

Q2FY11/ Estimate change

8 November 2010

Buy

Target Price: Rs90

CMP: Rs77*

Upside: 18%

*as on 5th November 2010

Q2 disappoints; expect good FY12

Consolidated Construction Consortium's (CCCL) Q2FY11 results came below expectations due to project execution-related issues. Though operating margin was impacted, the management has marginally lowered its FY11 revenue growth guidance to 18% vs 20% earlier (we factor 28% growth as we believe the management is very conservative on growth assumption). We have tweaked our FY11 and FY12 estimates, reducing PAT by 14% and 10%, resp. We maintain Buy with a revised target price of Rs90 (earlier Rs101), considering 2HFY11 and FY12 revenue would be robust. CCCL remains our least-preferred construction pick in the sector and we advise investors to look at Ahluwalia Contracts (ACIL) on better risk-reward profile (upside 47%).

- **Order-book at Rs45bn is 2.2x TTM revenue:** CCCL bagged orders worth Rs3.4bn in Q2FY11 (Rs21bn in 1HFY11). Q2FY11 order intake is < revenue of Rs4.9bn.
- **Increase in working capital employed expected:** CCCL witnessed a rise in working capital employed (inline with our expectation) due to increasing debtor days. The company also faced pressure from vendors advancing payments.
- **Maintain Buy; but prefer ACIL over CCCL:** The stock price has already corrected by around 7% following the disappointing Q2 results. At CMP, the stock presents 18% upside to our fair value of Rs90 (12x FY12E EPS of Rs7.5). We, however, advice investors to consider ACIL for 47% upside given its better risk-reward profile and much better operational parameters vs CCCL.

Manish Kayal

manish.kayal@centrum.co.in

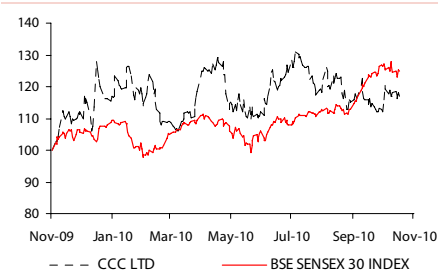
+91 22 4215 9313

Key Data

Bloomberg Code	CCCL IN
Reuters Code	CCON.BO
Current Shares O/S (mn)	184.8
Diluted Shares O/S(mn)	184.8
Mkt Cap (Rsbn/USDmn)	14.2/321.5
52 Wk H / L (Rs)	105/68
Daily Vol. (3M NSE Avg.)	186,820
Face Value (Rs)	2

USD = Rs44.3

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
CCCL	(9.7)	(3.8)	7.9
NIFTY	3.3	24.7	29.4

Source: Bloomberg, Centrum Research
*as on 5 November 2010

Y/E March (Rsmn) (Standalone)	Q2FY11	Q2FY10	YoY (%)	Q1FY11	QoQ (%)	Q2FY11E	Variance (%)
Net sales	4,895	4,513	8.5	5,080	(3.6)	6,054	(19.1)
Consumption of RM	3,828	3,583	6.8	4,028	(5.0)	4,801	(20.3)
% of sales	78.2	79.4	(121)	79.3	(111)	79.3	(111)
Employee costs & SG&A	685	528	29.7	631	8.6	752	(8.9)
% of sales	14.0	11.7	229	12.4	157	12.4	157
EBITDA	382	401	(4.7)	420	(9.0)	501	(23.7)
EBITDA Margin (%) / bps	7.8	8.9	(108)	8.3	(46)	8.3	(46)
Dep and amortisation	31	23	35.3	29	9.4	39	(19.0)
Interest	121	63	91.0	105	14.8	114	0.1
EBT	230	314	(26.9)	286	(19.6)	348	(34.0)
Other income	13	5	161.2	14	(2.9)	14	(1.4)
PBT	243	319	(23.9)	300	(18.9)	362	(32.8)
Exceptional item (reported)	(7)	-		-		0	
Provision for tax	85	109	(21.3)	103	(16.9)	111	(23.3)
Effective Tax Rate %/bps	34.1	34.0	15	34.3	(13)	30.8	337
JV partner's share in profit	(27)	-	NM	(9)	198.9	NM	NM
PAT (reported)	137	211	(34.9)	197	(30.3)	250	(45.1)
PAT (adjusted)	133	211	(37.1)	197	(32.6)	250	(47.0)
NPM (%) / bps	2.7	4.7	(196)	3.9	(116.7)	4.1	(142)
EPS (adjusted)	0.74	1.14	(34.9)	1.02	(26.9)	1.4	(45.1)

