

INDIABULLS REAL ESTATE

INR 246

Power play
ACCUMULATE

June 1, 2009

Presence in space starved Mumbai CBD to be value accretive going forward

The commercial business district (CBD) space in Mumbai is a fraction of that available in other major cities of the world. Indiabulls Real Estate (IBREL), with ~ 5 mn sq. ft of projects is a leader in this space. Enquiries for these have picked up sharply and we anticipate increased traction for IBREL going forward. The company has also launched 9.5 mn sq ft of projects and plans to launch an additional 9.8 mn sq ft of projects in FY10.

Power ventures: Firing on all cylinders; PPA tilt could dent RoEs

IBREL is developing three power plants with a total capacity of 3,960 MW. Coal and water linkages are in place for all, and land and environmental clearances for two projects have been bagged. We estimate that 65% of the output will be sold through PPA – diluting RoEs. Thus, we have valued the power division at a P/BV of 1.3x.

Cash is king: Exciting options at hand to deploy cash

IBREL is one of the few realty developers with net cash of INR 22.7 bn. It can utilize this cash for big ticket realty development projects for which the company has bid—Dharavi Redevelopment, New Delhi railway station modernization, etc. The other option is to utilise the cash for meeting the equity commitment for its power plants.

Strong execution capabilities of Indiabulls group

The Indiabulls Group has presence in financial services, real estate, and power segments. The group has witnessed strong growth in revenues, topline, and market capitalization over the past few years. We believe its real estate venture, IBREL, will also benefit from the strong execution capabilities of the group in the future.

Outlook and valuations: Triggers in place; initiate with 'ACCUMULATE'

IBREL is in project execution mode as far as both realty and power businesses are concerned. It will be some time before the operations achieve significant scale and start generating revenues.

We have valued the company on a sum-of-the parts (SOTP) basis at INR 275/share. We have valued the IPIT business on a DCF basis while using the P/BV method for other real estate businesses and the power business. We feel that valuations have run up sharply capping near term upsides and hence initiate coverage with an 'ACCUMULATE' recommendation on the stock.

Aashiesh Agarwal, CFA

+91-22-4063 5491
aashiesh.agarwal@edelcap.com

Akshit Shah

+91-22-4063 5407
akshit.shah@edelcap.com

Parvez Akhtar Qazi

+91-22- 4063 5405
parvez.qazi@edelcap.com

Reuters : INRL.BO
Bloomberg : IBREL IN

Market Data

52-week range (INR) : 498 / 82
Share in issue (mn) : 401.2
M cap (INR bn/USD mn) : 98.7 / 2,088.1
Avg. Daily Vol. BSE ('000) : 11,417

Share Holding Pattern (%)

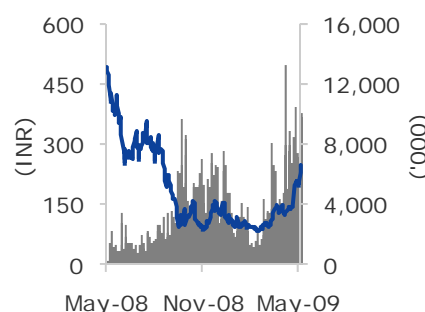
Promoters* : 16.7#
MFs, FIs & Banks : 1.9
FIIs : 41.7
Others : 29.7

Adj. for QIP, other data as of 31st Mar 09

* Promoters pledged shares : Nil
(% of share in issue)

Relative Performance (%)

	Sensex	Stock	Stock over Sensex
1 month	28.3	99.7	71.4
3 months	69.9	168.6	98.7
12 months	(10.9)	(49.8)	(38.9)



Financials

Year to March	FY08	FY09E	FY10E	FY11E
Revenue (INR mn)	1,407	2,218	2,937	9,091
Rev. growth (%)	910.8	57.7	32.4	209.5
EBITDA (INR mn)	(20)	(481)	(216)	2,597
Net profit (INR mn)	4,002	939	380	2,820
Profit growth (%)	2,763.9	(76.5)	(59.5)	642.2
Shares outstanding (mn)	240.8	257.0	401.0	401.0
Diluted EPS (INR)	16.6	3.7	0.9	7.0
EPS growth (%)	2,037.2	(78.0)	(74.1)	642.2
Diluted P/E (x)	14.8	67.3	259.6	35.0
EV/ EBITDA (x)	(3,122.2)	(154.6)	(309.2)	29.5
ROE (%)	14.0	2.2	0.7	3.9
ROCE (%)	(0.1)	(0.9)	(0.3)	2.7

Investment Rationale

Presence in space starved Mumbai CBD to be value accretive going forward

Indian cities are way behind their global counterparts on availability of CBD space (see table 1). CBD space available in the financial hub of India—Mumbai—is a mere fraction of that available in other major financial centers like New York, Tokyo, London, or even other prominent Asian cities like Shanghai, Singapore, and Hong Kong. This is also manifested in the low vacancy rates in Mumbai.

