

Well placed amid Mumbai headwinds [EXTRACT]

■ We initiate coverage with a Buy rating

Oberoi Realty (Oberoi) is a premium developer with diversified exposure to Mumbai (residential, office, retail and hotel). We believe the company's prime landbank, core presence in Mumbai, net cash reserve of Rs15.6bn, growing rental asset/income and premium brand positioning differentiates it from the competition.

■ Good proxy to Mumbai market; slow now, but long-term demand intact

While affordability issues after the sharp price hikes, FSI policy uncertainty and construction approval delays amid tight liquidity have dampened near-term pre-sales, we believe the Mumbai market is resilient with long-term demand potential (rising per capita income, and an increase in nuclear/dual-income families and migrants). We think Oberoi is well placed to grow due to its balanced portfolio (development and lease assets) and net cash reserve.

■ Potential triggers: efficient cash utilisation and strong Mumbai recovery

We expect the key catalysts to be: 1) net cash utilisation of Rs15.6bn for large land acquisition/joint developments at distressed prices; 2) a strong residential recovery in Mumbai; and 3) good corporate governance and benefits accruing to Oberoi from the monetisation of the co-founder's prime land holding (0.2msf) in Worli.

■ Valuation: Rs300 price target; an attractive 42% discount to NAV

We base our price target on a 25% discount to our NAV estimate of Rs400 to factor in the risk of a near-term slowdown in Mumbai. We believe a high cash surplus (Rs47/share) and rental assets (Rs59/share) will drive outperformance and position Oberoi as a relatively defensive play in the current risk-averse environment.

Highlights (Rsm)	03/10	03/11	03/12E	03/13E	03/14E
Revenues	7,836	9,843	12,118	16,989	21,918
EBIT (UBS)	4,582	5,416	6,638	9,891	12,381
Net Income (UBS)	4,574	5,176	5,934	7,886	9,800
EPS (UBS, Rs)	14.90	16.87	19.34	25.70	31.93
Net DPS (UBS, Rs)	0.00	0.00	1.00	1.00	1.25

Profitability & Valuation	5-yr hist av.	03/11	03/12E	03/13E	03/14E
EBIT margin %	54.2	55.0	54.8	58.2	56.5
ROIC (EBIT) %	-	32.8	33.2	40.7	41.3
EV/EBITDA (core) x	-	17.2	11.7	8.1	6.7
PE (UBS) x	-	15.1	11.9	9.0	7.2
Net dividend yield %	-	0.0	0.4	0.4	0.5

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs230.90 on 15 Aug 2011 23:39 HKT

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India

Real Estate

12-month rating **Buy**
Prior: *Not Rated*

12m price target Rs300.00/US\$6.62

Price Rs230.90/US\$5.09

RIC: OEBO.BO BBG: OBER IB

16 August 2011

Trading data (local/US\$)

52-wk range	Rs302.00-215.10/US\$6.81-4.73
Market cap.	Rs75.8bn/US\$1.67bn
Shares o/s	328m (ORD)
Free float	22%
Avg. daily volume ('000)	9
Avg. daily value (m)	Rs2.0

Balance sheet data 03/12E

Shareholders' equity	Rs38.7bn
P/BV (UBS)	2.0x
Net Cash (debt)	Rs4.85bn

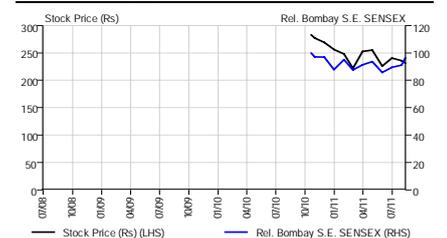
Forecast returns

Forecast price appreciation	+29.9%
Forecast dividend yield	0.4%
Forecast stock return	+30.3%
Market return assumption	13.3%
Forecast excess return	+17.0%

EPS (UBS, Rs)

	03/12E		03/11	
	From	To	Cons.	Actual
Q1E	-	-	-	-
Q2E	-	-	-	-
Q3E	-	-	-	-
Q4E	-	-	-	-
03/12E	-	19.34	-	-
03/13E	-	25.70	-	-

Performance (Rs)



Source: UBS

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This report has been prepared by UBS Securities India Private Ltd

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 9.