Source: Company, Centrum Research

Y/E Mar (Rsmn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	EPS (Rs)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY09	18,413	24.8	1,223	6.6	728	(18.1)	3.9	15.0	17.5	5.9	5.3
FY10	19,759	7.3	1,847	9.3	916	25.8	5.0	17.6	21.2	16.7	10.2
FY11E	25,206	27.6	2,217	8.8	1,098	19.9	5.9	18.4	19.6	12.9	8.2
FY12E	32,315	28.2	2,794	8.6	1,392	26.7	7.5	18.8	19.5	10.2	7.1
FY13E	38,977	20.6	3,351	8.6	1,684	21.0	9.1	18.8	18.9	8.4	6.0

Source: Company, Centrum Research Estimates

Please refer to important disclosures/disclaimers in Appendix A

Revenue growth and margins estimates for FY11 and FY12 cut

- We deviate from the management's guidance of 18% revenue growth in FY11 and factor in 28% growth (vs earlier 34% growth earlier). We believe the management's comments are conservative and the company would deliver our projected number. We maintain revenue growth rate estimate of 28% for FY12 as we believe the current order-book execution would enable growth assumption.
- We have lowered our EBIDTA margin estimates by 20bp and 30bp to 8.8% and 8.6%, respectively, for FY11 and FY12 (earlier 9% and 8.9%). We believe our assumption is reasonable given the management's guidance range is 8.5%-9%. We believe the management's guidance of 8.2% for FY11 is very conservative, because historically H2 margins are better than H1.
- Our interest and depreciation assumptions undergo marginal changes (see table below).
- One major change that we are bringing in to our assumption is "JV partner's share of profit" which we earlier believed would have minimal impact on company's profitability. Our FY11E and FY12E assumption includes Rs80mn for FY11 & Rs33mn for FY12 as JV's share of profit. Please note that, this share of profit to JV is only on account of Chennai Airport project, which will be completed by 1QFY12 according to the management (we factor Q2FY12).
- Our PAT estimates for FY11 and FY12 are reduced by 14% and 10%, respectively.

Exhibit 1: Revised estimates

Particulars (Rsmn)	Actual		Earlier Assumption				New Assumption			
	1QFY11A	2QFY11A	3QFY11E	4QFY11E	FY11E	FY12E	3QFY11E	4QFY11E	FY11E	FY12E
Type	Parent	Parent	Parent	Parent	Consol	Consol	Parent	Parent	Consol	Consol
Revenue	5,080	4,895	6,696	8,368	26,501	33,800	5,971	8,957	25,206	32,315
Changes (%)	-	-	-	-	-	-	(10.8)	7.0	(4.9)	(4.4)
EBITDA	420	382	554	692	2,397	3,007	526	879	2,217	2,794
EBITDA Margin (%)	8.3	7.8	8.3	8.3	9.0	8.9	8.8	9.8	8.8	8.6
Interest (Net)	105	121	120	126	311	457	115	121	383	529
Depreciation	29	31	39	39	153	201	43	43	154	201
Other Income	14	13	17	22	3	4	17	29	16	21
PBT	300	250	412	549	1,937	2,353	385	744	1,786	2,159
Tax	103	85	127	169	659	800	131	254	607	734
Tax Rate (%)	34.3	34.1	30.8	30.8	34.0	34.0	34.1	34.1	34.0	34.0
PAT	197	165	285	380	1,278	1,553	254	490	1,179	1,425
JV's Share	(9)	(27)	-	-	-	-	(22)	(22)	(80)	(33)
Adj. PAT	188	137	285	380	1,278	1,553	232	468	1,098	1,392
Changes (%)	-	-	-	-	-	-	(19)	23	(14)	(10)

Source: Company, Centrum Research Estimates

Q2FY11 review

Revenue grew 9% YoY to Rs4.9bn, but was lower than our estimate of Rs6bn and street estimate of Rs5.5bn.

