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GLOSSARY

- **Absorption**

Area transacted during the period (in this case, it is monthly). This includes properties launched earlier and during the period.

- **New launches**

Aggregate of area launched during the period and offered for sale. This does not include projects where work has commenced, but not offered for sale.

- **Inventory**

Total supply available for sale at the end of the period, which includes supply from existing and newer launches.

$$\text{Inventory in months of sales (IMS)} = \frac{\text{Inventory at the end of the period}}{\text{Average of three months absorption}}$$

$$\text{Adjusted Inventory in months of sales (AIMS)} = \frac{\text{Inventory to get completed in next three years}}{\text{Average absorption in past 12 months}}$$

Note:

1. The data collection and filtration in real estate takes 1.5-2.0 months. The current period mentioned in the report is May 2012.
2. Mumbai includes MMR, Navi Mumbai and Thane.
3. NCR includes New Delhi, Gurgaon, Noida and Greater Noida.

SUMMARY

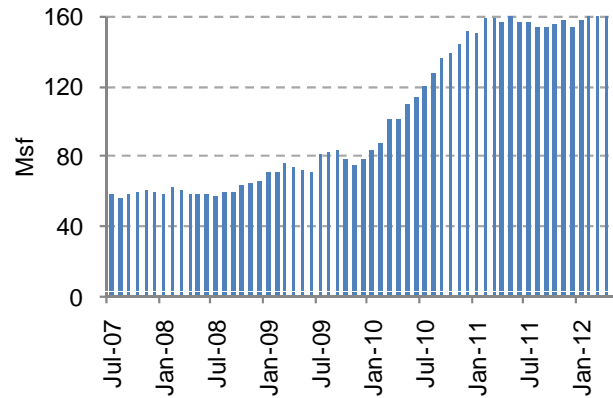
- Property prices may not come down in Mumbai and NCR
- Adjusted IMS (AIMS) is considerably lower than IMS; especially for Mumbai and NCR, providing enough strength to developers
- Considerable reduction in new launches in south India (Bengaluru and Chennai)
- Stable absorption witnessed in Bengaluru and Pune
- Downtrend movement in absorption in Mumbai seems to have paused around 4msf
- Temporary pause in downward movement in NCR absorption
- Pune showing surge in new launches at regular interval
- New launches continue to be less than 10msf in NCR; very low compared to more than 20msf a year ago
- High level of new launches and lower absorption led to higher inventory in NCR
- Inventory in Pune declining gradually
- Despite regular spikes in new launches, IMS at Chennai is at 15 due to good absorption activities
- IMS gradually coming down for Mumbai – combination of limited new launch and improved absorption

WHY PROPERTY PRICES MAY NOT COME DOWN IN MUMBAI AND NCR ?

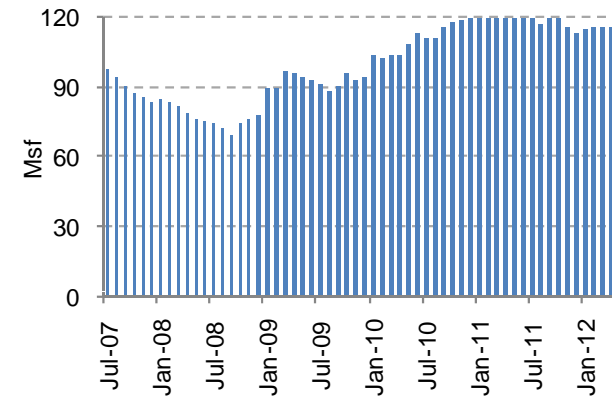
What statistics say?