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This is an extract from our initiation of coverage report published on 16 August 2011. For more detail, please refer to the longer report.

Investment Thesis

We initiate coverage of Oberoi Realty (Oberoi) with a Buy rating and a price target of Rs300, which is based on a 25% discount to our NAV estimate of Rs400. We believe Oberoi's diversified asset exposure to Mumbai, prime landbank, growing rent-yielding assets and net cash reserve of Rs15.6bn in a tight liquidity environment differentiates the company from its peers. With 53% of our NAV based on projects under construction, cash reserves and rent-yielding assets, we believe Oberoi is best placed to outperform amid the current headwinds, and we view the stock as a relatively defensive play.

While Mumbai's property market has slowed and high interest rates may remain a near-term overhang, we believe long-term demand potential is intact with increasing per capita income, and a rise in nuclear/dual income families and migrants. We view Oberoi as a proxy to the Mumbai property market, given its good mix of development/rental assets, premium positioning and capital base that provides the flexibility to tap new acquisition and project opportunities faster. We forecast earnings to record a 23% CAGR over FY11-13, driven by steady rental growth (10%) and high cash flow visibility from ongoing projects. With the shares trading at a 42% discount to NAV (down 18% from the IPO price of Rs283) and a high cash reserve (Rs47/share) and rental assets (Rs59/share) providing support, we see upside potential.

Key catalysts

Efficient cash utilisation

We expect a key catalyst to be the efficient utilisation of cash reserves of Rs15.6bn at the end of Q1 FY12 into new large projects/land acquisitions at distressed prices in order to take advantage of the tight liquidity conditions. We believe large new projects will enhance profitability and cash-flow visibility. The management has reiterated its focus on actively exploring new opportunities in Mumbai and other tier 1 and 2 markets. That said, with land prices still firm, we view the option of the joint-development model as another efficient method to grow in the current environment by leveraging its large cash reserve.

Efficient utilisation of cash reserves of Rs15bn will be a key catalyst

Strong residential recovery in Mumbai

Mumbai's residential and leasing markets have been slow since Q2 FY11, which has dampened sentiment for the whole property sector. However, as Mumbai is traditionally the hub of commercial activity in India, we believe long-term demand potential is intact and we expect residential volume to recover over the next six to nine months, similar to the recovery after the financial crisis of 2008-09.

We believe long-term demand potential is intact

Our view is based on: 1) property prices softening 8-10% in a few pockets of Mumbai (the Lower Parel area) and stabilising in other parts of the city; 2) clarity on the Floor Space Index (FSI) policy and the construction approval process is beginning to emerge; 3) although infrastructure (metro/mono rail

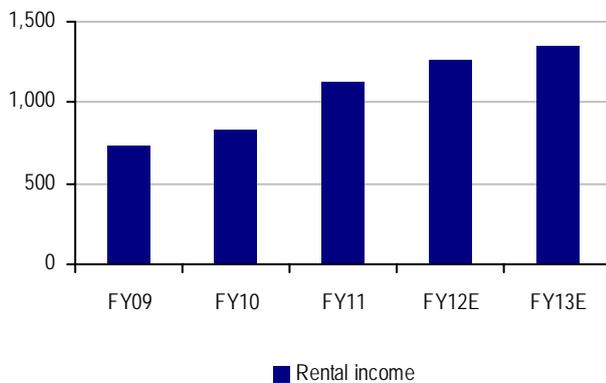
projects, bridge/road connectivity) progress is slow, connectivity is improving; and 4) potential pent-up demand.

Strong cash-flow visibility from rental growth and execution ramp-up

We forecast steady rental growth at a 10% CAGR over FY11-13 from Oberoi's leased asset portfolio: 1) the Commerz project (0.36msf of leased + 0.7msf of office space); and 2) the Oberoi Mall (0.5msf) on growing and healthy occupancy levels of 76% and 92%, respectively, in FY11. The Oberoi Westin Hotel should also record strong revenue growth at a 22% CAGR in FY13E. In addition, we expect increased cash-flow visibility from: 1) the execution of the project pipeline of 11msf for residential and office projects; and 2) good pre-sales at new launches; this should be an important catalysts for the share price.