- Work on the Chennai Airport project was suspended for almost a month due to an accident. This impacted the company's performance for the quarter. The revenue loss on account of this accident is quantified at around Rs0.5bn.
- Design changes for DMRC's underground multi-level underground parking project led to revenue loss of Rs82mn during the quarter. Talks will be initiated with the client to recover the additional cost since this is a fixed-price contract worth Rs1.4bn.
- Unprecedented rains at various project sites led to revenue loss (loss not quantifiable).

EBITDA at Rs382mn (down 5% YoY) amounted to 7.8% of revenue (vs 8.9% YoY and 8.3% QoQ)

- Lower EBITDA is on account of additional expenses on equipment hire charges to complete some project on time
- Chennai project accident and unprecedented rains at various project sites led to idle labour effectively eating away operating margins.

Working capital: Despite tepid revenue growth during Q2, the company witnessed increasing working capital employment. The management says this was because of the slowdown in collections as customers were not able to pay on time. And on the other hand, cement & steel vendors demanded 100% advance payment. *(We had factored this in our initiation as company is witnessing transition from building construction play to a Infrastructure construction play and expanding footprint from south-India region).*

Interest payment increases: The rise in interest payment by 91% YoY from Rs63mn to Rs121mn is on account of increasing working capital employment due to many projects taking-off on execution.

Expectations for H2FY11 and FY12

We concur with the management that revenue would catch-up for the remaining part of the year and the company would have a robust FY12. To attain our assumption of 28% standalone revenue growth for FY11, H2FY11 revenue would have to grow by 50% v/s 1HFY11 and contribute 60% of standalone total revenue for FY11 (3 year historical average contribution for 2H has been 54%).

Revenue: The management said revenue would be able to grow by 15%-18% from its Q1FY11 guidance of 18%-20%. We factor in 28% growth due to the on following factors:

- 1) Spillover of H1FY11 revenue to 2HFY11; and
- 2) Ramp-up of projects particularly infrastructure orders forming 51% of total order-book as on 2QFY11.

This will enable the company achieve growth of 50% in H2FY11 vs H1FY11. Historically, CCCL's exposure was more to commercial & industrial segment which has even distribution of revenue across the first three quarters and hence not comparable.

EBITDA margin: The management believes EBITDA margin for FY11 would be around 7.9%-8.2%, and have sustainable level of 8.5%-9.0% going forward. We have factored in 8.8% for FY11 and 8.6% for FY12.

Resultant impact on net profit: CCCL's earlier guidance of 5% net margin is at risk. We however, were skeptical of this level sustaining in the medium/long term on reasons of increasing region exposure and infrastructure share. Our above assumption gives us a net margin of 4.4% for FY11 & 4.3% for FY12.

