

August 16, 2010
Mumbai

CRISIL Equities assigns IPO grade 3/5 to Raheja Universal Limited

CRISIL has assigned a CRISIL IPO grade of '3/5' (pronounced "three on five") to the proposed IPO of Raheja Universal Ltd (RUL). This grade indicates that the fundamentals of the IPO are average relative to the other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, its future market price or suitability for a particular investor.

The assigned grade reflects RUL's strong position in the real estate business in Mumbai. RUL and its promoter group companies have developed close to 4.9 mn square feet of real estate across 40 projects largely in the Mumbai Metropolitan Region (MMR). The company has been able to establish a strong brand thanks to high quality construction and execution track record. And, due to its strong brand name, RUL has been able to command premium prices over its competitors in most of the locations. Further, the company has a land bank of close to 1,202 acres across eight cities in India. Of this, 577 acres is in MMR and the remaining in the cities of Pune, Chennai, Hyderabad, Panchkula, Goa, Mangalore and Nagpur - either owned by the company or held through joint ventures or joint development agreements.

The grade takes into account a strong second line of management and independent directors who are experienced in legal and taxation fields. To avoid any conflict of interest, the promoters have signed a non-compete agreement with the company. The agreement states that subject to the exceptions mentioned herein, the promoters shall not undertake the development of any land or construction of building(s) thereon under the brand name "Raheja Universal" or any other brand.

The grade is constrained by the inherent cyclicity in the real estate business, significant exposure to high gestation and capital-intensive commercial projects, and entry into new markets outside MMR where the company has limited experience. RUL has significant exposure to large commercial real estate projects, including the Raheja International Corporate City (RICC) in Jui Nagar, Navi Mumbai, which will require significant funds thereby reducing the company's financial flexibility. Also, the company has limited experience in executing large commercial real estate projects.

Historically, the company has had high leverage which has resulted in lower margins. Further, the company's aggressive land acquisition strategy has led to losses during the downturn.

The company's consolidated revenues amounted to Rs 3.6 bn during the first half of FY10; the operating margin was 25.5% and net margin was negative 3.3%. The total consolidated debt as on September 30, 2009 was Rs 8.9 bn in comparison to the total net worth of Rs 3.3 bn.

About the company and the issue

Raheja Universal Ltd (RUL) is promoted by Mr Suresh Raheja. He is the son of late Mr Lachmandas Raheja who founded the K Raheja Group of companies in 1956 with operations in the real estate sector. The family underwent a separation in 1986 and Mr Suresh Raheja started operations under the brand of K Raheja Developers, which was subsequently consolidated under Garden View Properties and Hotels Private Limited, incorporated on November 5, 1980 under the Companies Act, 1956 in Mumbai. In order to create a distinct brand, the name of the company was changed to K Raheja Universal Private Limited on March 28, 2003 and to Raheja Universal Private Limited on September 25, 2009. On January 25, 2010 the company's name was further changed to Raheja Universal Limited, a public limited company.

Till date the company has developed 2.8 mn sq. ft. of gross saleable area in MMR, out of which 2.3 mn sq. ft. of saleable area is under the residential segment and 0.5 mn sq. ft. is under the commercial segment. The promoter group, including RUL under Mr Suresh Raheja, has developed close to 4.9 mn sq. ft. of gross saleable area.

As of January 31, 2010 RUL has 1,202 acres of land bank across eight locations, of which approximately 48% is in MMR. RUL is planning to develop ~70 mn sq. ft. of saleable area (of which ~73% of saleable area is in the MMR), of which 44 mn sq. ft. is in the residential segment and 26 mn sq. ft. in the commercial segment.

The IPO proceeds will be utilised by RUL to meet construction and development expenses of RICC – I - Tower 1, a commercial ongoing project amounting to Rs 3,149 mn, and acquisition of land and/or land development rights amounting to Rs 1,750 mn. Part of the proceeds will also be utilised to repay the existing loan amount of Rs 1,585 mn and to finance general corporate expenses.

About CRISIL IPO Grading

CRISIL IPO (Initial Public Offering) grading is an opinion on the fundamentals of the graded issue that reflects CRISIL's independence and expertise. This opinion is expressed as a relative assessment in relation to other listed equity securities in India. The assessment is based on a grading exercise carried out by industry specialists from CRISIL Research. A CRISIL IPO Grade 5/5 indicates strong fundamentals and a CRISIL IPO Grade 1/5 indicates poor fundamentals. CRISIL IPO Grading reflects its assessment of the graded company's equity fundamentals as distinct from an assessment of debt fundamentals. A CRISIL IPO Grade should not be construed to mean a comment on the price of the graded security nor is it a recommendation to invest or not to invest in the graded security.

Media Contacts	Analytical Contacts
<p>Mitu Samar Head, Market Development & Communications CRISIL Limited Tel: +91-22- 3342 1838 Mobile: +91- 98200 61934 Fax: +91-22- 3342 3001 E-mail: msamar@crisil.com</p> <p>Tanuja Abhinandan Market Development & Communications CRISIL Limited Tel: +91-22- 3342 1818 Mobile: +91- 98192 48980 Fax: +91-22- 3342 3001 E-mail: tabhinandan@crisil.com</p>	<p>Tarun Bhatia Director, Capital Markets CRISIL Research Tel: +91-22- 3342 3226 E-mail: tbatia@crisil.com</p> <p>Sudhir Nair Head, Equities CRISIL Research Tel: +91-22- 3342 3526 E-mail: snair@crisil.com</p>

About CRISIL Limited

CRISIL is India's leading Ratings, Research, Risk and Policy Advisory Company.

About CRISIL Research

CRISIL Research is India's largest independent, integrated research house. We leverage our unique, integrated research platform and capabilities spanning the entire economy-industry company spectrum to deliver superior perspectives and insights to over 600 domestic and global clients, through a range of subscription products and customised solutions.

CRISIL PRIVACY NOTICE

Contacting us via e-mail or registering with CRISIL reveals your e-mail address and any other information you include such as phone number and/or mailing address. We will use this information to help us process your registration, fulfill your request or respond to your inquiry. All of your personal information will be stored in a secure database in India. Access to this database is limited to authorized persons.

Occasionally, we use data collected about customers and prospects to inform them about products or services from CRISIL, and our parent company Standard & Poor's (a subsidiary of The McGraw-Hill Companies), and reputable outside companies that may be of interest to them. Many of our customers find these e-mail promotions valuable, whether they are shopping for merchandise, taking advantage of a special offer, or purchasing unique services. On rare occasions, and subject

to applicable laws, CRISIL may also share your information with outside "3rd Party" vendors who will be authorized to use this information solely to perform services (such as a "mailing" house) on our behalf.

If at any time you would like your name removed from lists that are shared for promotional reasons within CRISIL, Standard & Poor's, and with other units of The McGraw-Hill Companies, or with third parties simply send a written request to privacy@crisil.com or Privacy Official, CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400 076, India.

You can also send an email request to privacy@crisil.com if you would like to confirm the accuracy of the information we have collected from you, or if you have questions about the uses of this information.

For more information about The McGraw-Hill Companies Privacy Policy, please visit www.mcgrawhill.com/privacy.html

Last updated: 01 January, 2010

Disclaimer

A CRISIL IPO Grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO Grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO Grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO Grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of CRISIL IPO Gradings. For information on any IPO grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-33423561, or via e-mail: clientservicing@crisil.com.

For more information on CRISIL IPO Gradings, please visit <http://www.crisil.com/ipo-gradings>

This press release is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The Press release may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution of its Press Releases for consideration or otherwise through any media including websites, portals etc.