

UBS Investment Research

Indiabulls Real Estate

Steady 2Q

■ Event: 2Q better than UBSe & consensus; operationally steady

2Q Revenues grew 11% YoY to Rs 3.3bn driven by higher value recognition of Panvel. EBITDA grew strongly to Rs 1bn with margins at 31% (vs. 12% in Q1). Q2 Net Income of Rs394mn declined 23% YoY but was impacted by one-time interest expense of Rs 350mn. Pre-sales healthy at 1.2msf (vs. 0.78msf Q1); leasing steady at 0.18msf (vs. 0.17msf in Q1); 1.96msf of 3.3msf leased. IBREL acquired 34acres of Navi Mumbai land (Rs 1bn). Net debt flat at Rs 11.1bn.

■ Impact: Lowering PT & earnings to factor in lower pre-sales visibility

We lower our FY12E/13E est. by 30%/19% & PT by 31% to Rs 125 factoring in lower pre-sales visibility, likely margin pressures & higher interest costs. That said, we maintain a 20% earnings CAGR through FY14E on better execution momentum & execution picks up on mid-income projects.

■ Action: Maintain Buy; Valuations outweigh risks

Though we see near-term Mumbai market weakness as an overhang, we believe stock is trading below leased IPIT portfolio value (Rs85/sh). Further, with launch momentum picking up (Navi Mumbai, Worli & Gurgaon) and restructuring clarity on power subsidiary likely in Q3/Q4, we see progress on both as sentiment positive.

■ Valuation: Trading at distressed levels

We lower our PT by 31% to Rs 125 on a higher 45% discount (40% earlier) to revised NAV of Rs 225 (vs. Rs 315 earlier). With stock trading at 1) 70% disc to NAV 2) 0.3x P/B FY12E, we believe valuations outweigh risks at current levels.

Highlights (Rsm)	03/10	03/11	03/12E	03/13E	03/14E
Revenues	1,294	14,325	15,161	15,554	19,319
EBIT (UBS)	501	3,046	2,914	3,225	4,523
Net Income (UBS)	(240)	1,598	1,436	1,798	2,747
EPS (UBS, Rs)	(0.60)	3.97	3.57	4.47	6.83
Net DPS (UBS, Rs)	0.00	0.00	0.00	0.00	0.00

Profitability & Valuation	5-yr hist av.	03/11	03/12E	03/13E	03/14E
EBIT margin %	56.2	21.3	19.2	20.7	23.4
ROIC (EBIT) %	-	4.8	3.2	3.3	4.4
EV/EBITDA (core) x	59.9	31.8	26.5	23.1	16.6
PE (UBS) x	>100	39.1	19.1	15.3	10.0
Net dividend yield %	0.9	0.0	0.0	0.0	0.0

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 Rs68.20 on 21 Oct 2011 23:54 SGT

Ashish Jagnani

Analyst
ashish.jagnani@ubs.com
+91-22-6155 6061

Global Equity Research

India

Real Estate

12-month rating **Buy**
Unchanged

12m price target **Rs125.00/US\$2.50**
Prior: Rs180.00/US\$3.59

Price **Rs68.20/US\$1.36**

RIC: INRL.BO BBG: IBREL IB

24 October 2011

Trading data (local/US\$)

52-wk range	Rs212.15-68.20/US\$4.79-1.37
Market cap.	Rs27.4bn/US\$0.55bn
Shares o/s	401m (ORD)
Free float	58%
Avg. daily volume ('000)	5,031
Avg. daily value (m)	Rs417.1

Balance sheet data 03/12E

Shareholders' equity	Rs102bn
P/BV (UBS)	0.3x
Net Cash (debt)	(Rs31.1bn)

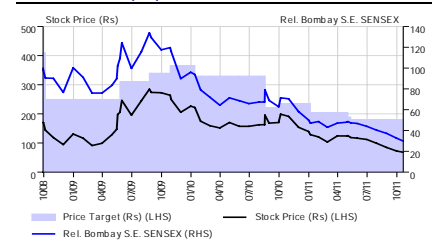
Forecast returns

Forecast price appreciation	+83.3%
Forecast dividend yield	0.0%
Forecast stock return	+83.3%
Market return assumption	13.3%
Forecast excess return	+70.0%

EPS (UBS, Rs)

	03/12E		03/11	
	From	To	Cons.	Actual
Q1E	-	-	-	-
Q2E	-	-	-	-
Q3E	-	-	-	-
Q4E	-	-	-	-
03/12E	5.07	3.57	5.07	
03/13E	5.53	4.47	5.53	

Performance (Rs)



www.ubs.com/investmentresearch

This report has been prepared by UBS Securities India Private Ltd
ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 7.

UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Operational Analysis

- Operationally, we believe this was a steady quarter as 1) pre-sales improved to 1.2msf (vs 0.78msf in Q1) 2) leasing momentum remained steady at 0.18msf (vs.0.17msf in Q1); 1.96msf of 3.3 msf is now leased 3) project under construction remained relatively flat at 17.5msf (vs. 17.2msf in Q1).
- Launches expected to pickup (Navi Mumbai, Worli, Gurgaon) in Q3. Further, IBREL soft-launched a Golf City project in Q3 at Navi Mumbai with good initial responses.
- Acquired an additional 34 acres in 2Q at Navi Mumbai for Rs ~1bn. IBREL's total land reserves now stand at 576 acres with entire land paid for.
- The power business (58.6% sub) seems to be progressing well with financial closure achieved for 4x1350 MW = 5400MW in Amrawati, Nasik and execution progressing well. The amalgamation of Indiabulls Infrastructure Development Limited is on track with shareholder and court approval process underway. We expect more clarity on this by Dec'11.

Results Analysis

- Q2 Revenues grew strongly YoY and 37% QoQ to Rs 3.3bn driven primarily by higher value revenue recognition of Panvel.
- EBITDA grew strongly to Rs 1bn with margins at 31% (vs. 12% in Q1).
- Net Income of Rs394mn declined 23% YoY but was ahead of UBSe. However, net income was impacted by a one-time interest expense of Rs 350
- Leverage remained stable at Rs 11.1bn (vs Rs 10.9bn in Q1).

Table 1: Income Statement Analysis (Rs mn)

	Q2FY12	Q1FY12	QoQ	Q1FY11	YoY		
Revenues	3,320	2,419	37%	3,000	11%		
Operating Expenses	2,294	2,118	8%	2,188	5%		
EBITDA	1,026	301	241%	812	26%		
EBITDA margin	31%	12%		27%	14%		
Depreciation / Amortisation	55	53	4%	42	31%		
Interest income	350	1,415	-75%	243	44%		
Interest expense	724	334	116%	116	522%		
PBT	597	1,329	-55%	896	-33%		
Tax	213	306	-30%	392	-46%		
PAT before Minority Interest	384	1,022	-62%	504	-24%		
Minority Interest	-	9	363	-102%	-	3	200%
PAT	393	660	-40%	507	-23%		

Source: Company data

Table 2: Balance Sheet Key figures (Rs million)

	Q2FY12	Q4FY11
Net Worth	120,010	118,369
Convertible Debentures	6,867	9,395
Loans from others	22,463	25,981
Interest Accrued & Due	1,541	1,944
Investments	51,540	66,698
Inventories	51,096	47,220
Sundry Debtors	7,187	5,840
Cash and Bank Balances	4,072	6,058

Source: Company. Note: Investments include Rs. 5,100m (vs. Rs 19,326mn at Mar'11) invested under debt schemes of various Mutual Funds

Decrease our FY12E/13E earnings estimates

We lower our earnings estimates by 30%/19% on lower visibility of pre-sales/execution. Given the recognition mix to mid-income, margin pressures and higher interest costs, we have cut our earnings estimates. That said, we maintain an earnings CAGR of 20% through FY14E with growing leasing momentum at IPIT assets.

Table 3: Changes in estimates

Rs mn	FY12E			FY13E		
	New	Old	% change	New	Old	% change
Revenues	15,161	17,261	-12%	15,554	18,835	-17%
EBITDA	3,117	4,351	-28%	3,447	4,639	-26%
PAT	1,436	2,040	-30%	1,798	2,223	-19%