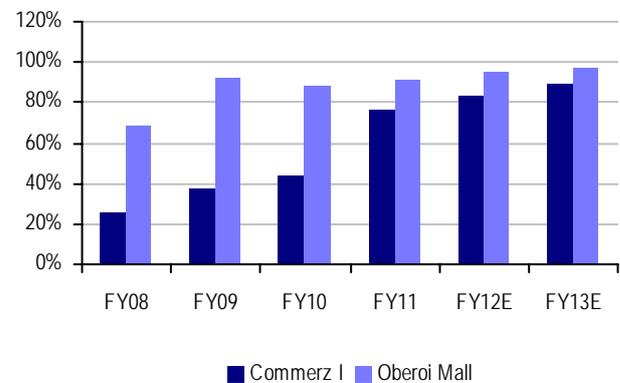
We forecast rentals and occupancy to grow strongly at leased asset portfolio

Chart 1: Commerz I & Oberoi Mall income growth (Rs m)



Source: Company data, UBS estimates

Chart 2: Occupancy levels at Commerz I & Oberoi Mall



Source: Company data, UBS estimates

Superior disclosure and corporate governance

We believe management's efforts to enhance disclosure standards and provide transparency on revenue recognition significantly differentiates the company from its peers. Furthermore, good corporate governance standards and the benefit for Oberoi from the likely monetisation of co-founder Vikas Oberoi's prime land holding (two acres) in Worli, Mumbai, will be a share price catalyst, in our view.

Risks

We believe the key risks to our investment thesis are as follows:

- **A prolonged delay in large land acquisitions** could increase the risk of inefficient utilisation of the cash reserve through buying land at high valuations. This may dampen returns and affect sentiment.
- **A fluid political environment.** Regulatory clarity about new FSI policy norms and the premium payable for increased FSI is critical. While this may streamline and speed up the development process, if adopted in the current draft form it could affect Mumbai developers' profitability in the near term.
- **Continued slowdown in Mumbai's real-estate market.** Further approval/environment clearance delays at its Worli, Mulund and Pune (30% of Oberoi's NAV) projects would affect cash-flow visibility.

Policy risks and a slowdown in Mumbai recovery are the key risks

Valuation and basis for our price target

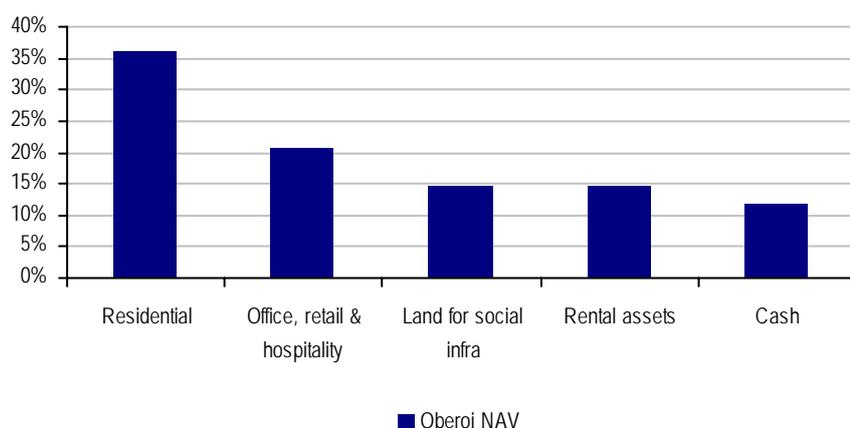
We believe Oberoi's core presence in the Mumbai market, prime landbank, net cash balance sheet, growing rent-yielding assets and strong brand name differentiate the company from its peers. We believe a NAV-based valuation methodology is the most appropriate for Oberoi, as it factors in: 1) the value of the land assets; 2) the scale of development opportunities and the diversified geographic asset mix across different time frames; and 3) execution. We group Oberoi with regional peers, and factoring in the business model risks we expect the stock to trade at a discount to NAV in the future.

