

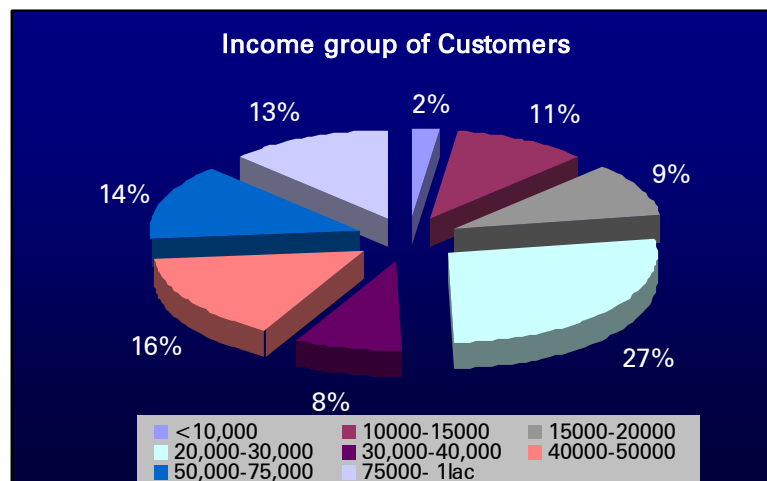
MCHI Budget Property Exhibition
Venue: Raghuleela Mall, Kandivali
Period: 16 January, 2009 - 18 January, 2009

We visited the MCHI Budget Property exhibition held at Raghuleela Mall, Kandivali from January 16 to January 18, 2009.

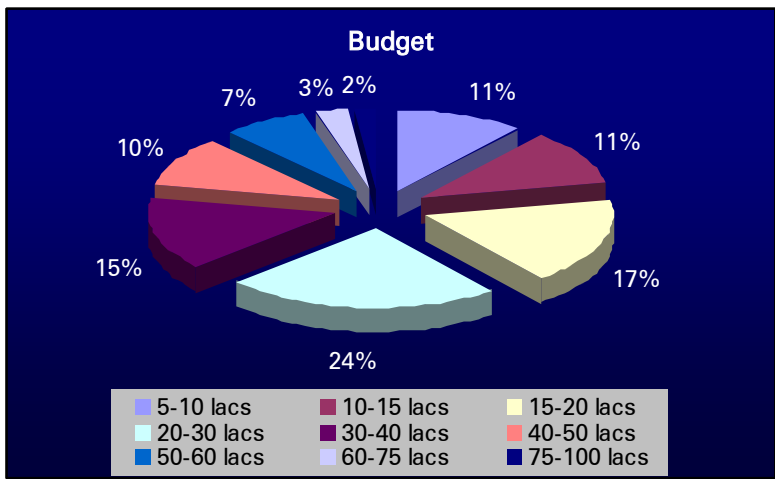
The exhibition received a very good response. Since it was a budget property exhibition majority of the properties on display were located in Mira Road, Mira-Bhayender Road, Vasai & Virar. These projects were in the range of Rs.2000-4000 per sq.ft.

The majority of the visitors that were looking for a property for self-occupation found the price points still higher and expected the rates to correct further. Our observations based on the responses received from visitors are as below-

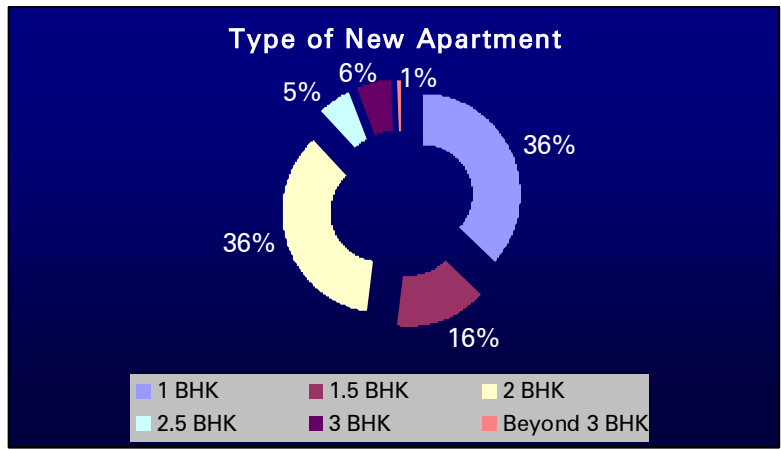
- **Location:** Out of the total projects exhibited, majority were from Mira Road, Mira-Bhayender Road, Vasai & Virar.
- **Age Profile:** Out of the visitors that we interviewed, around 46% were in the age bracket of 26-35 and 25% were in the age bracket of 36-45 which only re-confirms the fact that over the years the average age of home buyers has been on a decline.
- **Occupation:** Almost 67% of the respondents belong to the salaried class.
- **Monthly Income:** The exhibition attracted consumers from all walks of life, if the income distribution is anything to go by. While 22% of the respondents' reported a monthly income level of upto 20000, 35% reported it in the bracket of 20,000-40,000; 16% of the respondent's reported monthly income was in the 40000-50000 range and 27% represented the above 50000 income category.