- Huge pileup of inventory

NCR

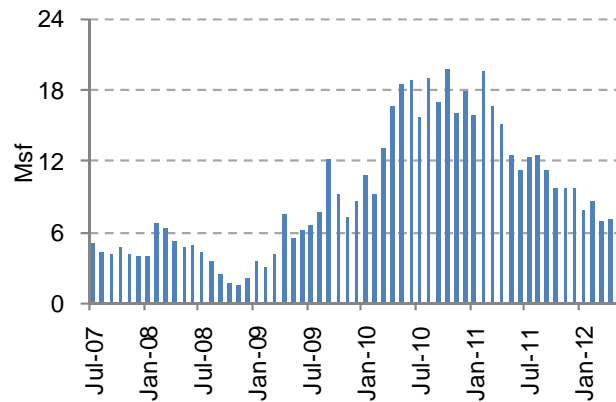


Mumbai

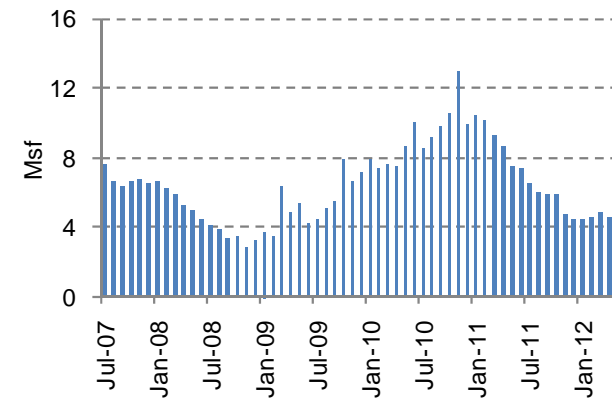


- Considerable reduction in absorption

NCR

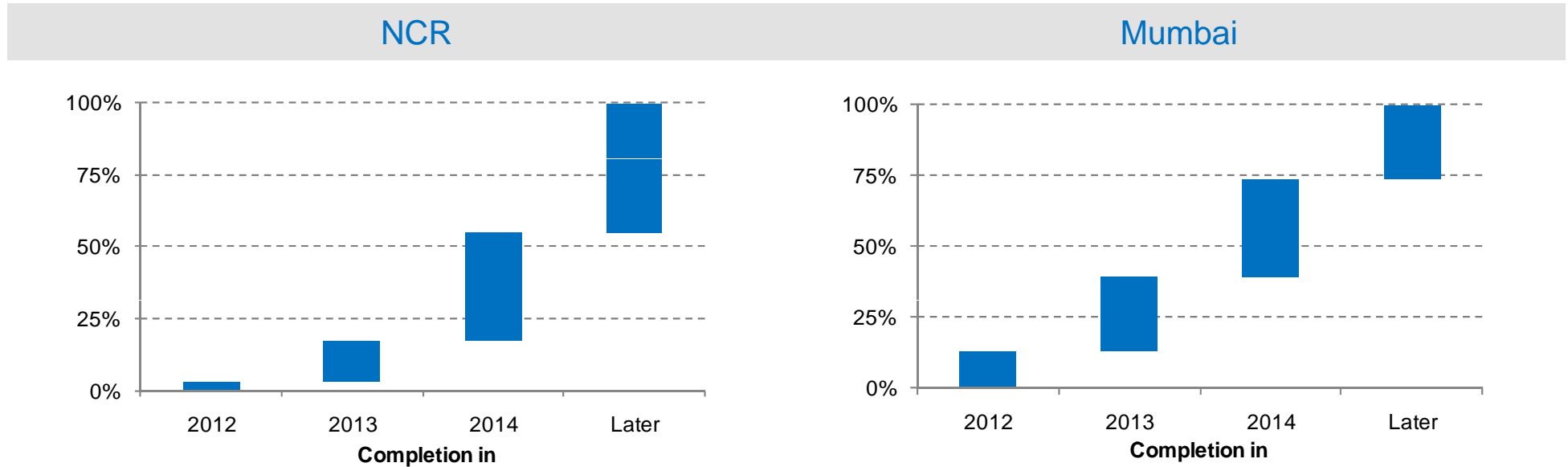


Mumbai

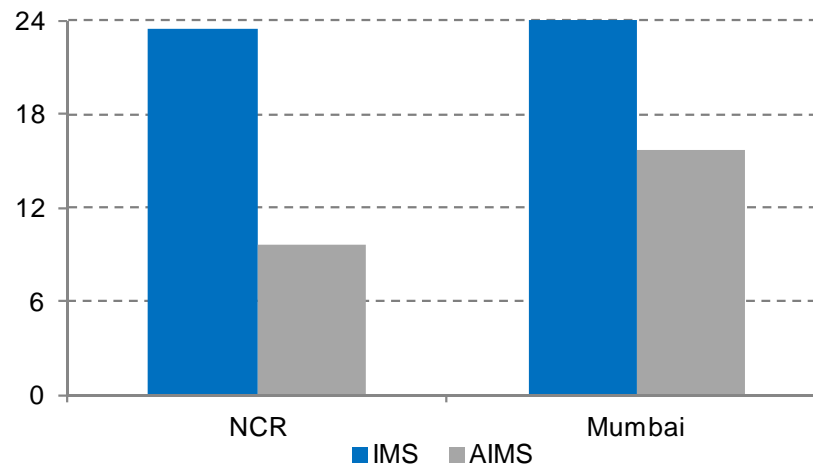


What happens practically?

- Of the current inventory, considerable portion not expected to get completed in next three years



- Adjusted IMS for NCR and Mumbai is at much comfortable level; considerably lower than IMS



What does this mean?

NCR

- Currently NCR has inventory of 166msf of which only 91msf will get completed in next three years
- Absorption in past 12 months is to the tune of 114msf
- At this average, only 10months are required to absorb the inventory which can get completed in next 36 months

Mumbai

- Currently Mumbai has inventory of 115msf of which only 84msf will get completed in next three years