Our price target of Rs300 is based on a 25% discount to March 2012E NAV/share of Rs400. While the level of NAV discount is a matter of subjective assessment, we believe a 25% discount to our base-case NAV is fair. Our lower discount versus peers' 25-40% largely factors in: 1) Oberoi's net cash reserve of Rs15.6bn (12% of NAV); 2) large contribution (15% of NAV) from rent-yielding assets with growth potential; 3) strong track record and premium brand franchise; and 4) concerns about a delay in the recovery of Mumbai's property market. Our base-case NAV/share of Rs400 assumes the following: 1) development volume of 18.3msf (including 4msf of land for social infrastructure projects); 2) a 9% cap rate for rent-yielding assets; 3) no price escalations; 4) an average cost of capital of 14%; and 5) a tax rate of 25%.

The shares are trading at an attractive 42% discount. Although the share price has outperformed peers by 10% over the past six months, we see more upside potential based on its net cash balance sheet, superior execution track record and its multi-asset presence in the core Mumbai market with a higher ROCE of 17% in FY11 versus peers at below 10%.

In addition, on a PE basis the stock appears relatively attractive at 12x FY12E PE versus the sector average of 18x, although we believe this metric is unsuitable because of the high volatility of India property earnings.

Chart 3: Oberoi's NAV segment breakdown



Source: UBS estimates

Table 1: NAV breakdown (Rp/share)

Residential	67,615
Office	36,681
Retail/Hospitality	2,097
Development NAV	106,393
Add: Rental yielding assets	19,355
Gross NAV	125,749
Less: Customer advances	(2,860)
Less: Debt o/s	0
Add: Cash	15,640
Add: Land	19,231
Less: Tax	(26,598)
Net NAV	131,162
Shares o/s	328
NAV/Share	400

Source: UBS estimates

We see more upside potential for the share price

Table 2: NAV assumptions

Price escalation	nil
Cost of capital	14%
Tax rate	25%
Development volume (msf)	21
Execution delay	One to two years

Source: UBS estimates

Margin of safety at a 25% discount to our bear-case NAV

Our bear case factors in: 1) five-year development visibility (5msf); 2) values the balance as undeveloped land reserves; and 3) a higher cap rate of 10% for rent-yielding assets. Our bull-case scenario builds in: 1) 10% higher prices; 2) a faster execution cycle for development projects; and 3) faster leasing of commercial assets. We believe this provides a good perspective on NAV downside risks and upside potential.

Table 3: Scenario analysis

(Rs)	Bull case	Bear case
NAV/share	466	312
Upside/downside	17%	-22%

Source: UBS estimates

Table 4: Domestic comparables

Company	Share price (Rs)	Market cap (US\$ m)	Rating	Price target		Base Case		Bear Case		D/E (x) FY12E	P/BV (x) FY12E	PE (x) FY12E	ROE FY12E	ROCE FY12E
				(Rs)	Tgt disc.	NAV	Discount	NAV	Discount					
DLF	201	7,553	Buy	350	-25%	465	-57%	275	-27%	0.80	1.3	18.8	7%	8%
Oberoi Realty	231	1,671	Buy	300	-25%	400	-42%	312	-26%	0.00	2.0	11.9	17%	33%
Unitech	29	1,532	Buy	52	-40%	86	-66%	58	-50%	0.60	0.7	13.6	5%	5%
GPL	693	1,068	Buy	960	-25%	1,275	-46%	672	3%	0.84	4.7	30.6	16%	17%
HDIL	117	895	Buy	218	-35%	335	-65%	233	-50%	0.35	0.4	5.0	10%	10%
Prestige	111	801	Buy	205	-40%	275	-60%	194	-43%	0.46	1.5	12.6	13%	14%
IBREL	82	729	Buy	180	-25%	300	-73%	181	-54%	0.25	0.3	16.2	2%	5%
Phoenix Mills	215	688	Buy	310	-25%	412	-48%	257	-16%	0.55	1.8	26.6	7%	6%
DB Realty	68	367	Buy	153	-45%	279	-76%	240	-72%	0.20	0.5	7.3	7%	11%