- **Size of Apartments & Budget:** Out of the responses we gathered, around 40% are seeking homes in the range of Rs.15-30 lacs; another 20% would prefer homes upto Rs.15 lacs. The average ticket size, as estimated, was around Rs.31 lacs.

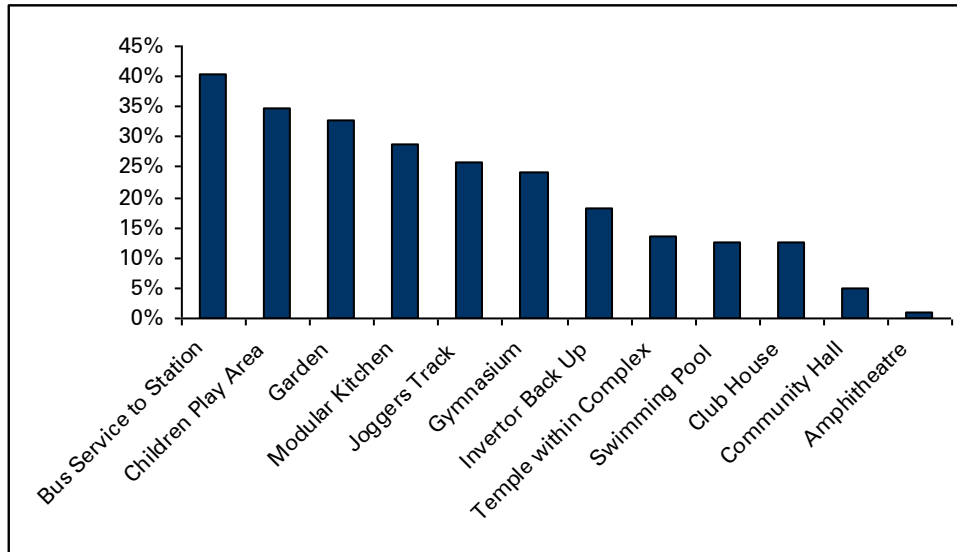


- **Source of Funds:** Around 88% of the respondents had stated that they would opt for loans from financial institution with a majority of them indicating the LTV range from 70%-85%.
- **Preferred Bank:** Private Sector Banks were the most preferred (65%) source of funds among the respondents. 32% would prefer a public sector bank while the rest (3%) would prefer co-operative banks.
- **End Use of New property:** Around 87% of the visitors intend to purchase the new property for self-occupation purposes while for 7% it was to be there second home. The investors constituted a meager 6%.
- **Unit Size:** 45% of the respondents intended to purchase 1 & 2 BHK each while 20% would prefer a 1.5 BHK unit. The average floor area preferred was reported to be around 800 sq.ft.