- Absorption in past 12 months is to the tune of 64msf
- At this average, only 16months are required to absorb the inventory which can get completed in next 36 months

This shows there is not much pressure on property pricing due to 'high inventory levels'

CITY-WISE ANALYSIS

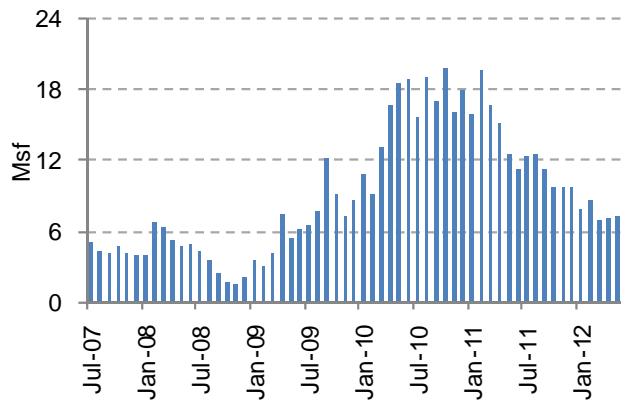
	Absorption (msf)	New launches (msf)	Inventory (msf)	Inventory in months of sales (IMS)	Adjusted inventory in months of sales (AIMS)	Our view
NCR	6	9	166	23	10	Gurgaon and Noida better placed than Greater Noida
Mumbai	4	3	115	24	16	Absorption level can improve if pace of new launches increase
Bengaluru	5	2	94	19	15	Pace of new launches reduced; need to continue to provide strength
Pune	3	3	58	16	14	Maintaining absorption momentum
Chennai	2	1	43	15	13	Getting stronger with increase in absorption activities