Table 1: List of CBD areas in major cities of the world (December 2008 end)

City	Country	CBD space (Mn sq. ft)	Vacancy (%)
Amsterdam	Netherlands	73.2	17.5
Johannesburg	South Africa	17.1	8.2
London City	United Kingdom	92.2	9.7
London Docklands	United Kingdom	17.9	5.2
London Southbank	United Kingdom	19.0	3.7
London West End	United Kingdom	78.0	6.1
New York, NY -DT Manhattan	United States	89.8	10.2
New York, NY -MT Manhattan	United States	254.9	10.2
New York, NY -MTS Manhattan	United States	98.3	11.4
San Francisco, CA	United States	82.9	12.6
Sydney	Australia	51.1	5.4
Beijing	China	48.5	15.4
Hong Kong	China	22.7	4.0
Shanghai	China	39.8	10.2
Tokyo (Central Wards)	Japan	666.3	4.0
Singapore	Singapore	47.0	8.9
Rio de Janeiro	Brazil	31.7	1.2
Mumbai *	India	10.8	4.0
Delhi	India	5.2	3.0
Bangalore	India	4.4	8.0
Chennai	India	2.7	35.0

Source: Colliers International, DTZ

Note: * Includes Nariman Point, Cuffe Parade, Worli-Parel, and Bandra Kurla Complex, Kalina and Santacruz (East)

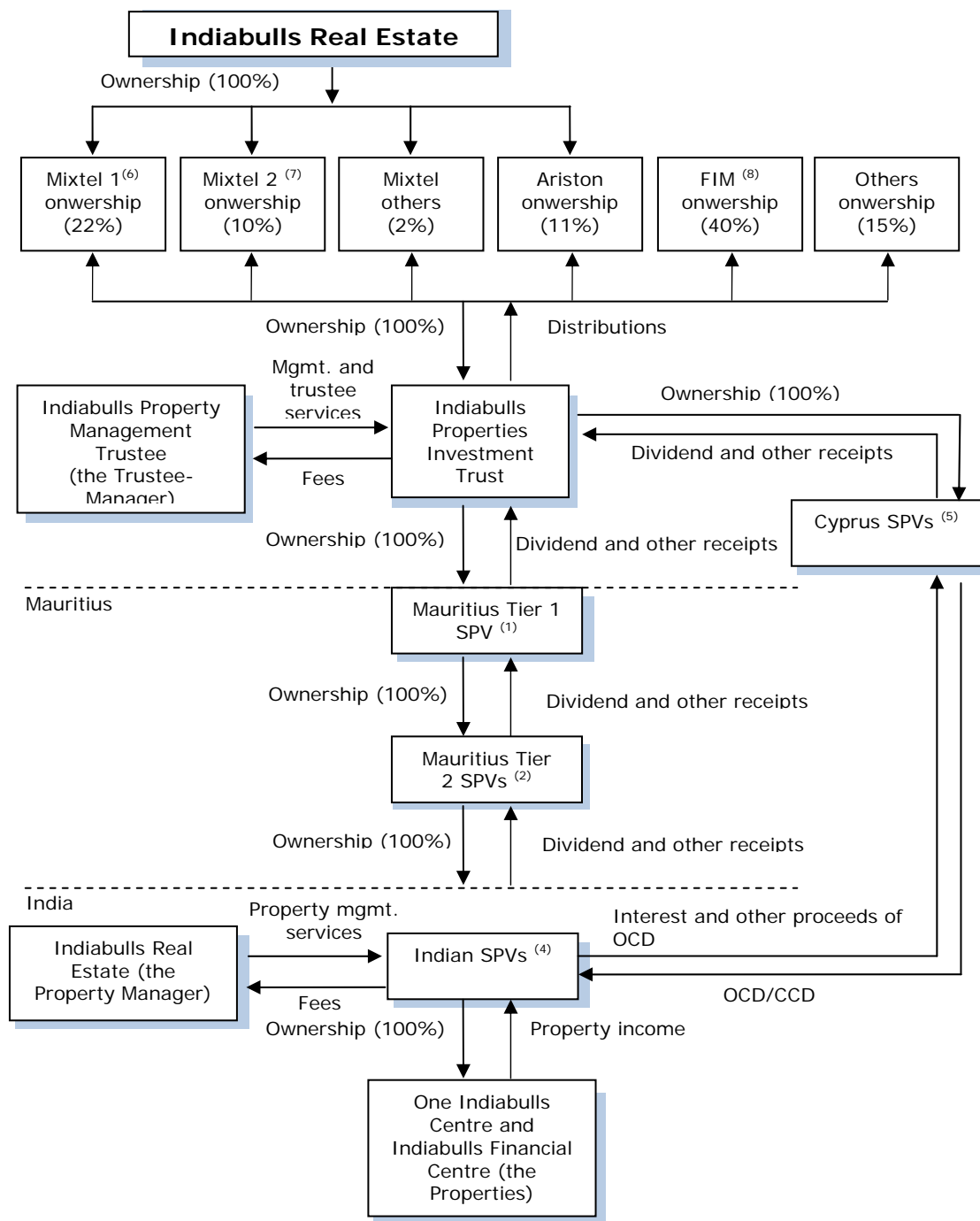
In such a paucity scenario, IBREL, with prime properties in the CBD area of Mumbai, is one of the prominent plays in this segment. With a combined area of ~5 mn sq ft from its two properties—One Indiabulls Centre (OIC) and Indiabulls Finance Centre (IFC)—it is likely to emerge a leading player in the Mumbai CBD space once they are completed. Of this, ~ 3 mn sq ft is at an advanced stage of completion. Enquiries for the projects are picking up and we anticipate increased traction going forward.