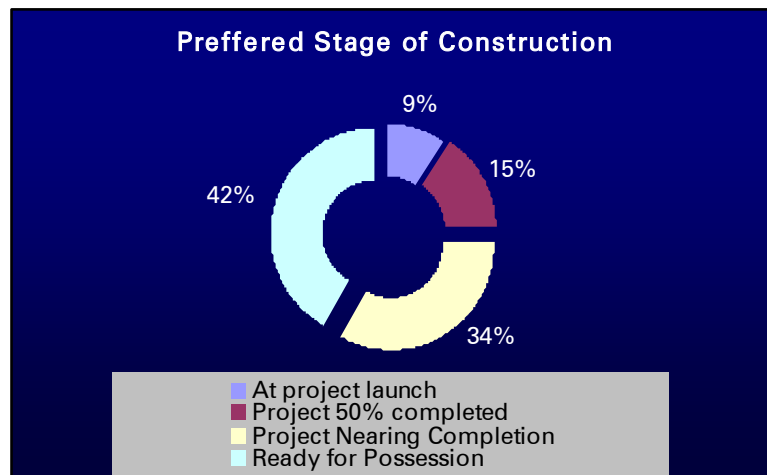


*The responses would not add upto 100% as there were respondents who had given multiple preferences.

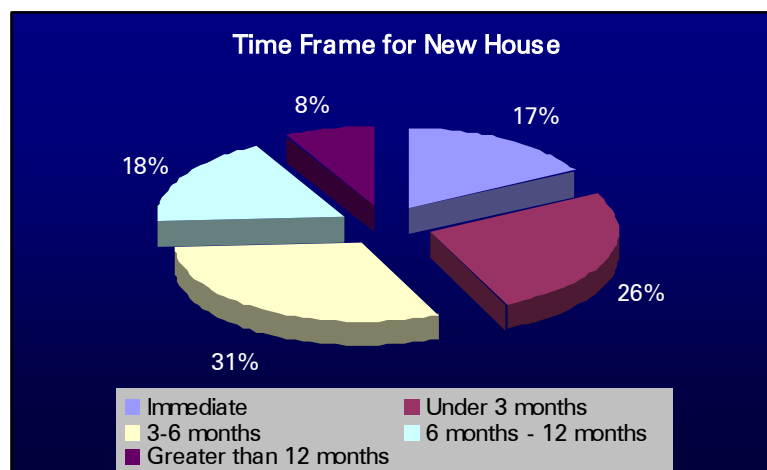
- Amenities:** In terms of amenities, the current home seeker seems to prefer basic utilities like a bus service, children’s play area, and a garden over swimming pools, club house & Amphitheatres. Given the target consumer segment, the amenities higher on functionality should have got the preference which is apparent from the data as well; while 40% of the respondents have opted for a Bus Service to the Station and 35% prefer a Children Play Area, only 13% of the respondents have opted for a swimming pool or a club house, while only 1% opting for an Amphitheatre.



- Stage of Construction:** 76% of the respondents preferred a ready possession property and property nearing completion over under construction properties – a fact that indicates the buyer sentiment today considering the overall liquidity scenario.



- **Time Frame:** Three quarters of the home seekers intended to buy the property within 6 months.



- **Affordability Factor:** As per the data from the consumer intercept interviews carried out during the exhibition, the reported average monthly income was determined as Rs.39632/- as against Rs.20160/- for the class of consumers upto a monthly income of Rs.30000/- and Rs.14167/- for the class of consumers upto a monthly income of Rs.20000/-.

While at an overall level, the preferred average unit size was reported to be 789 sq. ft.; for the upto Rs.30000/- monthly income group, it was reported to be 690 and for the upto Rs.20000/- income group, it was reported as 639 sq. ft.

Income Class (based on monthly income)	ALL	Upto Rs.30000	Upto Rs.20000
Average Monthly Income (Rs.) : As per consumer data	39632	20160	14167
Average Preferred Apartment Size (in Sq ft)	789	690	639

With the objective to determine the most optimum unit selling price with the above two data points, ICICI Property Services has created the following ready reckoner which throws up the disparity between the affordability equations of the various income groups; going beyond, it also seems to be suggesting the disparity that exists in the unit selling price on offer from the various builders & developers.