Source : PropEquity, SSL

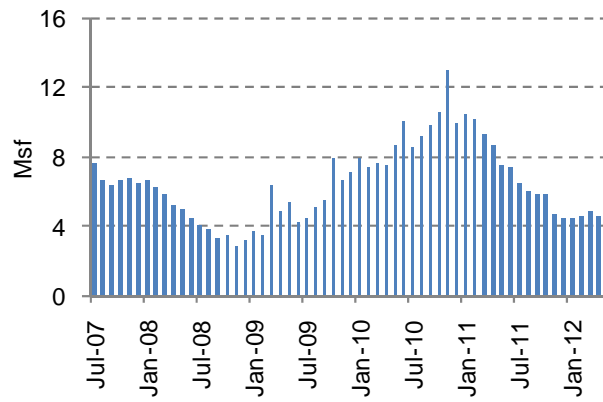
City-wise comparison

ABSORPTION

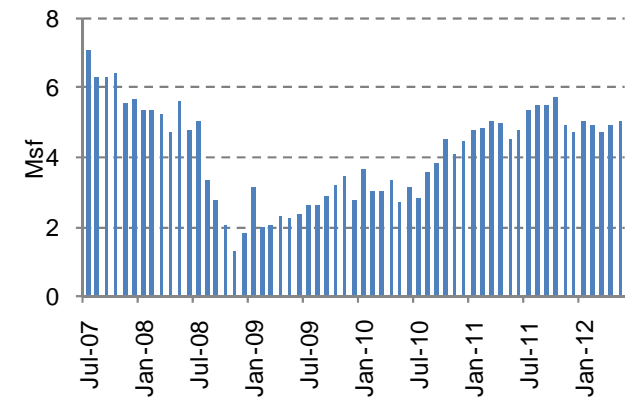
NCR



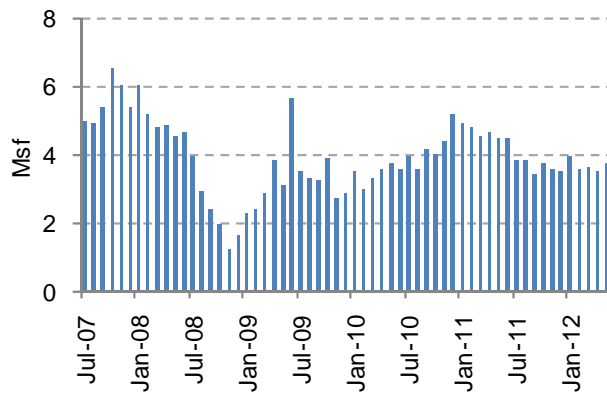
Mumbai



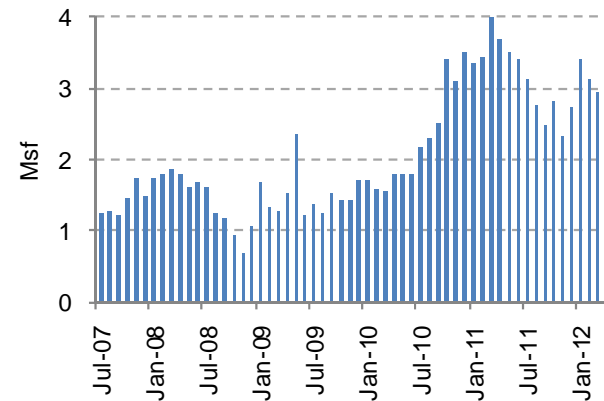
Bengaluru



Pune



Chennai

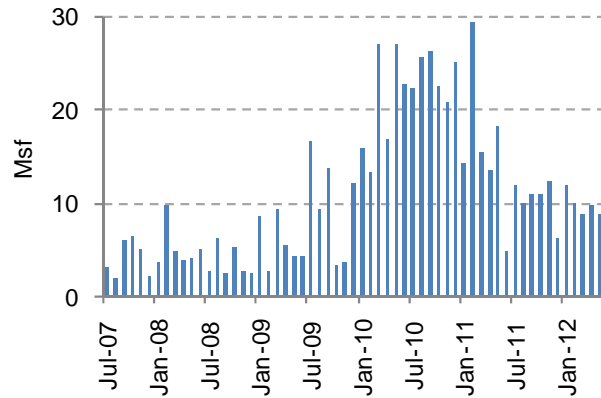


Source : PropEquity, SSL

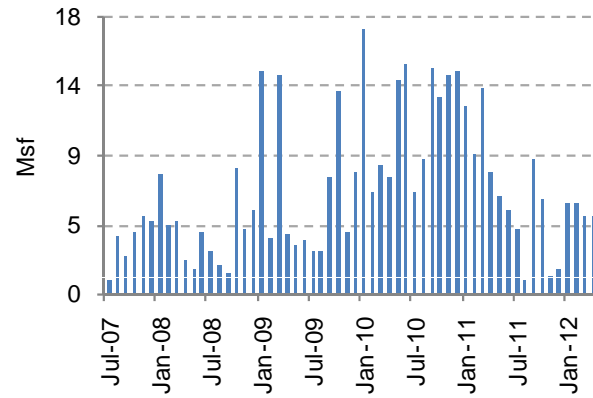
- Stable absorption witnessed in Bengaluru and Pune
- Downtrend in absorption in Mumbai seems to have paused around 4msf
- Absorption in Chennai shows uneven trend
- Temporary pause in downward movement in NCR absorption

