

## Ahluwalia Contracts Ltd

Q1FY12Result/Target price change 19 August 2011

## Buy

Target Price: Rs142

CMP: Rs125\*

Upside: 13%

\*as on 18 August 2011

## Lower Revenue on Slow Execution, Op. Margins Surprised. Buy, But with Riders

Q1FY12 results were a mixed bag with revenue 25% lower but higher operating margin led to net profit beat of 83% at Rs106mn v/s our expectation of Rs58mn. Margins at 9.4% were contrary to the management's guidance of sub 6% in FY11 con-call. Though our numbers suggest a Buy based on FY13 numbers, we caution investors on the company's high residential real estate exposure of 57% and substantial contingent liabilities/net worth ratio of around 55% as on FY10 which is much higher than that of peers. Otherwise, it is one of the quality companies in the construction space with ROE in excess of 20%, hardly seen among peers, with robust recall from clients for orders. We ascribe a target of Rs142, upside of 13%. Read the conference-call takeaway section on page 2 for more updates.

- **Mixed bag:** Revenue lower by 25% and net profit beat by 83% primarily led by 413bps higher operating margin. We factored 5.2% v/s sub 6% guided for FY12 in FY11 con-call.
- **Order-Intake & Guidance:** The company has a net order-book of Rs37bn. Intake in Q1FY12 was Rs4.8bn. Sales guidance of Rs17bn-Rs18bn (flat growth) and operating margin in range of 9%-11% for FY12. The current guidance is way-off from Q4FY11 con-call guidance of 20% revenue growth and 7%-8% op. margins. We would like investors to note that it is getting difficult for us to get an outlook perspective from the management based on such volatile outlook commentary.
- **Risks to our call** – Compared to company's guidance and operating margins, and Mr. Bikramjit Ahluwalia's statement a month back that his company was confident of achieving Rs900mn - Rs1bn net profit in FY12, our net profit figures is 36% lower at Rs607mn. This could pose an upside risk.
- **Maintain Buy:** We maintain Buy on the stock with negligible change in earnings (lower revenue offsets higher operating profit). We ascribe a target of Rs142 (upside of 13%), but caution investors over its high real estate exposure and relatively higher contingent liability/net worth ratio v/s peers.

## Manish Kayal

manish.kayal@centrum.co.in

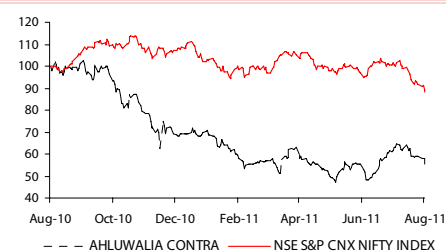
+91 22 4215 9313

## Key Data

Bloomberg Code	AHLU IN
Reuters Code	AHLU.BO
Current Shares O/S (mn)	62.8
Diluted Shares O/S(mn)	62.8
Mkt Cap (Rsbn/USDmn)	7.8/171.5
52 Wk H / L (Rs)	230/97
Daily Vol. (3M NSE Avg.)	47,318
Face Value (Rs)	2

1 USD = Rs45.7

## One Year Indexed Stock Performance



## Price Performance (%)

	1M	6M	1Yr
Ahluwalia	(6.3)	(0.6)	(42.2)
NIFTY	(13.1)	(10.6)	(11.9)

Source: Bloomberg, Centrum Research

\*as on 18 August 2011

Y/E March (Rsmn) (Standalone)	Q1FY12A	Q1FY11A	YoY%	Q4FY11A	QoQ%	Q1FY12E	Var %
<b>Net sales</b>	<b>3,101</b>	<b>3,936</b>	<b>(21.2)</b>	<b>5,752</b>	<b>(46.1)</b>	<b>4,157</b>	<b>(25.4)</b>
Consumption of RM	2,298	2,952	(22.2)	4,843	(52.5)	3,440	(33.2)
% of sales / bps	74.1	75.0	(92)	84.2	(1,010)	82.8	
Employee costs & SG&A	513	521	(1.7)	600	(14.6)	499	2.8
% of sales / bps	16.5	13.2	328	10.4	609	12.0	
<b>EBITDA</b>	<b>291</b>	<b>462</b>	<b>(37.1)</b>	<b>309</b>	<b>(5.9)</b>	<b>218</b>	<b>33.4</b>
EBITDA Margin (%) / bps	9.4	11.7	(237)	5.4	401	5.2	
Depn and Amort.	111	78	42.4	95	16.6	95	16.8
Interest	49	31	56.9	42	16.5	51	(4.4)
<b>EBT</b>	<b>131</b>	<b>353</b>	<b>(62.9)</b>	<b>172</b>	<b>(23.7)</b>	<b>72</b>	<b>82.1</b>
Other income	15	12	29.7	20	(21.7)	16	(0.2)
<b>PBT</b>	<b>147</b>	<b>365</b>	<b>(59.8)</b>	<b>192</b>	<b>(23.5)</b>	<b>88</b>	<b>67.5</b>
Provision for tax	41	122	(66.6)	70	(41.6)	30	37.0
Effective Tax Rate %/bps	27.8	33.4	(562)	36.4	(859)	34.0	
<b>PAT (reported)</b>	<b>106</b>	<b>243</b>	<b>(56.4)</b>	<b>122</b>	<b>(13.2)</b>	<b>58</b>	<b>83.2</b>
<b>PAT (adjusted)</b>	<b>106</b>	<b>243</b>	<b>(56.4)</b>	<b>122</b>	<b>(13.2)</b>	<b>58</b>	<b>83.2</b>
<b>NPM (%) / bps</b>	<b>3.4</b>	<b>6.2</b>	<b>(44.8)</b>	<b>2.1</b>	<b>130</b>	<b>1.4</b>	<b>142.9</b>
<b>EPS (adjusted)</b>	<b>1.7</b>	<b>3.9</b>	<b>(56.4)</b>	<b>1.9</b>	<b>(13.2)</b>	<b>0.9</b>	<b>83.2</b>

