

UBS Investment Research

Godrej Properties

Group development deals gain momentum

■ Event: GPL enters agreement for devt of group's Vikhroli land in Mumbai

GPL has entered into an agreement with group company, Godrej & Boyce (G&B) to act as development manager for G&B's prime Vikhroli land. GPL will get 10% share of total revenues generated from developing Vikhroli land (potential being ~1000acres); The entire costs of development will be borne by G&B, while GPL will only bear marketing costs. First project in Vikhroli under this arrangement will be a 0.6msf residential project being launched this month.

■ Impact: Lowering NAV & Price target to factor this new deal

We are lowering our NAV & PT by 11% largely factoring 10% revenue share on a potential 1,000 acre devt. vs. 50% profit-sharing for 750 acres factored early on in our NAV est. That said, we view this deal positively as 1) Devt potential is larger at 1,000 acres 2) Deal has increased visibility of Vikhroli (43% of NAV) devt going forward 3) Capex commitment is minimal in tight funding environment.

■ Action: Maintain Buy; Devt of Group land & new deals key catalysts

We think GPL is best-positioned with strong brand, superior corporate governance & capital efficient model. Key catalysts: 1) Growing visibility of developing group land reserves (3 JVs signed with G&B over last 3 months) 2) Better than sector pre-sales 3) More newsflow on new jt-dev deals (eg. Jet Airways).

■ Valuation: Attractive at 45% discount to revised NAV

The stock is trading at 45% disc to revised NAV of Rs1130; we lower our TP to Rs850 on 25% disc to revised NAV. We see stock's recent correction of 16% over last 3 months as a good buying opportunity.

| Highlights (Rsm) | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|-------------------|-------|-------|--------|--------|--------|
| Revenues | 3,134 | 4,515 | 9,240 | 14,043 | 18,710 |
| EBIT (UBS) | 2,286 | 1,011 | 2,507 | 5,013 | 6,126 |
| Net Income (UBS) | 1,230 | 1,310 | 1,583 | 3,512 | 4,232 |
| EPS (UBS, Rs) | 17.61 | 18.76 | 22.66 | 50.28 | 60.58 |
| Net DPS (UBS, Rs) | 4.00 | 4.00 | 5.00 | 5.00 | 6.00 |

| Profitability & Valuation | 5-yr hist av. | 03/11 | 03/12E | 03/13E | 03/14E |
|---------------------------|---------------|-------|--------|--------|--------|
| EBIT margin % | 46.0 | 22.4 | 27.1 | 35.7 | 32.7 |
| ROIC (EBIT) % | - | 8.3 | 16.8 | 24.8 | 26.1 |
| EV/EBITDA (core) x | - | 44.6 | 20.6 | 10.5 | 8.3 |
| PE (UBS) x | - | 33.7 | 27.4 | 12.4 | 10.3 |
| Net dividend yield % | - | 0.6 | 0.8 | 0.8 | 1.0 |

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 Rs622.00 on 05 Oct 2011 23:53 SGT

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Global Equity Research

India

Real Estate

12-month rating **Buy**
Unchanged

12m price target **Rs850.00/US\$17.24**
Prior: Rs960.00/US\$19.47

Price **Rs622.00/US\$12.61**

RIC: GODR.BO BBG: GPL IB

5 October 2011

Trading data (local/US\$)

| | |
|--------------------------|---------------------------------|
| 52-wk range | Rs814.95-555.65/US\$18.37-12.16 |
| Market cap. | Rs43.4bn/US\$0.88bn |
| Shares o/s | 69.8m (ORD) |
| Free float | 16% |
| Avg. daily volume ('000) | 53 |
| Avg. daily value (m) | Rs38.6 |

Balance sheet data 03/12E

| | |
|----------------------|------------|
| Shareholders' equity | Rs10.3bn |
| P/BV (UBS) | 4.2x |
| Net Cash (debt) | (Rs8.72bn) |