NEW LAUNCHES

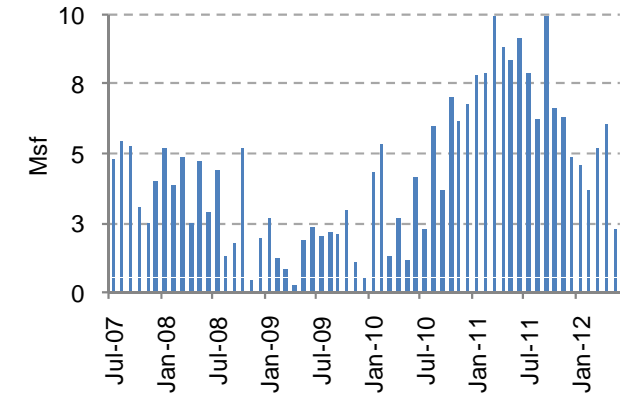
NCR



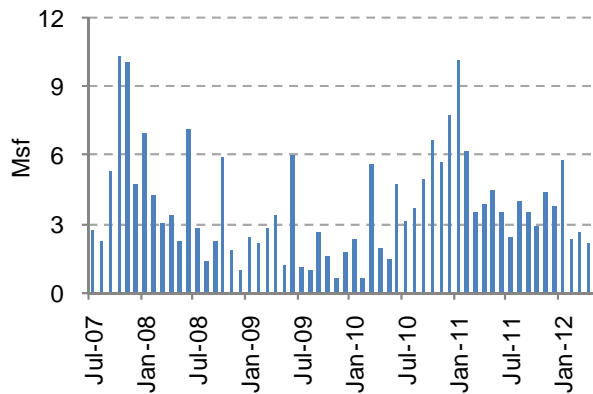
Mumbai



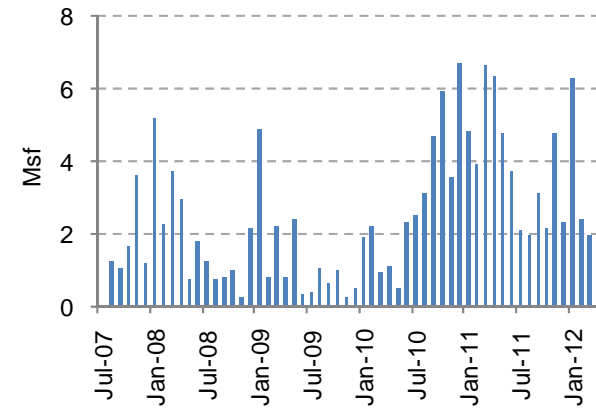
Bengaluru



Pune



Chennai

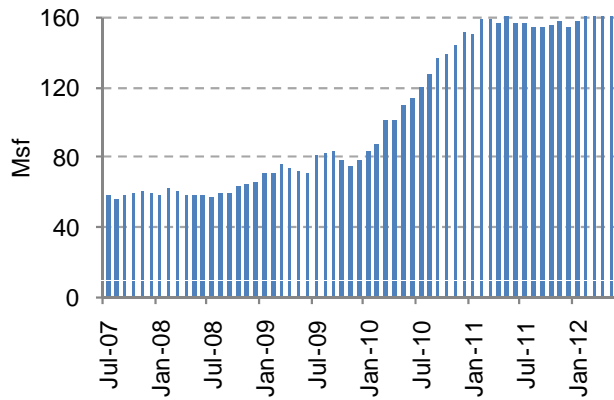


Source : PropEquity, SSL

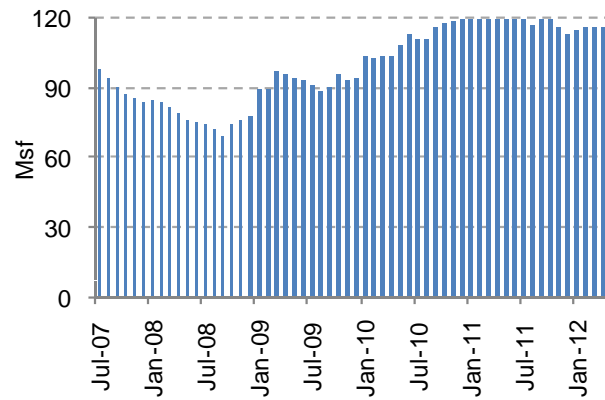
- Pune showing surge in new launches at regular interval
- Considerable reduction in new launches in south India (Bengaluru and Chennai)
- New launches continue to be less than 10msf in NCR; very low compared to more than 20msf a year ago
- Considerable drop in new launches in Mumbai; expected to pick up going forward