Source: UBS estimates

Distressed valuations at 70% discount to NAV

We lower our NAV from Rs 315 to Rs 225 to factor lower visibility of pre-sales due to sluggish Mumbai markets, lower value of power subsidiary and potential delayed execution of projects. Our price target of Rs125 is based on a higher 45% discount (40% previously) to our revised NAV of Rs225 factoring in higher uncertainty on recovery of Mumbai markets and low disclosure transparency. That said, with stock trading at distressed valuations of 70% to revised NAV and 0.3x P/B FY12E, we believe valuations outweigh risks. Further, with rental portfolio at IPIT holding up & stock trading below IPIT value (Rs 85) we see valuations attractive. Our 45% discount largely factors in - 1) increased risk of lower returns on NTC mill land, given likely policy change raising uncertainty on extra FSI in Mumbai, 2) dampen sentiments due to short-term leverage of Rs8bn likely to be raised for funding NTC auction payments; 3) higher holding company discount to power business stake and 4) increased concerns on transparency issues amidst reducing risk appetite

Table 4: IBREL PT breakup

Asset break-up	NAV (Rs m)	NAV/Share(Rs)	Target(Disc)	Target Value(Rs mn)	Target Value/share
IPIT Mumbai Properties	34,163	85	30%	23,914	60
Value of Power Business	11,724	29	50%	5,862	15
Other Dev projects NAV	39,304	98	55%	17,687	44
New NTC Mills NAV	4,972	12	50%	2,486	6
Total	90,162	225	-45%	49,948	125

Source: UBS estimates

Table 5: NAV Assumptions

Price escalation	nil
Holding in IPIT	45%
Cost of capital	15%
Tax rate	25%
Dev. volume (msf)	207
Execution delay	2-3 years