A brief outline of these two projects is given below:

- One Indiabulls centre (OIC):** The OIC has a total leasable area of ~2.65 mn sq ft, which comprises 2.25 mn sq ft of office space and 0.4 mn sq ft of retail space. As per the management, of the total 1 mn sq ft of area originally leased, 700,000 sq ft will be occupied and generate revenue from July 2009. For the balance 300,000 sq ft, clients have still not indicated their intention to take up the space as per earlier plans, but management is confident that rentals will start from October 2009. Channel checks indicate that the lowest rate for a transaction has been at ~INR 140-145 per sq ft, whereas the average rent for the entire property is at ~INR 170 per sq ft. This property is held in Indiabulls Properties Investment Trust (IPIT), in which IBREL has a 45% stake.

- Indiabulls Financial Centre (IFC):** This project has a total leasable area of ~2.4 mn sq ft of office space. The project has three towers; construction of the first tower of 22 floors has already begun. The company may go in for the sale model for this project. Recently, IBREL sold 15,000 sq ft in the property at INR 19,000 per sq ft. Like OIC, this property too is held in IPIT.

Fig. 1: Structure of IPIT



Source: Company

Notes:

1) The Mauritius Tier 1 SPV is M Holdco1 Limited. (2) The Mauritius Tier 2 SPV are Ariston Investments Sub A limited, Ariston Investment Sub B Limited, FIM Holdco I Ltd., FIM Holdco II Ltd., M Holdco2 Limited and M Holdco3 Limited. (3) Including optionally convertible preference shares. (4) The Indian SPVs are Indiabulls Properties Private Limited ('IPPL') which owns One Indiabulls Centre and Indiabulls Real Estate Company Private Limited ('IRECPL') which owns Indiabulls financial centre. (5) Cyprus SPV is Navilith Holding Ltd ('Navilith'). (6) Mixtel 1 will not receive any dividends in FY09E and has subordinated interest in dividends for FY09E and FY10E. (7) Mixtel 2 has subordinated interest in dividends for FY09E and FY10E. (8) FIM 1 holding 22% in IPIT will not receive any dividends in FY09E and FIM 2 holding 8% in IPIT has subordinated interest in dividends for FY09E.

Other real estate projects: IBREL's other realty projects are also picking up. It launched projects with a saleable area of 9.5 mn sq ft in FY09 and has plans to launch eight more projects across six cities with a total saleable area of 9.8 mn sq ft in FY10.