INVENTORY

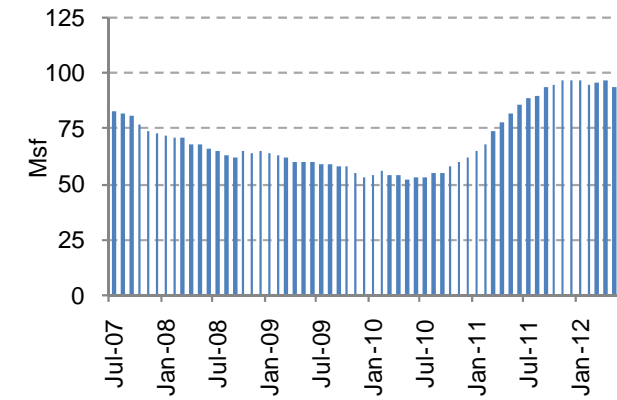
NCR



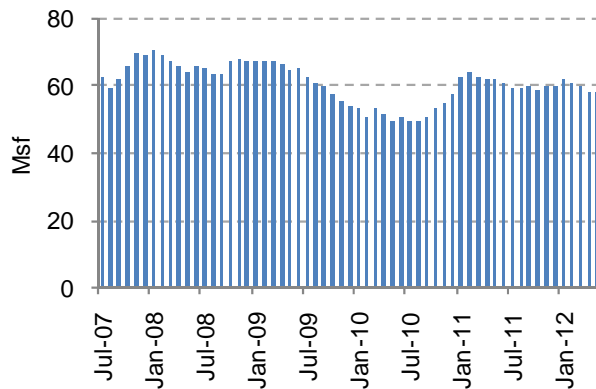
Mumbai



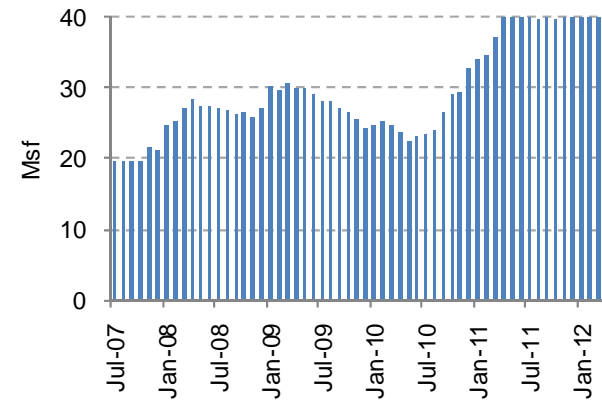
Bengaluru



Pune



Chennai

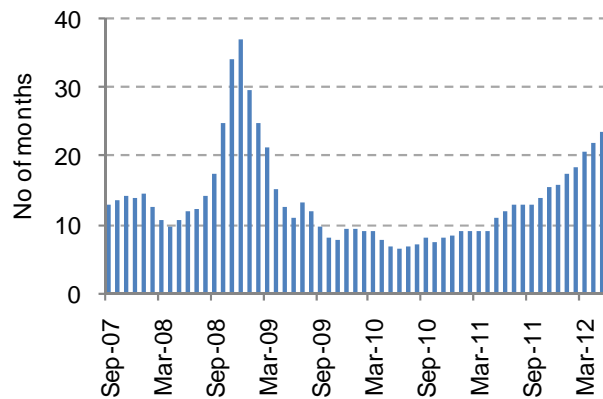


Source : PropEquity, SSL

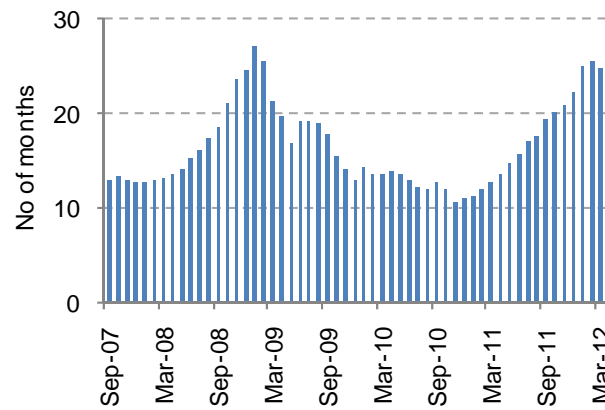
- High level of new launches and lower absorption led to higher inventory in NCR
- Reducing pace of new launches helping Bengaluru to lower inventory level which is at its peak
- Inventory in Pune declining gradually
- Chennai witnessed inventory level increasing to its peak due to series of new launches

INVENTORY IN MONTHS OF SALES (IMS)