Source: UBS estimates

Indiabulls Real Estate

Income statement (Rsm)	03/07	03/08	03/09	03/10	03/11	03/12E	% ch	03/13E	% ch	03/14E	% ch
Revenues	139	1,406	2,086	1,294	14,325	15,161	5.8	15,554	2.6	19,319	24.2
Operating expenses (ex depn)	(144)	(1,432)	(2,656)	(2,365)	(11,095)	(12,044)	8.6	(12,107)	0.5	(14,551)	20.2
EBITDA (UBS)	(4)	3,719	(570)	627	3,230	3,117	-3.5	3,447	10.6	4,767	38.3
Depreciation	(8)	(33)	(108)	(126)	(184)	(202)	10.0	(223)	10.0	(245)	10.0
Operating income (EBIT, UBS)	(12)	3,686	(678)	501	3,046	2,914	-4.3	3,225	10.6	4,523	40.2
Other income & associates	0	0	0	0	631	1,073	70.0	1,180	10.0	1,215	3.0
Net interest	150	1,813	2,193	(97)	(609)	(1,412)	131.7	(1,199)	-15.1	(968)	-19.2
Abnormal items (pre-tax)	0	0	0	0	0	672	-	0	-	0	-
Profit before tax	137	5,499	1,514	404	3,067	3,247	5.9	3,206	-1.3	4,769	48.8
Tax	(119)	(1,598)	(547)	(337)	(1,293)	(927)	-28.3	(1,154)	24.5	(1,717)	48.8
Profit after tax	18	3,901	967	68	1,774	2,320	30.8	2,052	-11.6	3,052	48.8
Abnormal items (post-tax)	0	0	0	0	0	(672)	-	0	-	0	-
Minorities / pref dividends	9	65	0	(308)	(176)	(212)	20.0	(254)	20.0	(305)	20.0
Net income (local GAAP)	27	3,966	967	(240)	1,598	1,436	-10.1	1,798	25.1	2,747	52.8
Net Income (UBS)	27	3,966	967	(240)	1,598	1,436	-10.1	1,798	25.1	2,747	52.8
Tax rate (%)	87	29	36	83	42	29	-32.3	36	26.1	36	0.0
Pre-abnormal tax rate (%)	87	29	36	83	42	36	-14.6	36	0.0	36	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)	0.10	15.40	3.76	(0.60)	3.97	3.57	-10.1	4.47	25.1	6.83	52.8
EPS (UBS)	0.10	15.40	3.76	(0.60)	3.97	3.57	-10.1	4.47	25.1	6.83	52.8
Net DPS	0.00	13.50	5.00	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	0.14	15.53	4.18	(0.29)	4.43	4.07	-8.0	5.02	23.3	7.44	48.1
BVPS	47.74	170.42	204.41	233.21	228.68	253.14	10.7	257.61	1.8	264.44	2.7
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	249	2,246	3,834	8,427	37,185	37,232	0.1	37,410	0.5	37,565	0.4
Net intangible fixed assets	0	213	213	0	0	0	-	0	-	0	-
Net working capital (incl. other assets)	1,024	3,539	31,427	39,157	43,780	64,478	47.3	56,729	-12.0	78,884	39.1
Other liabilities	(7)	(7)	(7)	(257)	(1,077)	(927)	-13.9	(1,154)	24.5	(1,717)	48.8
Operating invested capital	1,266	5,991	35,468	47,328	79,888	100,783	26.2	92,985	-7.7	114,732	23.4
Investments	5,944	675	11,665	72,474	66,698	56,693	-15.0	59,528	5.0	46,606	-21.7
Total capital employed	7,210	6,665	47,132	119,802	146,586	157,476	7.4	152,512	-3.2	161,339	5.8
Shareholders' equity	11,539	41,197	52,639	93,544	91,728	101,824	11.0	103,622	1.8	106,369	2.7
Minority interests	3,418	14,248	16,811	19,956	20,470	24,564	20.0	25,145	2.4	30,174	20.0
Total equity	14,957	55,444	69,449	113,500	112,198	126,387	12.6	128,766	1.9	136,543	6.0
Net debt / (cash)	(7,747)	(48,779)	(22,317)	6,302	34,388	31,088	-9.6	23,746	-23.6	24,796	4.4
Other debt-deemed items	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	7,210	6,665	47,132	119,802	146,586	157,476	7.4	152,512	-3.2	161,339	5.8
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)	(12)	3,686	(678)	501	3,046	2,914	-4.3	3,225	10.6	4,523	40.2
Depreciation	8	33	108	126	184	202	10.0	223	10.0	245	10.0
Net change in working capital	(734)	(5,989)	(25,667)	10,379	(3,796)	(20,856)	449.4	7,976	-	(21,592)	-
Other (operating)	9	65	0	(228)	454	861	89.4	926	7.5	910	-1.7
Operating cash flow (pre tax/interest)	(730)	(2,205)	(26,237)	10,778	(112)	(16,878)	14944.9	12,349	-	(15,915)	-
Net interest received / (paid)	150	1,813	2,193	(97)	(609)	(1,412)	131.7	(1,199)	-15.1	(968)	-19.2
Dividends paid	0	(3,477)	(1,288)	(80)	0	0	-	0	-	0	-
Tax paid	(119)	(1,598)	(547)	(337)	(1,293)	(927)	-28.3	(1,154)	24.5	(1,717)	48.8
Capital expenditure	(257)	(2,242)	(1,697)	(4,369)	(28,942)	(250)	-99.1	(400)	60.0	(400)	0.0
Net (acquisitions) / disposals	(2,162)	1,704	(10,990)	0	0	0	-	0	-	0	-
Other	-	6,125	2,313	(82,273)	2,241	2,943	31.3	(7,658)	-	6,931	-
Share issues	359	18,422	10,919	25,190	1	0	-	0	-	0	-
Cash flow (inc)/dec in net debt	(6,225)	18,478	(25,334)	(50,960)	(29,168)	(17,385)	-40.4	1,012	-	(12,980)	-
FX / non cash items	-	22,554	(1,128)	22,341	1,082	20,684	1817.7	6,330	-69.4	11,930	88.5
Balance sheet (inc)/dec in net debt	-	41,032	(26,462)	(28,619)	(28,086)	3,300	-	7,342	122.5	(1,050)	-
Core EBITDA	(4)	3,719	(570)	627	3,230	3,117	-3.5	3,447	10.6	4,767	38.3
Maintenance capital expenditure	(8)	(33)	(108)	(126)	(184)	(202)	10.0	(223)	10.0	(245)	10.0
Maintenance net working capital	(734)	(5,989)	(25,667)	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	(746)	(2,303)	(26,345)	501	3,046	2,914	-4.3	3,225	10.6	4,523	40.2