Note: Priced as at 15 August 2011. Source: UBS estimates

UBS versus consensus

We are below consensus for FY13 and FY14 revenue, EBITDA and PAT, but above consensus for FY12 revenue and PAT, as we believe the recovery cycle for Mumbai's residential market will take longer

We believe the recovery cycle for Mumbai's residential market will take longer

Table 5: UBS vs. consensus

(Rs m)	FY12			FY13			FY14		
	UBS	Consensus	% variance	UBS	Consensus	% variance	UBS	Consensus	% variance
Revenue	12,118	11,636	4%	16,989	18,373	-8%	21,918	25,153	-13%
EBITDA	6,907	7,031	-2%	10,193	11,320	-10%	12,713	15,830	-20%
PAT	5,934	5,828	2%	7,886	8,555	-8%	9,800	11,370	-14%

Source: Bloomberg, UBS estimates

Sensitivity analysis

Our sensitivity analysis of our NAV valuation is based on 10% higher/lower prices, discount rates of 13-15% and project delays of 12-24 months, and is shown in the table below.

Table 6: Sensitivity analysis

(Rs)	Resultant NAV/share	Base-case NAV/share	Sensitivity
Prices +10%	430	400	8%
Cost of capital -100bp	404	400	2%
Prices - 10%	369	400	-8%
Cost of capital + 100bp	395	400	-2%
Delay of 1 year	370	400	-6%