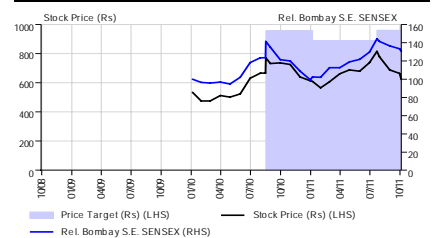
Forecast returns

| | |
|-----------------------------|--------|
| Forecast price appreciation | +36.7% |
| Forecast dividend yield | 0.8% |
| Forecast stock return | +37.5% |
| Market return assumption | 13.3% |
| Forecast excess return | +24.2% |

EPS (UBS, Rs)

| | 03/12E | | 03/11 | |
|--------|--------|-------|-------|--------|
| | From | To | Cons. | Actual |
| Q1E | - | - | - | - |
| Q2E | - | - | - | - |
| Q3E | - | - | - | - |
| Q4E | - | - | - | - |
| 03/12E | - | 22.66 | 22.66 | - |
| 03/13E | - | 50.28 | 50.28 | - |

Performance (Rs)



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ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 6.

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Agreement to develop strategic land at Vikhroli

Godrej Properties has entered into an agreement with its group company, Godrej & Boyce (G&B) to act as development manager for all future development on G&B's Vikhroli land. GPL will receive a 10% fee of the total revenue generated from the development for its services. Under this arrangement, GPL will bear no construction costs/capex in development. This is a change from GPL's existing profit-sharing arrangement for ongoing 35-acres of development.

As per this new arrangement, GPL will be the development manager for the entire Vikhroli land development (potential 1000 acres) and will receive 10% of gross development revenues with capital funding and minimal costs for marketing services (approx 2%). The first project will start with the launch of Godrej Platinum in October, a residential development of approximately 0.6msf. Godrej Platinum comprises of four high-end residential towers on which construction has already begun.

Lowering NAV & PT

We lower our NAV & PT to factor the new development agreement with G&B for Vikhroli. Our reduction is driven by a change in deal structure to 10% revenue-sharing on potential development of 1,000 acres (vs. 50% profit-sharing arrangement we factored in our estimates). We lower our NAV by 11% from Rs 1,275 to Rs 1,130 and PT by 11% from Rs 960 to Rs 850 based on a 25% discount to revised NAV of Rs 1,130.

Valuations remain attractive

We find stock trading at attractive 45% discount to our revised NAV of Rs 1,130. We continue to see upside potential from new project wins and increased development visibility of Group prime land assets. GPL's recent JVs announced with 1) G&B to develop projects in Hyderabad (2msf; GPL 35% profit-share) & Thane (0.26msf, GPL 32% profit-share) & 2) Capsulation services to develop 0.1msf in Chembur Mumbai (47.5% area-share) underscore this. We see subsequent newsflow on more such deals as a long-term catalyst for the stock.

With the revised Vikhroli development agreement, we ascribe 48% of our NAV Rs.1,130 (vs. 53% previously) as value for its Group land reserves with higher development visibility of Vikhroli land (1,000 acres vs. our previous assumption of 750acres) factoring: 1) FSI of 1.33 with 30% loading on saleable area 2) 10% revenue share 3) developed over a 10-yr period with no price/cost escalations. We believe this new agreement supports our view of GPL's ability to access and develop Group's prime land reserves in Vikhroli, and other key cities (Bangalore, Mohali) as we believe the street was not factoring this development potential.

We have lowered our price target to Rs850 on a 25% disc to revised NAV of Rs 1,130. However, we believe embedded option value for group assets is available cheap (Rs 537/share). The group's strong 'Godrej' brand franchise, its MOU with L&T for execution, and long track record of value creation are other advantages.