Apart from the two projects mentioned above, the company currently has a land bank of 13,265 acres, of which 5,913 acres have already been acquired, while for the balance 7,352 acres, the company has entered into MoUs to acquire or purchase land. While the already acquired land bank is well spread in the Mumbai Metropolitan Region (MMR), Maharashtra, NCR, Goa, Gujarat, Madhya Pradesh, and Andhra Pradesh, the land bank in MoUs is primarily concentrated in MMR and Maharashtra. IBREL, with its multi city land bank, commands a presence in all segments—residential, commercial, SEZ, retail, hotels—of real estate.

Power ventures: Firing on all cylinders; PPA tilt could dent RoEs

IBREL currently has three projects in the power space with a cumulative capacity of 3,960 MW. All the projects are coal based with a capacity of 1,320 MW each. The company has secured coal and water linkages for all the projects; land and environmental clearances for two projects have been bagged. We consider this is a positive since attaining various clearances and approvals is generally time consuming and in that respect, IBREL's plans are in an advanced stage. The management plans to focus on execution of one of the projects to show case its execution capability.

The financial closure for one project is at an advanced stage. The company has also signed offtake arrangements for selling part of the power generated at two plants.

- **Amravati thermal power project:** It is a 1,320 MW power project and will be commissioned with two super-critical units of 660 MW each. It is a coal-based project for which long term coal linkage has been approved by the standing linkage committee of the Ministry of Coal. The letter of support has also been issued by the government of Maharashtra. About 1,350 acres of land has been allotted by MIDC and is in the company's possession. The Vidarbha Irrigation Development Corporation has allocated 87.6 MCM water per annum from upper Wardha Dam for the plant. The financial closure of the plant is at an advanced stage. The company has also signed an MoU for sale of 1,000 MW with Tata Power Trading Company.
- **Nashik thermal power project:** It is a 1,320 MW thermal power project. This again, is a coal-based project for which long term coal linkage has been approved by the standing linkage committee of the Ministry of Coal. The Maharashtra government has also issued the letter of support and the Water Resource Department has allocated 36.5 MCM water per annum from recycled water of Nasik Municipal Corporation for the plant.
- **Bhaiyathan thermal power project:** The project is a 1,320 MW pit head coal-based thermal power project. It was bagged by IBREL in a competitive bidding process from the Chhattisgarh State Electricity Board. The coal requirement for the project is proposed to be met from the captive coal mine blocks of Gidhmuri and Paturia. The Ministry of Coal has already approved the mining plan for the same. Out of the 1,400 acres of land required for the plant, 95% has been acquired. The Ministry of Environment and Forest has issued clearance for the project. The plant has been allocated 50 MCM of water per annum from the Rehar river by the Water Resource Department. The state forest department has also cleared the diversion of forest land for the captive mine.

Table 2: Details of power projects

Project details	Capacity (MW)	Coal	Water	Land acquisition	Environmental clearance	PPA	Financial closure achieved
Amravati thermal	1,320	Yes	Yes	Yes	Yes	power trader	At advance stage
Nashik thermal	1,320	Yes	Yes	Yes	Yes	No	No
Bhaiyathan thermal	1,320	Yes	Yes	No	No	65% to CSEB	No

Source: Company, Edelweiss research

We have assumed the overall debt/equity structure at 75:25 for the three projects. We have estimated that 65% of the power generated will be sold through PPA and the balance through the merchant route. The higher proportion of PPA-based power is likely to dilute RoEs and, hence, valuations. Thus, we have valued the power division at a P/BV of 1.3x.

Cash is king: Exciting options at hand to deploy cash

A significant feature which differentiates the company from other realty players is its strong balance sheet. Recently, it raised INR 26.5 bn through the QIP route and issued 143.6 mn shares at INR 185. We believe funds raised will be used by the company for some big ticket real estate projects in the future. For e.g., IBREL has partnered with the US-based Shea Homes (a division of the J.F. Shea Co., Inc., a privately owned new home builder), to bid for the Dharavi Redevelopment Project and has been shortlisted as one of the bidders for the same. It was also one of the highest bidders for the CIDCO Integrated Commercial Complex at the Seawoods Railway Station in Navi Mumbai (Maharashtra). Developers for the above mentioned projects have not been finalized as yet. Similarly, the company had bid for the USD 2.4 bn New Delhi Railway Station modernisation project along with GS Engineering. The final winner has not been announced.