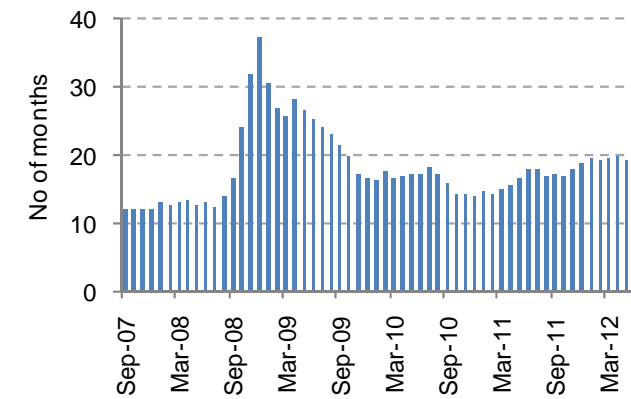
NCR



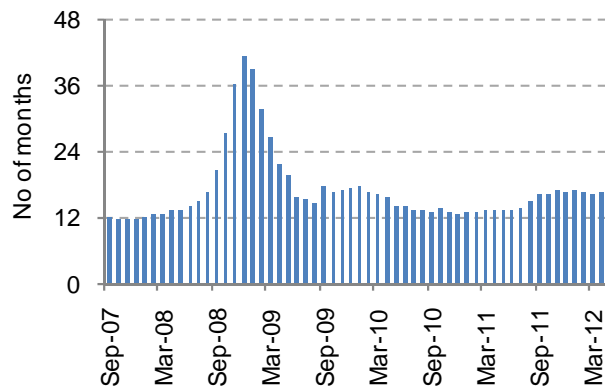
Mumbai



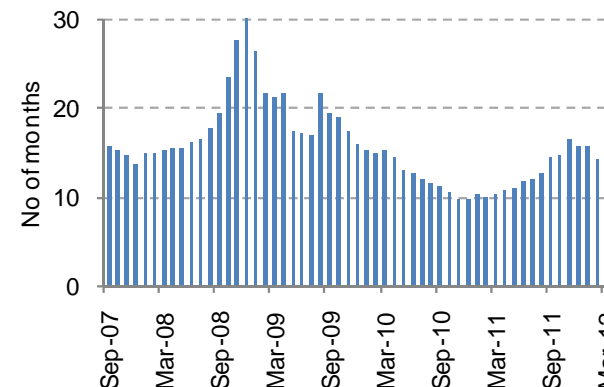
Bengaluru



Pune



Chennai



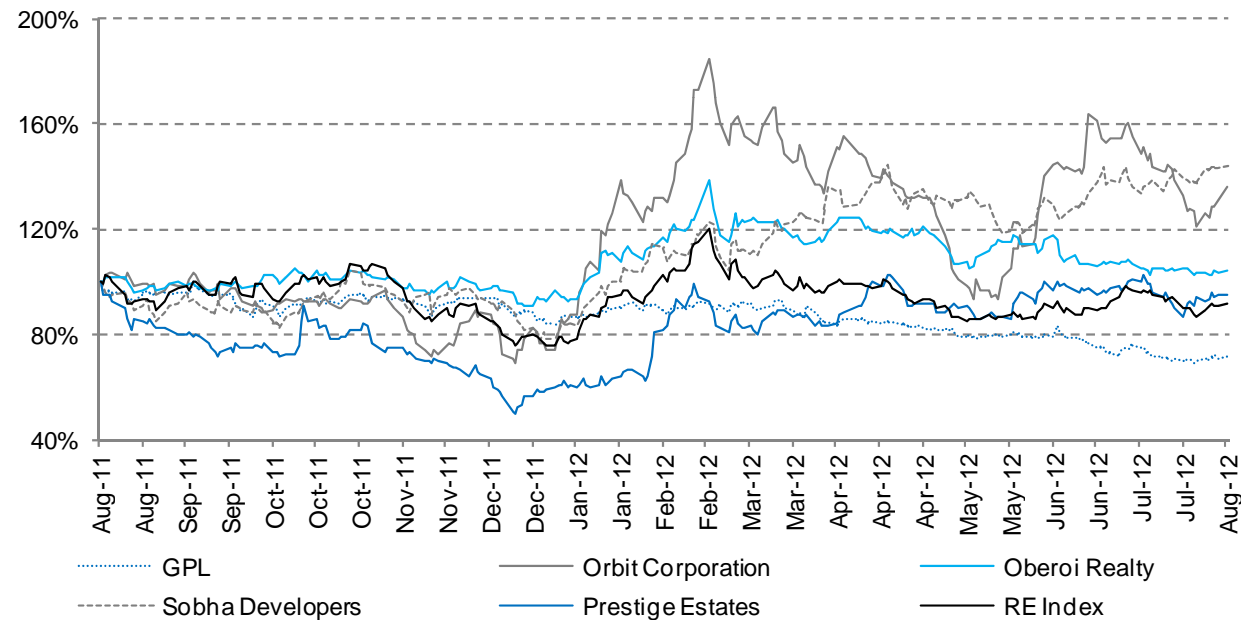
Source : PropEquity, SSL

- Despite regular spikes in new launches, IMS at Chennai is at 15 due to good absorption activities
- Considerable reduction in new launches helped Bengaluru to improve IMS
- IMS gradually coming down for Mumbai – combination of limited new launch and improved absorption

RE MATRIX

(Rs mn)	Revenue		EBIDTA		PAT		Debtors		Debt		Cash		Net D/E (x)		Reco.	CMP (Rs)	Target (Rs)	Upside
	F13e	F14e	F13e	F14e	F13e	F14e	F13e	F14e	F13e	F14e	F13e	F14e	F13e	F14e				
Godrej Properties	12,835	24,145	3,076	5,032	1,320	2,038	4,414	7,093	18,872	18,372	5,779	5,971	0.8	0.6	BUY	514	695	35%
Oberoi Realty	15,119	29,192	8,884	17,086	8,628	14,016	850	1,496	0	0	49,155	63,828	(1.1)	(1.1)	BUY	234	338	44%
Orbit Corporation	4,854	7,147	2,517	3,342	843	1,449	5,628	5,791	9,800	8,800	1,479	1,039	0.9	0.7	BUY	48	66	38%
Prestige Estates	16,717	25,342	4,369	7,123	1,833	1,721	7,403	9,915	18,381	21,089	2,354	2,494	0.7	0.8	ADD	114	133	17%
Sobha Developers	17,953	23,380	5,024	6,493	2,188	3,043	1,298	1,493	11,408	9,908	1,031	1,054	0.5	0.4	ADD	350	367	5%

Source: SSLe



Source : Bloomberg, SSL

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Guide to the expected return over the next 12 months. **1=BUY** (expected to give absolute returns of 20 or more percentage points); **2=ACCUMULATE/ADD** (expected to give absolute returns between 10 to 20 percentage points); **3=REDUCE** (expected to give absolute returns between 0 to 10 percentage points); **4=SELL** (expected to give absolute negative returns)

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