Source: UBS estimates

Income statement (Rsm)	03/07	03/08	03/09	03/10	03/11	03/12E	% ch	03/13E	% ch	03/14E	% ch
Revenues	2,352	5,112	4,254	7,836	9,843	12,118	23.1	16,989	40.2	21,918	29.0
Operating expenses (ex depn)	(1,134)	(2,537)	(1,780)	(3,164)	(4,190)	(5,211)	24.4	(6,795)	30.4	(9,206)	35.5
EBITDA (UBS)	1,218	2,575	2,474	4,672	5,653	6,907	22.2	10,193	47.6	12,713	24.7
Depreciation	(16)	(19)	(73)	(91)	(237)	(270)	13.9	(303)	12.2	(332)	9.8
Operating income (EBIT, UBS)	1,202	2,555	2,401	4,582	5,416	6,638	22.5	9,891	49.0	12,381	25.2
Other income & associates	122	474	295	218	744	782	5.0	625	-20.0	688	10.0
Net interest	(3)	0	(4)	0	(2)	(2)	0.0	(2)	0.0	(2)	0.0
Abnormal items (pre-tax)	0	0	0	0	0	0	-	0	-	0	-
Profit before tax	1,321	3,029	2,692	4,800	6,159	7,418	20.4	10,514	41.7	13,067	24.3
Tax	(34)	(69)	(177)	(226)	(983)	(1,484)	50.9	(2,629)	77.2	(3,267)	24.3
Profit after tax	1,287	2,960	2,515	4,574	5,176	5,934	14.6	7,886	32.9	9,800	24.3
Abnormal items (post-tax)	(496)	(8)	8	3	(5)	0	-	0	-	0	-
Minorities / pref dividends	0	0	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	792	2,952	2,523	4,576	5,172	5,934	14.7	7,886	32.9	9,800	24.3
Net Income (UBS)	1,287	2,960	2,515	4,574	5,176	5,934	14.6	7,886	32.9	9,800	24.3
Tax rate (%)	3	2	7	5	16	20	25.3	25	25.0	25	0.0
Pre-abnormal tax rate (%)	3	2	7	5	16	20	25.3	25	25.0	25	0.0
Per share (Rs)	03/07	03/08	03/09	03/10	03/11	03/12E	% ch	03/13E	% ch	03/14E	% ch
EPS (local GAAP)	2.58	9.62	8.22	14.91	16.85	19.34	14.7	25.70	32.9	31.93	24.3
EPS (UBS)	4.20	9.64	8.20	14.90	16.87	19.34	14.6	25.70	32.9	31.93	24.3
Net DPS	0.00	0.00	0.00	0.00	0.00	1.00	-	1.00	0.0	1.25	25.0
Cash EPS	4.25	9.71	8.43	15.20	17.64	20.22	14.6	26.68	32.0	33.02	23.7
BVPS	25.82	34.80	42.24	55.69	100.89	118.04	17.0	141.13	19.6	169.82	20.3
Balance sheet (Rsm)	03/07	03/08	03/09	03/10	03/11	03/12E	% ch	03/13E	% ch	03/14E	% ch
Net tangible fixed assets	380	446	2,736	3,069	7,581	8,421	11.1	9,229	9.6	9,897	7.2
Net intangible fixed assets	0	7	7	2	9	10	14.9	11	10.0	15	36.4
Net working capital (incl. other assets)	6,548	8,884	9,982	11,146	11,243	12,682	12.8	18,272	44.1	22,511	23.2
Other liabilities	0	0	0	0	0	0	-	0	-	0	-
Operating invested capital	6,928	9,337	12,725	14,217	18,833	21,113	12.1	27,512	30.3	32,423	17.9
Investments	0	3,842	150	790	650	12,779	1865.7	12,375	-3.2	14,470	16.9
Total capital employed	6,928	13,178	12,874	15,007	19,483	33,892	74.0	39,886	17.7	46,893	17.6
Shareholders' equity	8,476	11,421	13,865	18,278	33,117	38,744	17.0	46,323	19.6	55,739	20.3
Minority interests	0	0	0	0	0	0	-	0	-	0	-
Total equity	8,476	11,421	13,865	18,278	33,117	38,744	17.0	46,323	19.6	55,739	20.3
Net debt / (cash)	(1,547)	1,757	(991)	(3,272)	(13,634)	(4,852)	-64.4	(6,436)	32.7	(8,847)	37.4
Other debt-deemed items	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	6,928	13,178	12,874	15,007	19,483	33,892	74.0	39,886	17.7	46,893	17.6
Cash flow (Rsm)	03/07	03/08	03/09	03/10	03/11	03/12E	% ch	03/13E	% ch	03/14E	% ch
Operating income (EBIT, UBS)	1,202	2,555	2,401	4,582	5,416	6,638	22.5	9,891	49.0	12,381	25.2
Depreciation	16	19	73	91	237	270	13.9	303	12.2	332	9.8
Net change in working capital	0	(483)	(1,164)	88	(3,090)	(2,439)	-21.1	(5,700)	133.7	(4,239)	-25.6
Other (operating)	0	0	0	0	0	0	-	0	-	0	-
Operating cash flow (pre tax/interest)	1,218	2,091	1,310	4,760	2,564	4,468	74.3	4,493	0.6	8,473	88.6
Net interest received / (paid)	119	473	291	218	743	780	5.0	624	-20.0	686	10.0
Dividends paid	0	0	0	0	0	(307)	-	(307)	0.0	(384)	25.0
Tax paid	(34)	(69)	(177)	(226)	(983)	(1,484)	50.9	(2,629)	77.2	(3,267)	24.3
Capital expenditure	0	(1,926)	(2,294)	(1,673)	(1,746)	(110)	-93.7	(1,000)	809.1	(1,000)	0.0
Net (acquisitions) / disposals	0	0	0	0	0	0	-	0	-	0	-
Other	-	(2,810)	3,108	9,898	150	12,199	8017.4	(334)	-	2,185	-
Share issues	0	0	0	2,861	396	0	-	0	-	0	-
Cash flow (inc)/dec in net debt	807	(2,240)	2,238	15,838	1,124	15,547	1283.7	848	-94.5	6,695	689.9
FX / non cash items	-	(1,064)	510	(13,557)	9,239	(24,329)	-	737	-	(4,284)	-
Balance sheet (inc)/dec in net debt	-	(3,304)	2,748	2,280	10,362	(8,782)	-	1,585	-	2,410	52.1
Core EBITDA	1,218	2,575	2,474	4,672	5,653	6,907	22.2	10,193	47.6	12,713	24.7
Maintenance capital expenditure	(16)	(19)	(73)	(91)	(237)	(270)	13.9	(303)	12.2	(332)	9.8
Maintenance net working capital	0	(483)	(1,164)	88	(3,090)	(2,439)	-21.1	(5,700)	133.7	(4,239)	-25.6
Operating free cash flow, pre-tax	1,202	2,072	1,237	4,669	2,327	4,199	80.4	4,191	-0.2	8,141	94.3

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Note: For some companies, the data represents an extract of the full company accounts.