Order-book details

- During the quarter, the company bagged orders worth Rs3.4bn (details in Exhibit 2 below). The management commented that buildings and factories segment is picking-up and is looking for technological partner in low-cost housing segment which is a segment picking-up. Order-book client mix is 35% government and rest from private sector. (Please see exhibits on next page for order-book).
- Company maintains its order-book intake guidance of Rs40bn-50bn for the year. The company has already bagged projects worth Rs25bn in H1FY11 leaving only Rs20bn for the rest of the year. We expect CCCL to close the year with order backlog of Rs67bn (growth of 35% YoY). Have an internal target to maintain order-backlog to TTM revenue of 2x/2.5x.
- CCCL's wholly-owned subsidiaries "Noble Consolidated" & "CCCL Interiors" order-book stands at Rs500mn & Rs449mn, respectively.
- CCCL is lowest bidder (L1) in projects worth Rs510mn (two projects of Rs320mn & Rs190mn) and pre-qualified in projects worth Rs97bn (expected strike rate of 14%-15%).
- Chennai Airport project update: (1) Rs6.3bn worth of project is remaining to be completed. (2) Completed Rs6.6bn worth of work completed till date (Rs1.3bn in 2QFY11 and around Rs3.5bn-Rs3.6bn cumulative in 1HFY11). The project is expected to be completed by 1QFY12.
- CCCL is expected to get LOA (value of Rs2.7bn) for a multilevel car parking project from Municipal Corporation of Delhi (MCD) in Q3FY11 (November), which is not included in the current order-book. CCCL will be required to put in an upfront fee of around Rs700mn (within one month of LOA expected by Jan'11). Financial closure to be done within 6 months of LOA. This project is coupled with exploitation of commercial area of 96,000sq.ft for 33 years to make the project viable.
- In balance of plant (BoP) segment, CCCL is seriously working on it. CCCL power infrastructure was formed for the venture and has got in-principle letter-of-Intent (LOI) for one private sector project worth Rs2.4bn-Rs3bn of size 2x150MW (project value negotiation currently ongoing). Currently, only private sector projects are considered by the company since government projects require experience. JVs/tie-ups will be considered for early traction in the segment which the company is considering.
- On road projects, CCCL is in pre-q stage and will enter the bidding stage in 4QFY11. Will resort to JV/partners for the segment and is currently considering only NHAI projects for now.

Conference call – key takeaways

- Despite tepid expectations for FY11 growth, CCCL expects a normal FY12
- Debt-equity ratio at 0.58x as on Q2FY11 is not expected to increase much from here except investment of Rs700mn in subsidiary CCCL Infrastructure for DMRC multi-level car parking project at South Extension – New Delhi from Municipal Corporation of Delhi (MCD). No other major capex is on anvil except for normal operations which we factor at Rs54mn-78mn for FY11 and FY12.
- Company's view on cement prices is "ascending only". This is the reason for its conservative stance of EBITDA margins for 2HFY11 and FY12.
- Only two fixed-price contracts are included in the total order-book. These are from government sector worth Rs1.4bn DMRC multi-level car parking project and another worth Rs1.5bn.
- Average cost of debt for the company is around 11.5%-12%.
- Clarification on land transfer (see point 3 in notes to accounts of quarterly press release) – Due to limitation on amount of land a company can hold, it was held in CCCL's books which has been transferred to its Food SEZ now with profit of Rs70mn booked in the quarter as exceptional item.

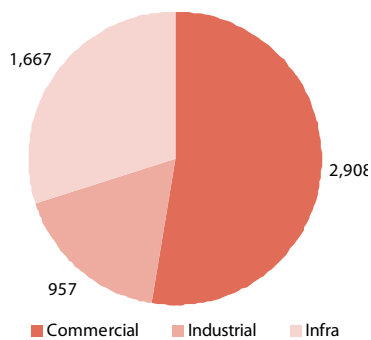
Charts & Tables

Exhibit 2: Projects bagged during Q2FY11

Description of the project	Client Name	Rsmn
Kolkata Metro Rail Corporation Ltd	Construction of Central Park Depot	1,458
IT Park	UST Global IT Parks Pvt Ltd – SEZ Phase-I	492
Hotel Construction	Hyatt Regency Hotel	470
Retrofitting of Dehradun Corporate Office	ONGC Ltd	462
Commercial Complex	Anand City Centre Holdings Pvt Ltd	313
Civil Structure for DHU	Nagarjuna Oil Corporation Ltd (Samsung)	196
Orders received during the month of Oct'10	NA	634
Total		4,024