Table 1: GPL NAV (R m)

| | |
|---------------------------|----------------|
| Residential | 29,636 |
| Commercial | 42,932 |
| Net land bank | 37,544 |
| Gross NAV | 110,112 |
| Less: Land o/s | (2,923) |
| Less: Tax @ 28% | (19,501) |
| Less: Debt o/s | (7,000) |
| Less: Customer Advances | (4,250) |
| Add: Cash | 2,500 |
| Net NAV | 78,938 |
| Shares o/s (m) | 70 |
| NAV Per Share (Rs) | 1,130 |

Source: UBS estimates

Table 2: NAV Breakdown

| | NAV (Rs m) | NAV Per Share | Target | Target Value | Target Value |
|------------------------|---------------|---------------|-------------|---------------|--------------|
| | | Rs | Disc | (Rs m) | Per Share |
| Existing Dev Portfolio | 41,395 | 592 | 20% | 33,116 | 474 |
| Godrej Group MoU | 37,544 | 538 | 30% | 26,280 | 376 |
| Total | 78,938 | 1,130 | -25% | 67,078 | 850 |

Source: UBS estimates

Table 3: NAV Assumptions

| Details | Assumption |
|------------------------------|------------|
| Price escalation | nil |
| Cost of capital | 14% |
| Tax rate | 28% |
| Existing dev volume (msf) | 49 |
| Potential Group Assets (msf) | 12 |
| Execution delay | 1-2 years |