In case IBREL is unsuccessful in securing the above mentioned projects, the cash can be utilized for its power projects. Thus, the company has an abundance of value accretive options at its disposal.

Even prior to the QIP issue, the company had net cash, making it one of the few realty players with such a strong balance sheet. The company has no plans to repay its loans in the next few quarters. Therefore, the company has a strong cash balance and negligible debt repayment in the near future. Thus, unlike other realty players, who have significantly leveraged balance sheets, IBREL is in a sweet spot as far as overall liquidity is concerned.

Strong execution capabilities of Indiabulls group

The Indiabulls Group has presence in financial services, real estate, and power segments. The group has witnessed strong growth in revenues, top line, and market cap over the past few years.

Table 3: Financial performance of Indiabulls group

	(INR mn)					
	FY08	FY07	FY06	FY05	FY04	FY03
Equity raised	36,004	5,337	7,142	2,985	74	383
Net worth	56,617	19,182	12,835	4,136	664	412
Sales	21,964	9,672	6,286	1,666	705	258
PAT	9,694	2,558	1,860	548	185	51
Dividends paid	7,753	768	296	54	6	-
Market capitalisation	249,820	131,210	45,239	14,045	-	-

Source: Edelweiss research

The group has a strong track record, as witnessed by the increase in sales and profitability over the years and has also paid rich dividends along with attaining a sizeable market cap over the years. We believe the group's real estate venture, IBREL, will also benefit from its strong execution capabilities.

Outlook and valuations: Triggers in place; initiate with 'ACCUMULATE'

IBREL is in project execution mode as far as both its realty and power businesses are concerned. It will be sometime before operations achieve a significant scale and start generating revenues.

Table 4: IBREL – SOTP valuation

Segment	Valuation (INR mn)	Valuation per share (INR)
Valuation of real estate business (except SEZs)	3,151	8
Valuation of Nasik and Raigarh SEZs	9,878	25
Valuation of power business	62,146	155
Valuation of retail business	224	1
Valuation of IPIT	26,807	67
Cash	8,094	20
Total valuation	110,300	275

Source: Edelweiss research

We have valued the IPIT business (where IBREL holds 45% stake) on a DCF basis while the Nasik and Raigarh SEZs have been valued on the basis of land value. We have valued the balance realty businesses and the power division by using the P/BV approach. The tilt towards the PPA route caps the power division's valuations. Still, it garners the lion's share of the overall company valuation. The company's financial strength is evident in the strong value contributed by cash reserves. Finally, the retail business has been valued on the basis of its market capitalization.

Our sum-of-the-parts valuation methodology gives us a target price of INR 275 per share. We feel that valuations have run up sharply capping near term upsides and hence initiate coverage with an '**ACCUMULATE**' recommendation on the stock.

Company Description

The Indiabulls Group is one of the fastest emerging business houses in India with interests in real estate, infrastructure, financial services, retail, and power sectors. It has been conferred the status of a "Business Superbrand" by The Brand Council, Superbrands India.

IBREL has projects spread across residential, commercial offices, hotels, malls, and special economic zones (SEZs) infrastructure development. It partnered with Farallon Capital Management LLC of US to bring the first FDI into real estate. It has also partnered with internationally renowned consultants and construction companies for project development. The company has diversified significantly in the following business verticals within the real estate space—project advisory and facilities management, residential, commercial (office and malls), and SEZ development. It is also developing thermal power projects with a capacity of 3,960 MW.

Commercial projects

- **Nasik SEZ:** This is a 3,000 acres multi product SEZ located at Nasik. A formal approval for the same has been received and more than 90% of the land is already in the company's possession. This project will be co-developed with Maharashtra Industrial Development Corporation (MIDC). IBREL has an 89% stake in the SEZ.
- **IT SEZ, Gurgaon:** The company has 36 acres of land in Sector 106 of Gurgaon. It is proposed to be utilized for the development of an IT SEZ for which formal approval is already in place.
- **IT parks:** The company has planned two IT SEZs (25 acres each) in Panvel (Mumbai). Formal approval for the same has been received and land for both projects has been acquired.

Residential projects: IBREL's residential projects are divided in to four segments in order of luxury—Signature luxury projects (high-end residential projects), Premium projects, mid income housing, and low income housing projects.