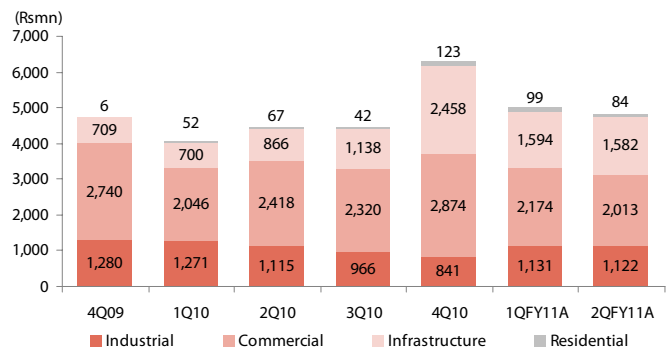
Source: Company

Exhibit 3: Order-Book Segment-Mix



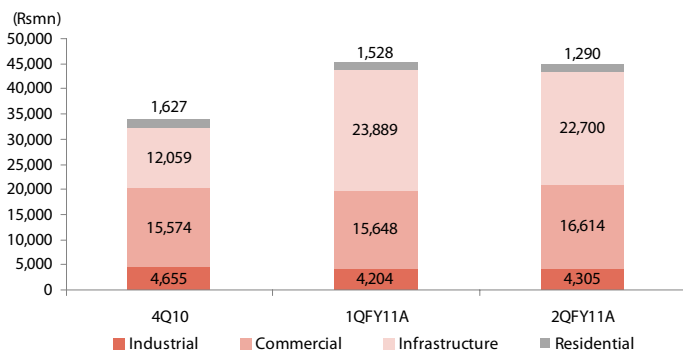
Source: Company, Centrum Research Estimates

Exhibit 4: Revenue Trend Segment-Wise



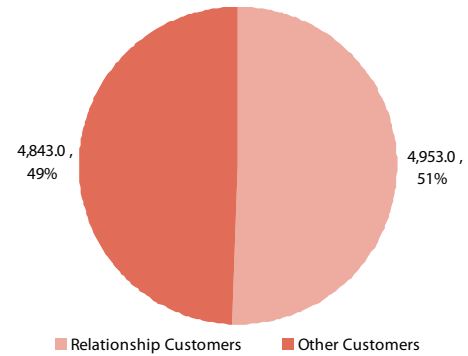
Source: Company, Centrum Research Estimates

Exhibit 5: Order-book Segment-Mix



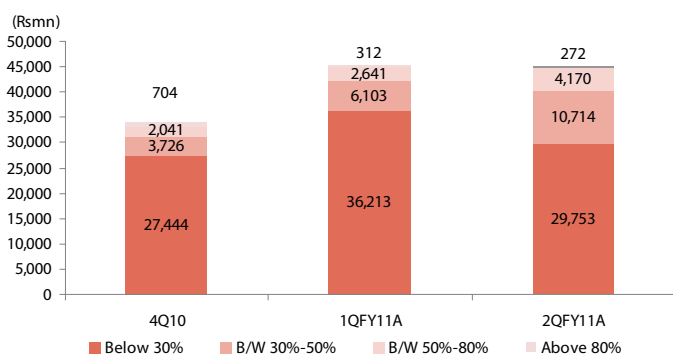
Source: Company, Centrum Research Estimates

Exhibit 6: Revenue Client-Mix



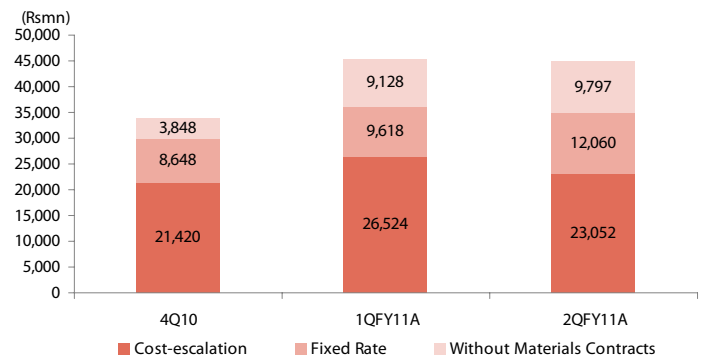
Source: Company, Centrum Research Estimates

Exhibit 7: Order-Book Progress Details



Source: Company, Centrum Research Estimates

Exhibit 8: Order-Book Type-Mix



Source: Company, Centrum Research Estimates

Financials (Consolidated)