Source: UBS estimates

Godrej Properties

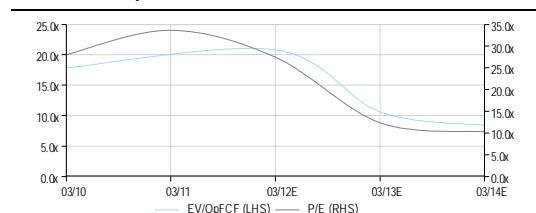
| Income statement (Rsm) | 03/07 | 03/08 | 03/09 | 03/10 | 03/11 | 03/12E | % ch | 03/13E | % ch | 03/14E | % ch |
|--|-------|---------|---------|---------|---------|----------|--------|---------|-------|----------|-------|
| Revenues | 1,372 | 2,274 | 2,555 | 3,134 | 4,515 | 9,240 | 104.7 | 14,043 | 52.0 | 18,710 | 33.2 |
| Operating expenses (ex dephn) | (869) | (1,084) | (1,360) | (2,249) | (3,464) | (6,699) | 93.4 | (8,987) | 34.2 | (12,536) | 39.5 |
| EBITDA (UBS) | 504 | 1,191 | 1,196 | 2,312 | 1,051 | 2,541 | 141.8 | 5,055 | 99.0 | 6,174 | 22.1 |
| Depreciation | (7) | (9) | (11) | (26) | (40) | (34) | -14.4 | (42) | 23.5 | (48) | 14.3 |
| Operating income (EBIT, UBS) | 497 | 1,182 | 1,185 | 2,286 | 1,011 | 2,507 | 148.0 | 5,013 | 100.0 | 6,126 | 22.2 |
| Other income & associates | 0 | 0 | 0 | 0 | 1,074 | 320 | -70.2 | 510 | 59.4 | 350 | -31.4 |
| Net interest | (41) | (38) | (527) | (662) | (34) | (629) | 1748.7 | (645) | 2.6 | (599) | -7.2 |
| Abnormal items (pre-tax) | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | - |
| Profit before tax | 456 | 1,143 | 658 | 1,624 | 2,051 | 2,198 | 7.2 | 4,878 | 121.9 | 5,877 | 20.5 |
| Tax | (17) | (404) | (323) | (382) | (622) | (616) | -1.1 | (1,366) | 121.9 | (1,646) | 20.5 |
| Profit after tax | 439 | 739 | 335 | 1,242 | 1,429 | 1,583 | 10.8 | 3,512 | 121.9 | 4,232 | 20.5 |
| Abnormal items (post-tax) | 0 | 0 | 410 | (2) | (2) | 0 | - | 0 | - | 0 | - |
| Minorities / pref dividends | 1 | 2 | (9) | (12) | (118) | 0 | - | 0 | - | 0 | - |
| Net income (local GAAP) | 440 | 741 | 735 | 1,228 | 1,309 | 1,583 | 21.0 | 3,512 | 121.9 | 4,232 | 20.5 |
| Net Income (UBS) | 440 | 741 | 325 | 1,230 | 1,310 | 1,583 | 20.8 | 3,512 | 121.9 | 4,232 | 20.5 |
| Tax rate (%) | 4 | 35 | 49 | 24 | 30 | 28 | -7.7 | 28 | 0.0 | 28 | 0.0 |
| Pre-abnormal tax rate (%) | 4 | 35 | 49 | 24 | 30 | 28 | -7.7 | 28 | 0.0 | 28 | 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) | 6.84 | 12.26 | 12.17 | 17.58 | 18.73 | 22.66 | 21.0 | 50.28 | 121.9 | 60.58 | 20.5 |
| EPS (UBS) | 6.84 | 12.26 | 5.39 | 17.61 | 18.76 | 22.66 | 20.8 | 50.28 | 121.9 | 60.58 | 20.5 |
| Net DPS | 41.90 | 10.00 | 2.50 | 4.00 | 4.00 | 5.00 | 25.0 | 5.00 | 0.0 | 6.00 | 20.0 |
| Cash EPS | 6.95 | 12.42 | 5.58 | 17.98 | 19.33 | 23.15 | 19.8 | 50.89 | 119.8 | 61.27 | 20.4 |
| BVPS | 6.39 | 34.48 | 42.79 | 117.00 | 130.51 | 148.17 | 13.5 | 193.45 | 30.6 | 248.03 | 28.2 |
| 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 | 44 | 373 | 392 | 278 | 475 | 1,675 | 252.8 | 2,269 | 35.5 | 2,226 | -1.9 |
| Net intangible fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | - |
| Net working capital (incl. other assets) | 1,825 | 5,167 | 9,234 | 12,514 | 11,859 | 16,911 | 42.6 | 20,806 | 23.0 | 23,394 | 12.4 |
| Other liabilities | (127) | (411) | (198) | (370) | (501) | (534) | 6.7 | (759) | 42.2 | (913) | 20.3 |