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

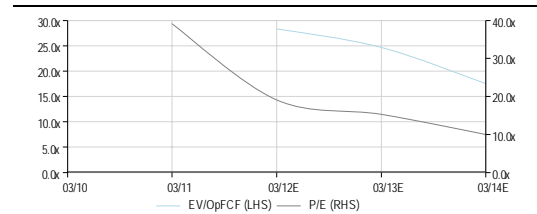
12m price target

Rs125.00

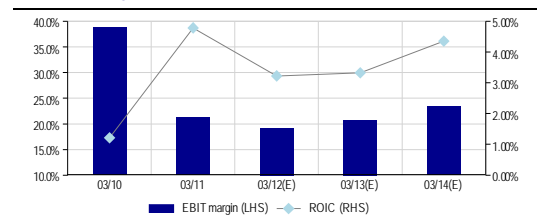
Company profile

Indiabulls Real Estate Limited (IBREL), which was de-merged from Indiabulls Financial Services Limited, is one of the largest listed real estate companies in India and a leading national player across multiple realty and infrastructure sectors. Its projects cover a total land area in excess of 10,000 acres. IBREL projects include high-end office and commercial spaces, premium residential developments, integrated townships, luxury resorts and special economic zones. IBREL has entered into partnerships with internationally renowned consultants and construction companies to develop its projects.

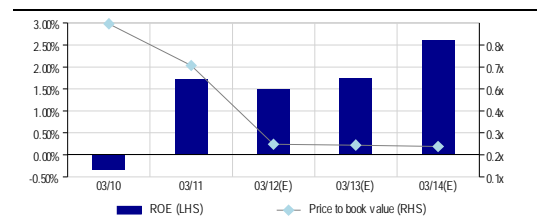
Value (EV/OpFCF & P/E)



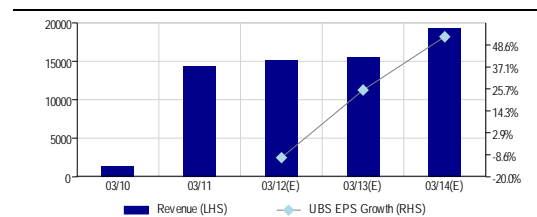
Profitability



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)	NM	NM	39.1	19.1	15.3	10.0
P/E (UBS)	>100	<-100	39.1	19.1	15.3	10.0
P/CEPS	NM	NM	35.1	16.7	13.6	9.2
Net dividend yield (%)	0.9	0.0	0.0	0.0	0.0	0.0
P/BV	2.4	0.9	0.7	0.3	0.3	0.3
EV/revenue (core)	NM	NM	7.2	5.4	5.1	4.1
EV/EBITDA (core)	59.9	>100	31.8	26.5	23.1	16.6
EV/EBIT (core)	NM	NM	NM	28.3	24.7	17.5
EV/OpFCF (core)	NM	NM	NM	28.3	24.7	17.5
EV/op. invested capital	-	2.2	1.6	0.9	0.8	0.8

Enterprise value (Rsm)	03/10	03/11	03/12E	03/13E	03/14E
Average market cap	81,157	62,294	27,356	27,356	27,356
+ minority interests	20,633	23,337	24,079	24,854	27,659
+ average net debt (cash)	(10,257)	17,221	31,176	27,417	24,271
+ pension obligations and other	0	0	0	0	0
- non-core asset value	0	0	0	0	0
Core enterprise value	91,533	102,851	82,611	79,628	79,287

Growth (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
Revenue	NM	-38.0	NM	5.8	2.6	24.2
EBITDA (UBS)	-	-	NM	-3.5	10.6	38.3
EBIT (UBS)	-	-	NM	-4.3	10.6	40.2
EPS (UBS)	148.5	-	-	-10.1	25.1	52.8
Cash EPS	139.2	-	-	-8.0	23.3	48.1
Net DPS	-	-	-	-	-	-
BVPS	47.9	14.1	-1.9	10.7	1.8	2.7

Margins (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
EBITDA / revenue	61.0	48.5	22.5	20.6	22.2	24.7
EBIT / revenue	56.2	38.8	21.3	19.2	20.7	23.4
Net profit (UBS) / revenue	68.1	NM	11.2	9.5	11.6	14.2

Return on capital (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
EBIT ROIC (UBS)	-	1.2	4.8	3.2	3.3	4.4
ROIC post tax	-	0.2	2.8	2.1	2.1	2.8
Net ROE	-	(0.3)	1.7	1.5	1.8	2.6

Coverage ratios (x)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
EBIT / net interest	-	5.2	6.0	2.8	3.7	5.9
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio (% UBS EPS)	-	-	-	-	-	-
Net debt / EBITDA	NM	NM	NM	10.0	6.9	5.2