Table 5: Indiabulls premium projects

Name	Location	Area	Type	Expected completion
Project in Gurgaon	Gurgaon	136 acres	Residential	
Project in Hyderabad	Hyderabad	0.37 mn sq ft	Residential	
High Street, Vadodra	Vadodara	0.6 mn sq ft	Residential & commercial	Dec 2011
Project in Agra	Agra	0.2 mn sq ft	Residential	
Indiabulls Riverside, Ahmedabad	Ahmedabad	1.5 mn sq ft	Residential	Sep 2012
Project in Jodhpur	Jodhpur	0.57 mn sq ft	Residential	
Hillside View, Vishakhapatnam	Vishakhapatnam	0.5 mn sq ft	Residential	March 2013
Central Park, Indore	Indore	2.1 mn sq ft	Residential & commercial	
Project in Kanpur	Kanpur	0.3 mn sq ft	Residential	June 2012
Lake View Park, Chennai	OMR Chennai	0.9 mn sq ft	Township	March 2013
Indiabulls Paramount, Sector – 104,	Gurgaon, NCR	2.6 mn sq ft	Residential	March 2013
Indiabulls Metropolitan, Sector – 110,	Gurgaon, NCR	1.5 mn sq ft	Residential	June 2013
Indiabulls Orion, Sector – 109,	Gurgaon, NCR	0.7 mn sq ft	Residential	Sep 2013
Indiabulls City - Phase II	Sonepat, NCR	1 mn sq ft	Residential	Dec 2013
Centrum Park, Gurgaon, NCR	Gurgaon, NCR	1.6 mn sq ft	Residential	Dec 2011

Source: Company, Edelweiss research

Table 6: Indiabulls mid income residential projects

Name	Location	Area	Expected completion	Remarks
Indiabulls City - Phase I	Sonepat	2 mn sq ft	March 2012	Residential plots & Apartments
Project in Madurai	Madurai	0.3 mn sq ft		Total of 324 apartments
Indiabulls Greens, Chennai	OMR Chennai	1.3 mn sq ft		Project already launched & to commence construction by 3rd quarter of 2009. The project entails development of medium to high end residential apartments in Jalladianpet
Project in Kota	Kota	0.5 mn sq ft		
Indiabulls Greens, New Bombay	New Mumbai	1.1 mn sq ft	March 2013	

Source: Company, Edelweiss research

Table 7: Indiabulls low income residential projects

Name	Location	Area	Expected completion	Remarks
Central Park, Ahmedabad	Ahmedabad	0.6 mn sq ft	Dec 2011	
Project in Chennai	Elavur, North Chennai	178 acres		A township project
Project in Khalapur	Khalapur	500 acres		Intrgrated township with warehousing & conferencing facilities

Source: Company, Edelweiss research

Key Risks

Slippages in execution of power projects may impact valuations

The power division contributes a significant chunk of overall valuations. Any slippages in execution of power projects in terms of cost or timelines can mar the profitability of the power division, negatively impacting the company's valuations.

Risk of high cost land purchases

IBREL is still acquiring land for its SEZ in Raigarh. There have been numerous instances of companies facing difficulties in acquiring land in India. In case the company overpays to acquire land, it may negatively impact IBREL's profitability and, hence, stock valuations.

Financial Statements

Income statement

(INR mn)

Year to March	FY07	FY08	FY09E	FY10E	FY11E
Income from operations	139	1,407	2,218	2,937	9,091
Direct costs	0	0	446	674	3,395
Other expenses	144	1,426	2,254	2,479	3,099
Total operating expenses	144	1,426	2,699	3,153	6,494
EBITDA	(4)	(20)	(481)	(216)	2,597
Depreciation and amortisation	8	33	102	42	40
EBIT	(12)	(53)	(583)	(257)	2,557
Interest expenses	53	522	317	317	317
Other income	316	6,240	2,471	1,144	1,990
Profit before tax	250	5,665	1,571	570	4,230
Provision for tax	120	1,598	632	190	1,410
Core Profit	131	4,067	939	380	2,820
Profit after tax	131	4,067	939	380	2,820
Minority interest	(9)	65	0	0	0
Adjusted net profit	140	4,002	939	380	2,820
Equity shares outstanding (mn)	180	241	257	401	401
EPS (INR) basic	0.8	16.6	3.7	0.9	7.0
Diluted shares (mn)	180	241	257	401	401
EPS (INR) fully diluted	0.8	16.6	3.7	0.9	7.0
Dividend per share	0.1	0.2	0.0	0.0	0.0
Dividend payout (%)	15.0	1.1	0.0	0.0	0.0