| Operating invested capital | 1,742 | 5,129 | 9,428 | 12,422 | 11,833 | 18,052 | 52.6 | 22,316 | 23.6 | 24,707 | 10.7 |
| Investments | 0 | 0 | 0 | 2,078 | 141 | 1,020 | 621.3 | 950 | -6.9 | 500 | -47.4 |
| Total capital employed | 1,742 | 5,129 | 9,428 | 14,500 | 11,974 | 19,072 | 59.3 | 23,266 | 22.0 | 25,207 | 8.3 |
| Shareholders' equity | 446 | 2,409 | 2,989 | 8,173 | 9,116 | 10,350 | 13.5 | 13,513 | 30.6 | 17,325 | 28.2 |
| Minority interests | 4 | 7 | 17 | 30 | 148 | 0 | - | 0 | - | 0 | - |
| Total equity | 450 | 2,416 | 3,005 | 8,202 | 9,264 | 10,350 | 11.7 | 13,513 | 30.6 | 17,325 | 28.2 |
| Net debt / (cash) | 1,292 | 2,713 | 6,422 | 6,298 | 2,710 | 8,722 | 221.8 | 9,753 | 11.8 | 7,882 | -19.2 |
| Other debt-deemed items | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | - |
| Total capital employed | 1,742 | 5,129 | 9,428 | 14,500 | 11,974 | 19,072 | 59.3 | 23,266 | 22.0 | 25,207 | 8.3 |
| 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) | 497 | 1,182 | 1,185 | 2,286 | 1,011 | 2,507 | 148.0 | 5,013 | 100.0 | 6,126 | 22.2 |
| Depreciation | 7 | 9 | 11 | 26 | 40 | 34 | -14.4 | 42 | 23.5 | 48 | 14.3 |
| Net change in working capital | - | 3,342 | 4,066 | 3,282 | (660) | 5,061 | - | 3,895 | -23.0 | 2,588 | -33.6 |
| Other (operating) | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | - |
| Operating cash flow (pre tax/interest) | - | 4,533 | 5,262 | 5,594 | 390 | 7,602 | 1847.1 | 8,951 | 17.7 | 8,762 | -2.1 |
| Net interest received / (paid) | (41) | (38) | (527) | (662) | (34) | (629) | 1748.7 | (645) | 2.6 | (599) | -7.2 |
| Dividends paid | (270) | (246) | (151) | (279) | (279) | (349) | 25.00 | (349) | 0.00 | (419) | 20.00 |
| Tax paid | (17) | (404) | (323) | (382) | (622) | (616) | -1.1 | (1,366) | 121.9 | (1,646) | 20.5 |
| Capital expenditure | - | (336) | (30) | 89 | (232) | (1,228) | 429.3 | (636) | -48.2 | (5) | -99.2 |
| Net (acquisitions) / disposals | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | - |
| Other | - | 0 | 0 | 2,078 | (1,937) | 879 | - | (70) | - | (450) | 542.9 |
| Share issues | - | (1,962) | (580) | (5,184) | (943) | (1,234) | 30.8 | (3,163) | 156.4 | (3,813) | 20.5 |
| Cash flow (inc)/dec in net debt | - | 1,547 | 3,651 | 1,254 | (3,657) | 4,425 | - | 2,721 | -38.5 | 1,831 | -32.7 |
| FX / non cash items | - | (2,968) | (7,360) | (1,129) | 7,245 | (10,437) | - | (3,753) | -64.0 | 41 | - |
| Balance sheet (inc)/dec in net debt | - | (1,421) | (3,709) | 125 | 3,587 | (6,012) | - | (1,031) | -82.8 | 1,871 | - |
| Core EBITDA | 504 | 1,191 | 1,196 | 2,312 | 1,051 | 2,541 | 141.8 | 5,055 | 99.0 | 6,174 | 22.1 |
| Maintenance capital expenditure | (7) | (9) | (11) | (26) | (40) | (34) | -14.4 | (42) | 23.5 | (48) | 14.3 |
| Maintenance net working capital | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | - |
| Operating free cash flow, pre-tax | 497 | 1,182 | 1,185 | 2,286 | 1,011 | 2,507 | 148.0 | 5,013 | 100.0 | 6,126 | 22.2 |