Efficiency ratios (x)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
Revenue / op. invested capital	-	0.0	0.2	0.2	0.2	0.2
Revenue / fixed assets	-	0.2	0.6	0.4	0.4	0.5
Revenue / net working capital	-	0.0	0.3	0.3	0.3	0.3

Investment ratios (x)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
OpFCF / EBIT	NM	1.0	1.0	1.0	1.0	1.0
Capex / revenue (%)	NM	NM	NM	1.6	2.6	2.1
Capex / depreciation	NM	NM	NM	1.2	1.8	1.6

Capital structure (%)	5Yr Avg	03/10	03/11	03/12E	03/13E	03/14E
Net debt / total equity	(13.1)	6.7	37.5	30.5	22.9	23.3
Net debt / (net debt + equity)	(15.1)	6.3	27.3	23.4	18.6	18.9
Net debt (core) / EV	(14.4)	(11.2)	16.7	37.7	34.4	30.6

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

Valuations: based on an average share price that year, (E): based on a share price of Rs68.20 on 21 Oct 2011 23:54 SGT Market cap(E) may include forecast share issues/buybacks.

Ashish Jagnani

Analyst

ashish.jagnani@ubs.com

+91-22-6155 6061

■ **Indiabulls Real Estate**

Indiabulls Real Estate Limited (IBREL), which was de-merged from Indiabulls Financial Services Limited, is one of the largest listed real estate companies in India and a leading national player across multiple realty and infrastructure sectors. Its projects cover a total land area in excess of 10,000 acres. IBREL projects include high-end office and commercial spaces, premium residential developments, integrated townships, luxury resorts and special economic zones. IBREL has entered into partnerships with internationally renowned consultants and construction companies to develop its projects.

■ **Statement of Risk**

Key risks to IBREL include rising rates, policy uncertainty and slowdown in Mumbai markets

■ **Analyst Certification**

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Required Disclosures

This report has been prepared by UBS Securities India Private Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; and certain additional disclosures concerning UBS research recommendations, please visit www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission.

UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	59%	35%
Neutral	Hold/Neutral	35%	33%
Sell	Sell	6%	14%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	0%
Sell	Sell	less than 1%	20%

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 September 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.

KEY DEFINITIONS

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).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

Equity Price Targets have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES

UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE): Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/qualified as research analysts with the NASD and NYSE and therefore are not subject to the restrictions contained in the NASD and NYSE rules on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities India Private Ltd: Ashish Jagnani.

Company Disclosures

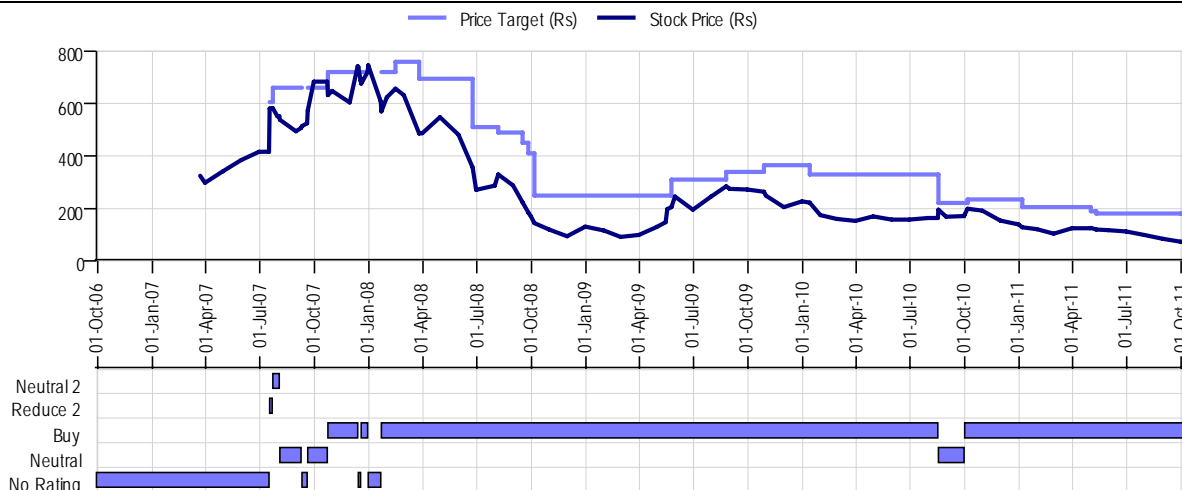
Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Indiabulls Real Estate	INRL.BO	Buy	N/A	Rs68.20	21 Oct 2011

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.