Exhibit 10: Income Statement

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Revenues	18,413	19,759	25,206	32,315	38,977
<i>Growth in revenue (%)</i>	24.8	7.3	27.6	28.2	20.6
Cost of Raw Material	14,983	15,394	19,788	25,418	30,697
<i>% of Revenue</i>	81.4	77.9	78.5	78.7	78.8
Employee cost	1,059.6	1,141.4	1,481.2	1,899.0	2,290.5
<i>% of Sales</i>	5.8	5.8	5.9	5.9	5.9
O&M expenses	1,146.9	1,377.1	1,718.9	2,203.7	2,638.6
<i>% of Sales</i>	6.2	7.0	6.8	6.8	6.8
EBITDA	1,223	1,847	2,217	2,794	3,351
<i>EBITDA Margin</i>	6.6	9.3	8.8	8.6	8.6
Depreciation	89	110	154	201	259
PBIT	1,134	1,737	2,063	2,593	3,092
Interest expenses	55	265	294	455	566
PBIT from operations	1,078	1,471	1,770	2,138	2,526
Other non operating income	31	3	16	21	26
PBT before ext.od items	1,110	1,474	1,786	2,159	2,552
Extra-ordinary income/ (exp)					
PBT	1,110	1,474	1,786	2,159	2,552
Provision for tax	382	504	607	734	868
<i>Effective tax rate (%)</i>	34.4	34.2	34.0	34.0	34.0
<i>Minority interest</i>					
PAT	728	970	1,179	1,425	1,684
Adjustment for Ext.Od items	-	(54)	(80)	(33)	-
Adjusted PAT	728	916	1,098	1,392	1,684
<i>Growth in PAT (%)</i>	(18.1)	25.8	19.9	26.7	21.0
<i>PAT margin (%)</i>	4.0	4.6	4.4	4.3	4.3

Source: Company, Centrum Research Estimates

Exhibit 11: Balance Sheet

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	370	370	370	370	370
Stock Options / Warrants					
Reserves	4,791	5,523	6,572	7,832	9,318
Shareholders' fund	5,161	5,892	6,942	8,202	9,688
Debt	1,975	3,388	4,888	6,588	8,288
Deferred Tax Liability	442	595	595	595	595
Minority Interest	-	-	-	-	-
Total Capital Employed	7,578	9,876	12,425	15,385	18,571
Gross Block	1,605	1,897	2,497	3,247	4,147
Accumulated dep.	221	331	485	686	945
Net Block	1,384	1,566	2,011	2,560	3,202
Capital WIP	64	155	94	119	149
Total Fixed Assets	1,449	1,721	2,105	2,679	3,350
Investments	569	94	394	694	794
Inventories	8,070	10,201	12,923	16,434	19,660
Debtors	88	120	153	196	236
Cash & bank balances	1,299	1,701	1,392	858	870
Loans and Advances	1,437	1,562	2,090	2,742	3,403
Other Current Assets	-	-	-	-	-
Total current assets	10,894	13,584	16,559	20,229	24,169
Current lia & provisions	5,457	5,538	6,648	8,233	9,758
Net current assets	5,437	8,046	9,910	11,996	14,411
Misc. Expenditure	123	14	15	15	15
Total Assets	7,578	9,876	12,425	15,385	18,571

Source: Company, Centrum Research Estimates

Exhibit 12: Cash flow

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
CF from operating					
PAT till FY09 / PbT after	728	916	1,179	1,425	1,684
Depreciation	89	110	154	201	259
Interest expenses	118	326	383	529	607
OP profit before WC change	1,241	1,851	2,323	2,888	3,418
Working capital adjustment	(888)	(2,206)	(2,173)	(2,621)	(2,402)
Gross cash from operations	354	(355)	150	268	1,016
Direct taxes paid	(235)	(377)	(607)	(734)	(868)
Cash from operations	118	(732)	(457)	(466)	148
CF from investing					
Capex	(708)	(382)	(539)	(776)	(930)
Investment	422	475	(300)	(300)	(100)
Others	-	64	-	-	-
Cash from investment	(286)	156	(839)	(1,076)	(1,030)
CF from financing					
Borrowings/ (Repayments)	721	1,412	1,500	1,700	1,700
Interest paid	(118)	(326)	(383)	(529)	(607)
Dividend paid	(108)	(108)	(130)	(164)	(199)
Others	94	-	-	-	-
Cash from financing	589	978	987	1,007	894
Net cash increase/ (dec)	422	403	(309)	(535)	12

