9% yoy



Appendix

From Unit	To Unit	Conversion factor
Area conversion table		
hectare (ha)	sq. ft	107,639
acre	sq. ft	43,560
sq. mtr	sq. ft	10.8
sq. yard	sq. ft	9
Numbers		
lakh	mn	0.1
crore	mn	10
US\$ to Rs		
US\$	Rs	40

Source: Kotak Institutional Equities.

Developable area (in mn sq. ft) for a 100-acre plot at given FSI and Loading (%)

		FSI							
		0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0
Loading (%)	10	2.4	4.8	7.2	9.6	12.0	14.4	16.8	19.2
	20	2.6	5.2	7.8	10.5	13.1	15.7	18.3	20.9
	30	2.8	5.7	8.5	11.3	14.2	17.0	19.8	22.7
	40	3.0	6.1	9.1	12.2	15.2	18.3	21.3	24.4
	50	3.3	6.5	9.8	13.1	16.3	19.6	22.9	26.1

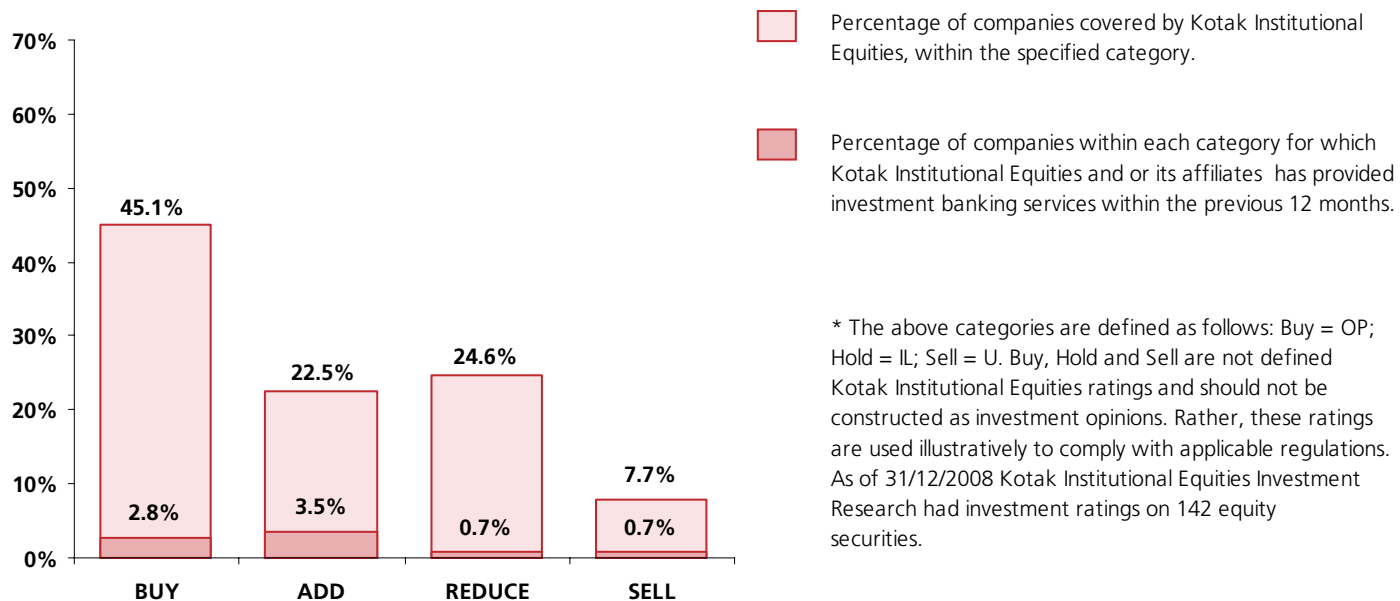
Source: Kotak Institutional Equities.

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Source: Kotak Institutional Equities

As of December 31, 2008

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Source: Kotak Institutional Equities Research.

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Definitions

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ADD. We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months.

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