Indiabulls Real Estate (Rs)



Source: UBS; as of 21 Oct 2011

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

Global Disclaimer

This report has been prepared by UBS Securities India Private Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS. In certain countries, UBS AG is referred to as UBS SA.

This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning UBS AG, its subsidiaries and affiliates, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. UBS does not undertake that investors will obtain profits, nor will it share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Past performance is not necessarily a guide to future performance. The value of any investment or income may go down as well as up and you may not get back the full amount invested. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. Research will initiate, update and cease coverage solely at the discretion of UBS Investment Bank Research Management. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. UBS is under no obligation to update or keep current the information contained herein. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of UBS Investment Bank as a whole, of which investment banking, sales and trading are a part.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates and other market conditions. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC and/or UBS Capital Markets LP) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this research report. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions, by UBS or any other source, may yield substantially different results.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is communicated by UBS Limited, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to, and should not be relied upon by, retail clients. UBS Limited is authorised and regulated by the Financial Services Authority (FSA). UBS research complies with all the FSA requirements and laws concerning disclosures and these are indicated on the research where applicable. **France:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities France SA. UBS Securities France S.A. is regulated by the Autorité des Marchés Financiers (AMF). Where an analyst of UBS Securities France S.A. has contributed to this report, the report is also deemed to have been prepared by UBS Securities France S.A. **Germany:** Prepared by UBS Limited and distributed by UBS Limited and UBS Deutschland AG. UBS Deutschland AG is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). **Spain:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities España SV, SA. UBS Securities España SV, SA is regulated by the Comisión Nacional del Mercado de Valores (CNMV). **Turkey:** Prepared by UBS Menkul Degerler AS on behalf of and distributed by UBS Limited. **Russia:** Prepared and distributed by UBS Securities CJSC. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. **Italy:** Prepared by UBS Limited and distributed by UBS Limited and UBS Italia Sim S.p.A.. UBS Italia Sim S.p.A. is regulated by the Bank of Italy and by the Commissione Nazionale per le Società e la Borsa (CONSOB). Where an analyst of UBS Italia Sim S.p.A. has contributed to this report, the report is also deemed to have been prepared by UBS Italia Sim S.p.A.. **South Africa:** UBS South Africa (Pty) Limited (Registration No. 1995/011140/07) is a member of the JSE Limited, the South African Futures Exchange and the Bond Exchange of South Africa. UBS South Africa (Pty) Limited is an authorised Financial Services Provider. Details of its postal and physical address and a list of its directors are available on request or may be accessed at <http://www.ubs.co.za>. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a 'non-US affiliate'), to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. **Canada:** Distributed by UBS Securities Canada Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. A statement of its financial condition and a list of its directors and senior officers will be provided upon request. **Hong Kong:** Distributed by UBS Securities Asia Limited. **Singapore:** Distributed by UBS Securities Pte. Ltd [mica (p) 039/11/2009 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte Ltd, an exempt financial advisor under the Singapore Financial Advisers Act (Cap. 110); or UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. The recipient of this report represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Ltd to institutional investors only. Where this report has been prepared by UBS Securities Japan Ltd, UBS Securities Japan Ltd is the author, publisher and distributor of the report. **Australia:** Distributed by UBS AG (Holder of Australian Financial Services License No. 231087) and UBS Securities Australia Ltd (Holder of Australian Financial Services License No. 231098) only to 'Wholesale' clients as defined by s761G of the Corporations Act 2001. **New Zealand:** Distributed by UBS New Zealand Ltd. An investment adviser and investment broker disclosure statement is available on request and free of charge by writing to PO Box 45, Auckland, NZ. **Dubai:** The research prepared and distributed by UBS AG Dubai Branch, is intended for Professional Clients only and is not for further distribution within the United Arab Emirates. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (253825-x). **India :** Prepared by UBS Securities India Private Ltd. 2/F,2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000 SEBI Registration Numbers: NSE (Capital Market Segment): INB230951431 , NSE (F&O Segment) INF230951431, BSE (Capital Market Segment) INB010951437.

The disclosures contained in research reports produced by UBS Limited shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this material in whole or in part without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect. Images may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2011. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