Income Class (based on monthly income)	ALL	Upto Rs.30000	Upto Rs.20000
Average Property Rate Exhibited (Rs. per Sq ft)	3000	3000	3000
Average Preferred Apartment Size (in Sq ft)	789	690	639
Estimated Cost of the Exhibited Properties (Rs. In Lacs) : Basis the quoted avg. preferred apartment size	23.67	20.70	19.17
Average Monthly Income (Rs.) : As per consumer data	39632	20160	14167
Estimated Loan Eligibility (Rs. In Lacs) *	15.36	7.81	5.49
Estimated Cost of Property (Rs. In Lacs) *	20.48	10.42	7.32
Stretch Budget (Rs. In Lacs) :	3.19	10.28	11.85

* Assuming 40% of the gross income goes towards paying the EMI over a 20 yr loan tenor and assuming 25% is the home seeker's own equity

Our Viewpoint:

Given the economic situation in the current markets, coupled with the sentiments that is quite evident from the consumer data presented above, in order to make affordable housing truly affordable, the pricing needs a re-look, as with the existing levels, on an average, a home loan seeker is likely to face a stretch target of Rs.3.19 lacs which could escalate upto Rs.11.85 lacs, depending upon the income class the consumer falls under. Efforts should be undertaken to make apartments available in the range of Rs.7.25 lacs upto Rs.20.50 lacs to cater to the needs of the lower & middle income strata of the society.

The properties show cased in the Kandivali Exhibition were in the range of Rs.2000-4000 psf, and may sound affordable vis-à-vis the current going rates in the western suburbs between Andheri & Dahisar, these are not yet reasonable & logical market price for the project locations. It was observed that most of the developers had reduced the size of the apartments to keep the total property cost within reach of prospective home buyers, however, on closer examination, it was evident that the psf cost had not been reduced much!

Albeit there is a slowdown in the economy, however, the home buyers are still there to be tapped, if the right product with the right pricing is made available to them. The only segment that seems to be lying low for the moment is the investors, which in many ways should act as a deterrent to any inordinate price hikes in the immediate short run. With the focus shifting to end users rather than investors, one could expect more projects being designed in line with the requirements of the end users and not just to appease the investor segments. Functionality should take centre stage over opulence!

Details of the projects on display have been tabulated as below:-

S.No.	Developer	Project Name	Location	Type - BHK	Price	(Rs.per Sq Ft)	Completion Date
1	Acme Group	Acme Amrut	Dahisar (E)	1 & 1 1/2		3200	Dec 2010
		Acme Ozone	Thane	1/ 1 1/2/ 2/ 2 1/2		3300	Dec 2010
		Acme Amartaru	Andheri (E)	2 & 2 1/2		price)	Dec 2009
2	Agarwal & Doshi	Agarwal & Doshi	Vasai (W)	1/2/3		2330	Ready Possession
3	Akruti City	Akruti Gardenia	Mira Bhayender Road	1 1/2/ 2/ 2 1/2/ 3		2750-2900	Mar 2011
4	Arrow Engineering Ltd	Arrow Green View	Uran-Pen-Alibag belt	1/2		1500	2012
5	Balaji Tirupati	Balaji Complex	Virar (W)	1		12.5 lakhs (unit price)	June 2010
				2		17.3 lakhs (unit price)	
				3		25.6 lakhs (unit price)	
6	Chandan Shanti Group of Co	Santativan Paradise	Mira Road	1/2		3200	Ready Possession
7	Chauhan Group	Chamumda Classic	Mira Road (E)	1/2/3		3996	July 2009
8	D.K Enterprises	Vinay Vihar	Mira Road (E)	1		2600	Ready Possession
9	Dhwani Developers	Dhwani Height	Mira Road	2		3000	2010
		Dhwani Tower	Mira Road	1/2		3000	2010
10	Disha Direct	Bay Vista	Alibaug	Vacation Homes		2799	NA
11	Evershine Builders	Evershine Solitaire	Vasai (E)	2/ 3		2100	Ready
		Evershine Global City	Virar (W)				To be launched
12	Green Court	Orchid	Vasai (W)	1/2/3		2900	Ready Possession
13	Kalpataru, Dynamix & N.L.Dalmiya	Sristi	Mira Road (E)	2 & 2 1/2		3800	Dec 2009
14	Kothari & Kanakia Developers	K.D. Empire	Mira Road	1/2		2500	2010
15	Labdhi Developers	Akruti Kiran	Mira Road	2/3		2700	Ready Possession
16	Mantri Group	Mantri Park	Goregaon (E)	1/ 2		5550-5900	March 2009
17	Mayfair	Virar Gardens	Virar (W)	1		13.61 lakhs (unit price)	Phase I: Ready
				2		17.98 lakhs (unit price)	Phase II: June 2010
18	Nirmaan	Nirman Nano City	Neral, Karjat	1		4.49 lakhs (unit price)	2011
				2		6.08 lakhs (unit price)	
19	Poonam Developers	Poonam Nagar	Virar (W)	1/2/3		2 BHK -13.99 lakhs (Unit Price)	Ready Possession
20	Pratik Builders	NA	Kasara	Villa		24.94 lakhs (Unit Price)	NA
21	Raunak Group	Rajeshri Avenue	Borivali (W)	2/ 3		7200	Dec 2009
		Rajeshri Kunj	Kandivali	1/ 2/ 3		6500	Ready
22	Rishabh Group	Padmavat Nagar	Virar (W)	1RK		6 lakhs (Unit Price)	Ready Possession
				1		9 lakhs (Unit Price)	
				2		12 lakhs (Unit Price)	
		Navkar Avenue	Virar (E)	1		11.51 lakhs (Unit Price)	April 09
				2		15.51 lakhs (Unit Price)	
				3		21 lakhs (Unit Price)	
		Krish Veehar	Vasai (W)	1		10 lakhs (Unit Price)	Ready Possession
				3		21 lakhs (Unit Price)	
		Raj Gulmohar	Virar (W)	1RK		6.5 lakhs (Unit Price)	Ready Possession
				1		9 lakhs (Unit Price)	
2				13.51 lakhs (Unit Price)			
Yashodham Veehar	Virar (W)	2		18 lakhs (Unit Price)	Ready Possession		
		2		20 lakhs (Unit Price)			
Sangam Co-Op Hsg Soc	Virar (W)	3		20 lakhs (Unit Price)	July 2010		
		4		22 lakhs (Unit Price)			
		Sangam Co-Op Hsg Soc	Borivali (E)	1/2		5500	July 2010