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.

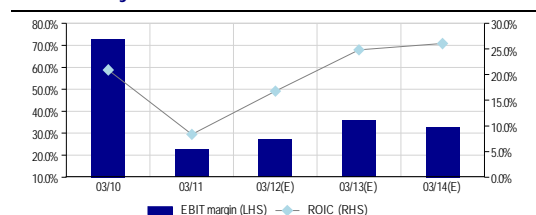
Company profile

Godrej Properties Limited (GPL) is the real estate development arm of the Godrej Group. Godrej Industries Limited, the parent company, owns 69.43% of the equity capital in GPL. The company focuses on residential, commercial and integrated township developments. GPL has completed 16 residential and seven commercial projects, aggregating 5.13msf since its incorporation in 1990.

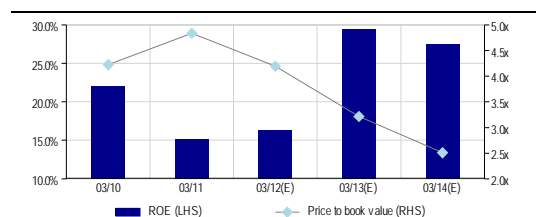
Value (EV/OpFCF & P/E)



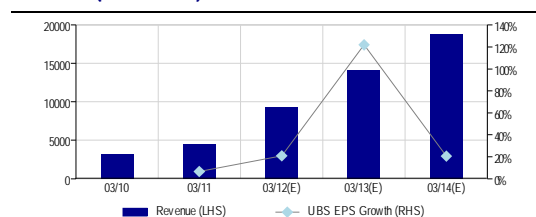
Profitability



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) | - | 28.1 | 33.7 | 27.4 | 12.4 | 10.3 |
| P/E (UBS) | - | 28.1 | 33.7 | 27.4 | 12.4 | 10.3 |
| P/CEPS | - | 27.5 | 32.7 | 26.9 | 12.2 | 10.2 |
| Net dividend yield (%) | - | 0.8 | 0.6 | 0.8 | 0.8 | 1.0 |
| P/BV | - | 4.2 | 4.8 | 4.2 | 3.2 | 2.5 |
| EV/revenue (core) | - | NM | NM | 5.7 | 3.8 | 2.7 |
| EV/EBITDA (core) | - | 17.7 | 44.6 | 20.6 | 10.5 | 8.3 |
| EV/EBIT (core) | - | 17.9 | NM | 20.8 | 10.6 | 8.4 |
| EV/OpFCF (core) | - | 17.9 | NM | 20.8 | 10.6 | 8.4 |
| EV/op. invested capital | - | 3.7 | 3.9 | 3.5 | 2.6 | 2.2 |

| Enterprise value (Rsm) | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|---------------------------------|--------|--------|--------|--------|--------|
| Average market cap | 34,526 | 44,100 | 43,447 | 43,447 | 43,447 |
| + minority interests | 23 | 89 | 74 | 0 | 0 |
| + average net debt (cash) | 6,298 | 2,710 | 8,722 | 9,753 | 7,882 |
| + pension obligations and other | 0 | 0 | 0 | 0 | 0 |
| - non-core asset value | 0 | 0 | 0 | 0 | 0 |
| Core enterprise value | 40,847 | 46,899 | 52,243 | 53,200 | 51,329 |

| Growth (%) | 5Yr Avg | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|--------------|---------|-------|-------|--------|--------|--------|
| Revenue | 34.7 | 22.7 | 44.1 | 104.7 | 52.0 | 33.2 |
| EBITDA (UBS) | 20.2 | 93.2 | -54.6 | 141.8 | 99.0 | 22.1 |
| EBIT (UBS) | 19.4 | 92.9 | -55.8 | 148.0 | 100.0 | 22.2 |
| EPS (UBS) | 28.7 | NM | 6.5 | 20.8 | 121.9 | 20.5 |
| Cash EPS | 29.1 | NM | 7.5 | 19.8 | 119.8 | 20.4 |
| Net DPS | -44.4 | 60.0 | 0.0 | 25.0 | 0.0 | 20.0 |
| BVPS | 112.6 | 173.5 | 11.5 | 13.5 | 30.6 | 28.2 |

| Margins (%) | 5Yr Avg | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|----------------------------|---------|-------|-------|--------|--------|--------|
| EBITDA / revenue | 46.6 | 73.8 | 23.3 | 27.5 | 36.0 | 33.0 |
| EBIT / revenue | 46.0 | 72.9 | 22.4 | 27.1 | 35.7 | 32.7 |
| Net profit (UBS) / revenue | 29.1 | 39.3 | 29.0 | 17.1 | 25.0 | 22.6 |

| Return on capital (%) | 5Yr Avg | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|-----------------------|---------|-------|-------|--------|--------|--------|
| EBIT ROIC (UBS) | - | 20.9 | 8.3 | 16.8 | 24.8 | 26.1 |
| ROIC post tax | - | 16.0 | 5.8 | 12.1 | 17.9 | 18.8 |
| Net ROE | - | 22.0 | 15.2 | 16.3 | 29.4 | 27.4 |

| Coverage ratios (x) | 5Yr Avg | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|---------------------------------|---------|-------|-------|--------|--------|--------|
| EBIT / net interest | 22.0 | 3.5 | NM | 4.5 | 8.6 | 10.8 |
| Dividend cover (UBS EPS) | 2.5 | 4.4 | 4.7 | 4.5 | 10.1 | 10.1 |
| Div. payout ratio (% , UBS EPS) | 156.9 | 22.7 | 21.3 | 22.1 | 9.9 | 9.9 |
| Net debt / EBITDA | 3.1 | 2.7 | 2.6 | 3.4 | 1.9 | 1.3 |

