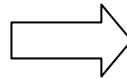


Book Profit Stocks	
Company Name	ICICIdirect Code
Unitech	UNITEC
Akruti City	AKRNIR
Parsvnath	PARDE
Omaxe	OMALIM
Orbit Corporation	ORBCOR
Purvankara	PURPRO
Ansal Housing	ANSHOU
Peninsula Land Ltd.	MORGOK
DLF Ltd.	DLFLIM
Sobha Developers	SOBDEV
HDIL	HDIL

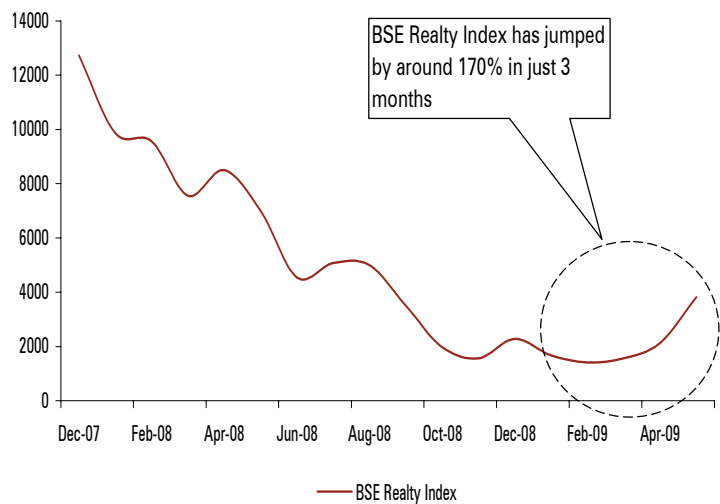


Entry Stocks	
Company Name	ICICIdirect Code
Mahindra Lifespace	GESCOR
Indiabulls Real Estate	INDREL

Real estate stocks have been extremely volatile since December 2007. The BSE Realty index, which declined by nearly 90% over a fifteen month period from December 2007 to February 2009, has jumped by over 170% in just three months from March 2009 to May 2009. The concerns related to liquidity of the real estate companies have been key reasons for the performance of the stocks. Despite that, the companies are trying to improve their liquidity condition by selling equity and assets, raising capital through QIPs or by restructuring debt repayments. We believe the fundamentals would remain weak. We believe earnings of real estate companies would be subdued on weak housing demand. Though the focus on low-cost housing by real estate players has improved the volumes, due to high gestation period, its impact in P&L will be visible only after a couple of quarters. We may also note that margins in this segment are lower. On the valuation front, the stocks seem to be running ahead of their fundamentals, particularly factoring in the high leverage. Thus, we recommend booking profits in all real estate stocks as mentioned above and take an entry into Mahindra Lifespace and Indiabulls Real Estate.

Exhibit 1: Stock Returns

Stock Returns (%)				
	1M	3M	6M	12 M
DLF	76.5	167.4	44.1	-30.7
Unitech	80.7	181.8	95.8	-65.8
HDIL	93.9	287.6	118.7	-49.6
Sobha Dev	93.6	139.4	82.5	-61.5
Akruti City	21.2	-44.1	-24.2	-49.1
Anantraj Dev	54.7	180.7	43.7	-38.1
Parsavnath	100.0	180.5	104.6	-50.9
Omaxe	85.2	130.1	58.8	-49.9
Orbit Corp	133.8	310.1	169.6	-64.0
Purvankara	56.7	188.8	122.6	-52.4
Ansal Housing	109.1	197.2	80.4	-58.5
Peninsula Land	92.3	248.1	176.3	-17.1
Phoenix Mills	25.4	149.5	80.5	-59.3
Mahindra Life	68.7	199.9	60.4	-54.9
Indiabulls Real	92.2	170.2	88.7	-48.7



Source: Capitaline

Mahindra Lifespace Ltd (GESCOR) CMP: Rs 335

Mahindra Lifespace currently has its projects in Goregaon, Bhandup, Pimpri and Faridabad and has two operational SEZs (in Chennai and Jaipur). It is the only private sector player in India to have an operational SEZ in the country. Taking in to account the fact that it had acquired land for SEZs at low cost, it is better placed as compared to its peers. The company also has lowest leverage (D/E of 0.3x) in the industry. As a result of this, the company is well placed to execute ongoing projects and capitalise on any distress opportunities that may be available.

Indiabulls Real Estate (INDREL) CMP: Rs 231

Indiabulls Real Estate, with around 5 million sq. ft of projects is a leader in the commercial business district (CBD) space. The company has also launched 9.5 million sq ft of projects and plans to launch an additional 9.8 million sq ft of projects in FY10. Also, entry into the power business will diversify its revenue stream in the long run.

Indiabulls Real Estate is one of the few realty developers with net cash of Rs 103 per share (including QIP). It can utilise this cash for big realty development projects for which the company has bid — Dharavi redevelopment, New Delhi railway station modernisation, etc. The other option is to utilise the cash for meeting the equity commitment for its power plants.

Valuations Of Entry stocks

	ICICIdirect code	P/BV			Net D/E
		FY08	FY09	FY10E	FY08
Indiabulls Real Estate	INDREL	1.6	1.2	1.2	-0.3
Mahindra Lifespace	GESCOR	1.7	1.6	1.4	0.3

Valuations of Book Profit stocks

	ICICIdirect code	P/BV			Net D/E
		FY08	FY09	FY10E	FY08
DLF	DLFLIM	3.9	2.9	2.7	0.5
Unitech	UNITEC	4.3	3.4	2.8	2.5
Sobha Developers	SOBDEV	2.0	1.9	1.6	1.8
HDIL	HDIL	2.0	1.9	1.7	0.8
Ansal Housing	ANSHOU	0.2	NA	NA	1.3
Akruti City	AKRNIR	2.3	3.6	2.1	1.0
Parsvnath	PARDE	1.0	1.0	1.0	0.7
Peninsula Land	MORGOK	2.7	1.9	1.6	0.2
Omaxe	OMALIM	1.3	1.4	1.3	1.3
Puravankara	PURPRO	2.4	1.8	1.8	0.5
Orbit Corp	ORBCOR	1.6	1.4	0.9	0.7

Consensus Estimates

Source: Bloomberg, Capitaline

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