Common size metrics- as % of net revenues

Year to March	FY07	FY08	FY09E	FY10E	FY11E
Operating expenses	103.1	101.4	121.7	107.3	71.4
Depreciation	5.7	2.4	4.6	1.4	0.4
Interest expenditure	38.0	37.1	14.3	10.8	3.5
EBITDA margins	(3.1)	(1.4)	(21.7)	(7.3)	28.6
Net profit margins	94.1	289.1	42.3	12.9	31.0

Growth metrics (%)

Year to March	FY07	FY08	FY09E	FY10E	FY11E
Revenues	NA	910.8	57.7	32.4	209.5
EBITDA	NA	349.7	2,346.0	(55.1)	(1,303.9)
PBT	NA	2,161.6	(72.3)	(63.7)	642.2
Net profit	NA	3,006.2	(76.9)	(59.5)	642.2
EPS	NA	2,037.2	(78.0)	(74.1)	642.2

Balance sheet**(INR mn)**

As on 31st March	FY07	FY08	FY09E	FY10E	FY11E
Equity Share capital	359	482	517	802	802
Pref share capital	2,962	1,375	1,375	1,375	1,375
Share warrents	115	2,772	2,772	2,772	2,772
Reserves & surplus	11,065	37,943	38,882	65,541	68,361
Shareholders funds	14,502	42,572	43,547	70,490	73,311
Secured loans	9	26	676	676	676
Unsecured loans	1,410	3,360	9,396	9,396	9,396
Borrowings	1,420	3,386	10,072	10,072	10,072
Minority interest	3,418	14,248	14,248	14,248	14,248
Sources of funds	19,339	60,206	67,866	94,810	97,630
Gross block	254	1,532	1,532	1,532	1,532
Depreciation	8	40	142	184	224
Net block	246	1,493	1,390	1,349	1,308
Capital work in progress	2	750	750	1,109	3,126
Total fixed assets	249	2,243	2,140	2,458	4,434
Goodwill	0	213	213	213	213
Investments	5,944	675	675	675	675
Inventories	1,993	11,441	12,217	16,709	21,208
Sundry debtors / (Advances from customers)	59	1,165	984	1,287	5,489
Cash and equivalents	12,129	16,219	13,942	56,948	46,988
Loans and advances	3,583	49,542	52,019	27,620	29,001
Other current assets	61	174	0	0	0
Total current assets	17,825	78,541	79,162	102,565	102,685
Sundry creditors and others	4,521	17,245	13,692	10,910	8,967
Provisions	152	4,213	632	190	1,410
Total CL & provisions	4,672	21,458	14,324	11,100	10,377
Net current assets	13,153	57,083	64,839	91,465	92,308
Net deferred tax	(7)	(7)	0	0	0
Uses of funds	19,339	60,206	67,866	94,810	97,630
Book value per share (BV)	81	177	169	176	183

Cash flow statement**(INR mn)**

Year to March	FY07	FY08	FY09E	FY10E	FY11E
Net profit	131	4,067	939	380	2,820
Add: depreciation	8	33	102	42	40
Gross cash flow	139	4,100	1,041	422	2,861
Less: Changes in W. C.	963	39,728	10,207	(16,381)	10,804
Operating cash flow	(824)	(35,627)	(9,165)	16,802	(7,943)
Less: Capex	257	2,027	0	359	2,017
Free cash flow	(1,080)	(37,655)	(9,165)	16,443	(9,960)

Cash flow metrics

Year to March	FY07	FY08	FY09E	FY10E	FY11E
Operating cash flow	(824)	(35,627)	(9,165)	16,802	(7,943)
Financing cash flow	8,603	20,460	6,722	26,564	0
Investing cash flow	(257)	(2,027)	0	(359)	(2,017)
NET CASH FLOW	7,523	(17,195)	(2,444)	43,007	(9,960)
Capex	(257)	(2,027)	0	(359)	(2,017)
Dividend paid	(21)	(44)	0	0	0