| Efficiency ratios (x) | 5Yr Avg | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|--------------------------------|---------|-------|-------|--------|--------|--------|
| Revenue / op. invested capital | - | 0.3 | 0.4 | 0.6 | 0.7 | 0.8 |
| Revenue / fixed assets | - | 9.4 | 12.0 | 8.6 | 7.1 | 8.3 |
| Revenue / net working capital | - | 0.3 | 0.4 | 0.6 | 0.7 | 0.8 |

| Investment ratios (x) | 5Yr Avg | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|-----------------------|---------|-------|-------|--------|--------|--------|
| OpFCF / EBIT | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Capex / revenue (%) | - | NM | 5.1 | 13.3 | 4.5 | 0.0 |
| Capex / depreciation | - | NM | 5.8 | NM | NM | 0.1 |

| Capital structure (%) | 5Yr Avg | 03/10 | 03/11 | 03/12E | 03/13E | 03/14E |
|--------------------------------|---------|-------|-------|--------|--------|--------|
| Net debt / total equity | 84.0 | 77.1 | 29.7 | 84.3 | 72.2 | 45.5 |
| Net debt / (net debt + equity) | 45.7 | 43.5 | 22.9 | 45.7 | 41.9 | 31.3 |
| Net debt (core) / EV | - | 15.4 | 5.8 | 16.7 | 18.3 | 15.4 |

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 Rs622.00 on 05 Oct 2011 23:53 SGT Market cap(E) may include forecast share issues/buybacks.

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■ Godrej Properties

Godrej Properties Limited (GPL) is the real estate development arm of the Godrej Group. Godrej Industries Limited, the parent company, owns 69.43% of the equity capital in GPL. The company focuses on residential, commercial and integrated township developments. GPL has completed 16 residential and seven commercial projects, aggregating 5.13msf since its incorporation in 1990.

■ Statement of Risk

Key risks to GPL include exposure to Ahmedabad and rising interest rates

■ Analyst Certification

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| 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. |

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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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Equity Price Targets have an investment horizon of 12 months.

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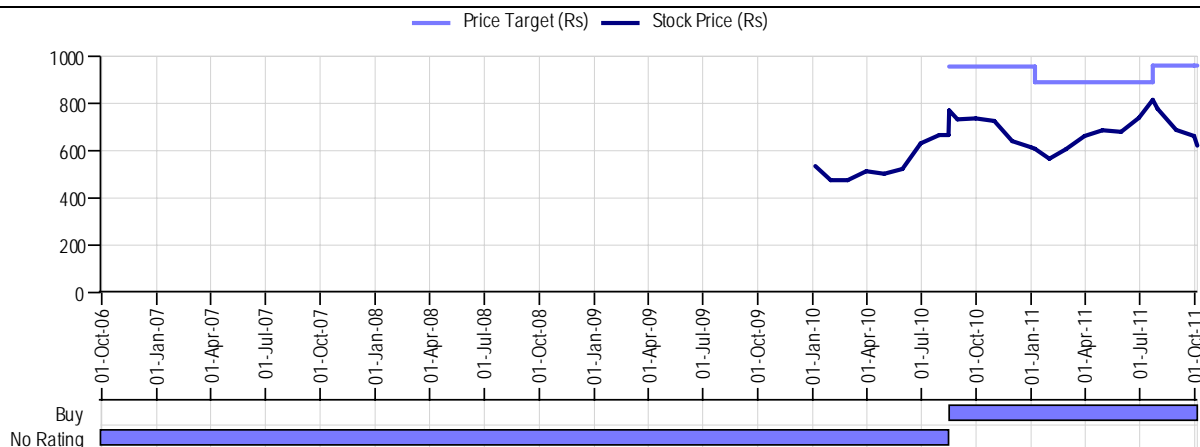
| Company Name | Reuters | 12-mo rating | Short-term rating | Price | Price date |
|-------------------|---------|--------------|-------------------|----------|-------------|
| Godrej Properties | GODR.BO | Buy | N/A | Rs622.00 | 05 Oct 2011 |

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.

Godrej Properties (Rs)



Source: UBS; as of 05 Oct 2011

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