12-month rating

Buy

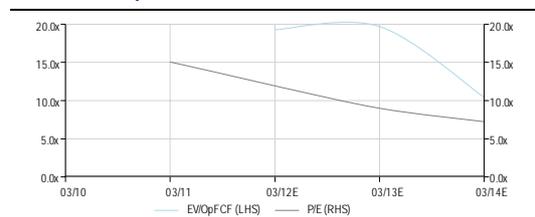
12m price target

Rs300.00

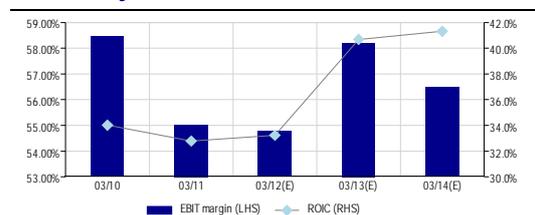
Company profile

Oberoi Realty is a premium Indian developer involved in residential and commercial developments, and has built 34 projects for an aggregate 5msf over the past 30 years. The company is involved in the residential, office, retail, hospitality and social infrastructure segments in Mumbai.

Value (EV/OpFCF & P/E)



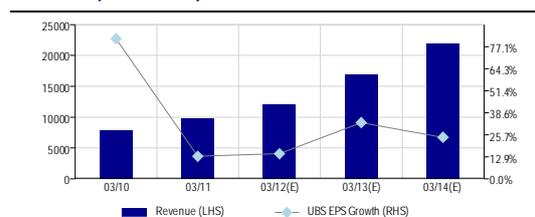
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
P/E (local GAAP)	-	-	15.1	11.9	9.0	7.2
P/E (UBS)	-	-	15.1	11.9	9.0	7.2
P/CEPS	-	-	14.4	11.4	8.7	7.0
Net dividend yield (%)	-	-	0.0	0.4	0.4	0.5
P/BV	-	-	2.5	2.0	1.6	1.4
EV/revenue (core)	-	-	9.9	6.7	4.9	3.9
EV/EBITDA (core)	-	-	17.2	11.7	8.1	6.7
EV/EBIT (core)	-	-	18.0	12.2	8.3	6.9
EV/OpFCF (core)	-	-	NM	19.3	19.7	10.4
EV/op. invested capital	-	-	5.9	4.1	3.4	2.8

Enterprise value (Rsm)	03/10	03/11	03/12E	03/13E	03/14E
Average market cap	-	83,486	75,788	75,788	75,788
+ minority interests	0	0	0	0	0
+ average net debt (cash)	3,631	13,993	5,211	6,795	9,206
+ pension obligations and other	0	0	0	0	0
- non-core asset value	0	0	0	0	0
Core enterprise value	-	97,479	80,999	82,584	84,994

Growth (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
Revenue	43.0	84.2	25.6	23.1	40.2	29.0
EBITDA (UBS)	46.8	88.9	21.0	22.2	47.6	24.7
EBIT (UBS)	45.7	90.8	18.2	22.5	49.0	25.2
EPS (UBS)	41.6	81.8	13.2	14.6	32.9	24.3
Cash EPS	42.8	80.2	16.1	14.6	32.0	23.7
Net DPS	-	-	-	-	0.0	25.0
BVPS	40.6	31.8	81.2	17.0	19.6	20.3

Margins (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
EBITDA / revenue	55.5	59.6	57.4	57.0	60.0	58.0
EBIT / revenue	54.2	58.5	55.0	54.8	58.2	56.5
Net profit (UBS) / revenue	56.5	58.4	52.6	49.0	46.4	44.7