Ratios

Year to March	FY07	FY08	FY09E	FY10E	FY11E
ROAE (%)	1.9	14.0	2.2	0.7	3.9
ROACE (%)	(0.2)	(0.1)	(0.9)	(0.3)	2.7
Current ratio	3.8	3.7	5.5	9.2	9.9
Debt/Equity	0.1	0.1	0.2	0.1	0.1
Adjusted debt/Equity	0.1	0.1	0.2	0.1	0.1

Operating ratios (x)

Year to March	FY07	FY08	FY09E	FY10E	FY11E
Total asset turnover	0.0	0.0	0.0	0.0	0.1
Fixed assets turnover	1.1	1.6	1.5	2.1	6.8
Equity turnover	0.0	0.1	0.1	0.1	0.1

Du pont analysis

Year to March	FY07	FY08	FY09E	FY10E	FY11E
NP margin (%)	100.4	284.6	42.3	12.9	31.0
Total assets turnover	0.0	0.0	0.0	0.0	0.1
Leverage multiplier	1.3	1.4	1.5	1.4	1.3
ROAE (%)	1.9	14.0	2.2	0.7	3.9

Valuations parameters

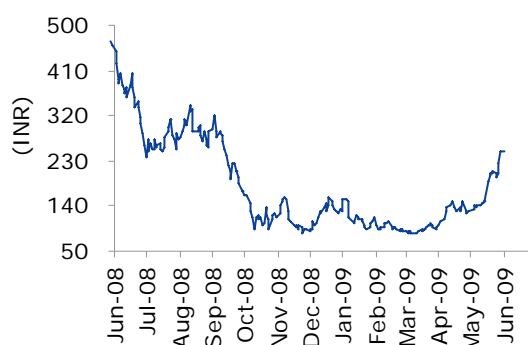
Year to March	FY07	FY08	FY09E	FY10E	FY11E
Diluted EPS (INR)	0.8	16.6	3.7	0.9	7.0
Y-o-Y growth (%)	NA	2,037.2	(78.0)	(74.1)	642.2
CEPS (INR)	0.8	16.8	4.1	1.1	7.1
Diluted P/E (x)	316.3	14.8	67.3	259.6	35.0
Price/BV(x)	3.0	1.4	1.5	1.4	1.3
EV/Sales (x)	243.9	43.6	33.5	22.7	8.4
EV/EBIDTA (x)	(7,764.9)	(3,122.2)	(154.6)	(309.2)	29.5
Diluted shares O/S	179.7	240.8	257.0	401.0	401.0
Dividend yield (%)	0.0	0.1	0.0	0.0	0.0

Naresh Kothari	Co-Head Institutional Equities	naresh.kothari@edelcap.com	+91 22 2286 4246
Vikas Khemani	Co-Head Institutional Equities	vikas.khemani@edelcap.com	+91 22 2286 4206
Nischal Maheshwari	Head Research	nischal.maheshwari@edelcap.com	+91 22 6623 3411

Coverage group(s) of stocks by primary analyst(s): Real Estate:

DLF and Orbit Corporation

Indiabulls Real Estate



Recent Research

Date	Company	Title	Price (INR)	Recos
06-May-09	Orbit Corporation	Expensive valuations; Result Update	77	Accum.
5-May-09	DLF	Sector concerns Persists; Result Update	260	Reduce
15-Apr-09	Real Estate	Sharp recovery in volumes unlikely; Sector Update		
13-Apr-09	Pan-India jobs survey	Bleak job outlook to keep property demand subdued; Sector Update		

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

	Buy	Accumulate	Reduce	Sell	Total
Rating Distribution*	46	46	25	8	126

* 1 stocks under review

	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	68	39	19

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 20% over a 12-month period
Accumulate	appreciate up to 20% over a 12-month period
Reduce	depreciate up to 10% over a 12-month period
Sell	depreciate more than 10% over a 12-month period

Access the entire repository of Edelweiss Research on www.edelresearch.com

This document has been prepared by Edelweiss Securities Limited (Edelweiss). Edelweiss, its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss or any of its affiliates/ group companies 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 in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, group companies, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as advisor or lender/borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Edelweiss and affiliates/ group companies to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Edelweiss Securities Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Copyright 2009 Edelweiss Research (Edelweiss Securities Ltd). All rights reserved

Edelweiss Research is also available on Bloomberg EDEL <GO>, Thomson First Call, Reuters and Factset.