Source: Company, Centrum Research Estimates

Exhibit 13: Key Ratios

Y/E March	FY09	FY10	FY11E	FY12E	FY13E
Margin Ratios (%)					
EBITDA Margin	6.6	9.3	8.8	8.6	8.6
PBIT Margin	6.2	8.8	8.2	8.0	7.9
PBT Margin	6.0	7.5	7.1	6.7	6.5
PAT Margin	4.0	4.6	4.4	4.3	4.3
Growth Ratios (%)					
Revenues	24.8	7.3	27.6	28.2	20.6
EBITDA	(0.1)	0.5	0.2	0.3	0.2
Net Profit	(0.2)	0.3	0.2	0.3	0.2
Return Ratios (%)					
ROCE	17.5	21.2	19.6	19.5	18.9
ROIC	12.3	13.7	12.5	12.8	12.6
ROE	15.0	17.6	18.4	18.8	18.8
Turnover Ratios					
Asset turnover ratio (x)	2.7	2.3	2.3	2.3	2.3
Working Capital Turnover (x)	3.9	2.9	2.8	3.0	3.0
Avg collection period (days)	1.7	2.2	2.2	2.2	2.2
Avg payment period (days)	121.7	119.9	111.9	107.9	105.9
Per share (Rs)					
Fully diluted EPS	3.9	5.0	5.9	7.5	9.1
CEPS	4.4	5.6	6.8	8.6	10.5
Book Value	27.9	31.9	37.6	44.4	52.4
Solvency ratios (x)					
Debt/ Equity	0.4	0.6	0.7	0.8	0.9
Interest coverage ratio	10.4	5.7	5.8	5.3	5.5
Valuation parameters (x)					
P/E	5.9	16.7	12.9	10.2	8.4
P/BV	0.8	2.6	2.0	1.7	1.5
EV/ EBITDA	5.3	10.2	8.2	7.1	6.0
EV/ Sales	0.4	1.0	0.7	0.6	0.5
M-Cap/ Sales	0.2	0.8	0.6	0.4	0.4

Source: Company, Centrum Research Estimates

Appendix A

Disclaimer

Centrum Broking Pvt. Ltd. ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accented accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

This report has not been prepared by Centrum Securities LLC. However, Centrum Securities LLC has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declaration given by him/her Mr Manish Kayal analyst and the author of this report and/or any of his/her family members do not serve as an officer, director or are any way connected to the company/companies mentioned in this report. Further, as declared by them, they have not received any compensation from the above companies in the preceding twelve months. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavor to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances

Key to Centrum Investment Rankings

Buy: Expected outperform Nifty by >15%, **Accumulate:** Expected to outperform Nifty by +5 to 15%, **Hold:** Expected to outperform Nifty by -5% to +5%, **Reduce:** Expected to underperform Nifty by 5 to 15%, **Sell:** Expected to underperform Nifty by >15%

Centrum Broking Private Limited

Member (NSE, BSE), Depository Participant (CDSL) and SEBI registered Portfolio Manager

Regn Nos

CAPITAL MARKET SEBI REGN. NO.: BSE: INB 011251130, NSE: INB231251134

DERIVATIVES SEBI REGN. NO.: NSE: INF 231251134 (TRADING & SELF CLEARING MEMBER)

CDSL DP ID: 12200. **SEBI REGISTRATION NO.:** IN-DP-CDSL-20-99

PMS REGISTRATION NO.: INP000000456

Website: www.centrum.co.in

Investor Grievance Email ID: investor.grievances@centrum.co.in

REGD. OFFICE Address

Bombay Mutual Bldg., 2nd Floor, Dr. D. N. Road, Fort,
Mumbai - 400 001

Correspondence Address

Centrum House, 6th Floor, CST Road, Near Vidya Nagari Marg,
Kalina, Santacruz (E), Mumbai 400 098.
Tel: (022) 4215 9000