SN	Developer	Project Name	Location	Type- B-K	Price (Rs per Sq Ft)	Completion Date
23	Rustonjee Township	Rustonjee Estates	Virar (VY)	1	1338 lakhs (Unit price)	June 2010
				2	1861 lakhs (Unit price)	
24	SK Developers	Niketan	Neral (Karjat)	Bungalow	25 lakhs for Bungalow	Sept 2009
25	Sai Builders & Developers	Excellency Tower	Mira Road	1/2	3000	2010
26	Sai Venkata Constructions	NA	Talegaon	Bungalow	56.98 lakhs (Unit Price)	NA
				Row-Houses	33.37 lakhs (Unit Price)	
27	Selasar Land Developers	Solitaire Heights	Mira Road	2/3	3000	2010
		Sanghvi Nagar	Mira Road (E)	1	17.55 lakhs (Unit Price)	
				2	21.75 lakhs (Unit Price)	2010
		Sanghvi Complex	Mira Road (E)	1	15.79 lakhs (Unit Price)	
				2	17.41 lakhs (Unit Price)	Ready Possession
28	Sanghvi Group	Sanghvi Park	Mira Road (E)	1	13.99 lakhs (Unit Price)	Ready Possession
				2	22.49 lakhs (Unit Price)	2010
				1	19.99 lakhs (Unit Price)	
		Sanghvi Valley	Thane Kelva (VY)	2	28.99 lakhs (Unit Price)	
				3	40.99 lakhs (Unit Price)	Oct 2009
		Sankheshwar Nagar	Dombivli (E)	2	15.99 lakhs (Unit Price)	Ready Possession
29	Shubham Developers	Sanskriti	Mira Road	1	2700	Ready Possession
30	Shubharanbh	Shubharanbh	Nashik	Row-Houses & Twin Bungalow	1899	NA
		Solitaire	Mira Road (E)	2/3	3150-3400	Ready Possession
31	Vinayma Builders & Developers	Vinay Nagar	Mira Road (E)	1	3000	Ready Possession
		Vinay Heights	Mira Road (E)	2/3	2800	2011
32	Vinay Unique Construction Co.	Vinay Unique Residency	Virar (VY)	1/1/2/2/3	2000-2351	July-2009
33	Yash Infra ventures	NA	Mumbai	NA Plots	300	
			Shird County	NA Plots	300	NA

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