Return on capital (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
EBIT ROIC (UBS)	-	34.0	32.8	33.2	40.7	41.3
ROIC post tax	-	32.4	27.5	26.6	30.5	31.0
Net ROE	-	28.5	20.1	16.5	18.5	19.2

Coverage ratios (x)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
EBIT / net interest	NM	NM	NM	NM	NM	NM
Dividend cover (UBS EPS)	-	-	-	19.3	25.7	25.5
Div. payout ratio (% UBS EPS)	-	-	-	5.2	3.9	3.9
Net debt / EBITDA	NM	NM	NM	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
Revenue / op. invested capital	-	0.6	0.6	0.6	0.7	0.7
Revenue / fixed assets	-	2.7	1.8	1.5	1.9	2.3
Revenue / net working capital	-	1.3	1.3	1.2	1.2	1.1

Investment ratios (x)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
OpFCF / EBIT	0.7	1.0	0.4	0.6	0.4	0.7
Capex / revenue (%)	26.0	21.4	17.7	0.9	5.9	4.6
Capex / depreciation	NM	NM	7.4	0.4	3.3	3.0

Capital structure (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
Net debt / total equity	(20.8)	(17.9)	(41.2)	(12.5)	(13.9)	(15.9)
Net debt / (net debt + equity)	(26.2)	(21.8)	(70.0)	(14.3)	(16.1)	(18.9)
Net debt (core) / EV	-	-	14.4	6.4	8.2	10.8

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items.

Valuations: based on an average share price that year, (E): based on a share price of Rs230.90 on 15 Aug 2011 23:39 HKT Market cap(E) may include forecast share issues/buybacks.

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■ Oberoi Realty

Oberoi Realty is a premium Indian developer involved in residential and commercial developments, and has built 34 projects for an aggregate 5msf over the past 30 years. The company is involved in the residential, office, retail, hospitality and social infrastructure segments in Mumbai.

■ Statement of Risk

Key risks for Oberoi include exposure to the Mumbai property market, rising interest rates, a slowdown in economic growth and regulatory risks.

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UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	54%	39%
Neutral	Hold/Neutral	39%	35%
Sell	Sell	7%	14%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	33%
Sell	Sell	less than 1%	25%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 June 2011.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

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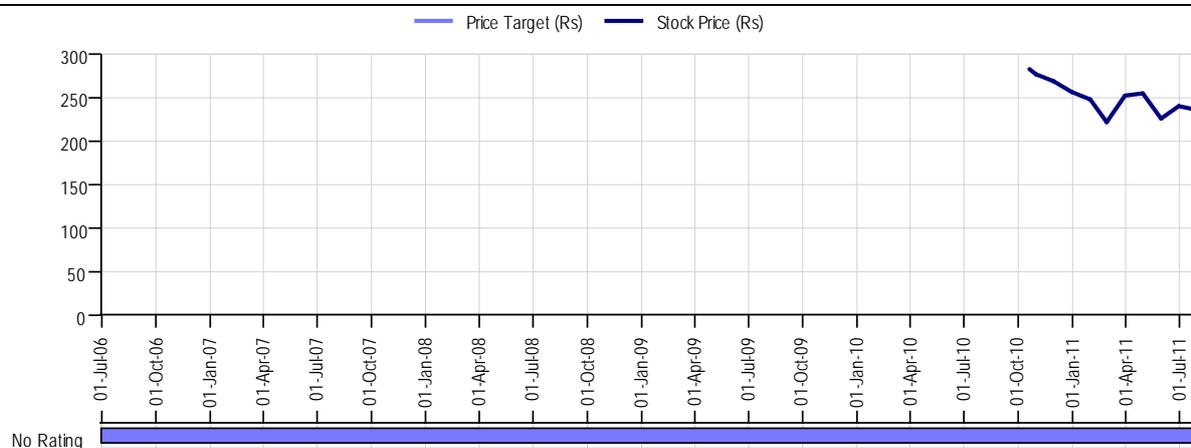
Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Oberoi Realty	OEBO.BO	Not Rated	N/A	Rs230.90	12 Aug 2011

Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Oberoi Realty (Rs)



Source: UBS; as of 12 Aug 2011

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