Source: Company, Centrum Research Estimates

Y/E Mar (Rsmn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	EPS (Rs)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY10	15,677	34.7	1,688	10.8	818	41.7	13.0	37.9	44.8	9.6	5.4
FY11E	16,896	7.8	1,509	8.9	708	(13.4)	11.3	24.8	28.7	11.1	6.3
FY12E	17,311	2.5	1,491	8.6	607	(14.3)	9.7	17.6	19.9	12.9	7.4
FY13E	21,076	21.7	2,046	9.7	870	43.3	13.9	21.1	21.3	9.0	6.0
FY14E	25,425	20.6	2,392	9.4	1,003	15.3	16.0	20.1	20.5	7.8	5.4

Source: Company, Centrum Research Estimates

Please refer to important disclosures/disclaimers in Appendix A

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

## Q1FY12 Results Review – Mixed Bag

Overall Q1FY12 results were a mixed bag with revenue at Rs3bn (25% & 19% lower than our & consensus expectation respectively). However, better operating margins of 9.4% v/s our expectation of 5.2% & consensus expectation of 7.4% led to higher operating profit by 33% & 3% respectively.

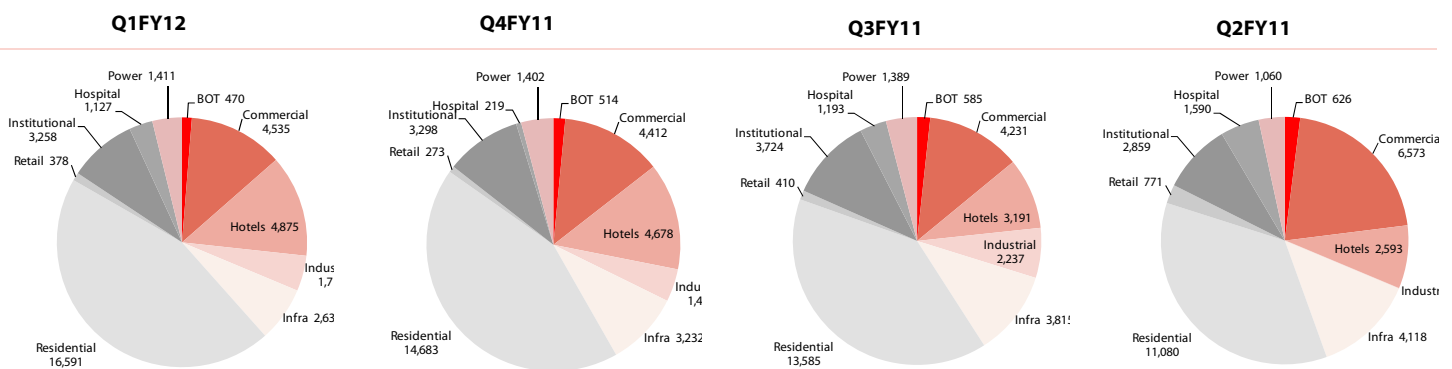
Depreciation was higher by 17%, because of purchase of scaffolding materials during the quarter which is fully depreciated as per company policy. Other income and interest expense was in line with our expectation.

Overall, net profit was higher by 83% v/s our expectation on account of better operating margins, but, it was lower by 23% compared to street expectations.

## Key Takeaways from Conference Call

- Inquiries are robust in the real estate segment. As the company has a presence in high-end real estate projects, developers with signature projects are approaching the company. However, the company is careful about adding doubtful clients. In Q1FY12 of the total Rs4.8bn order-intake most was in the real estate segment (residential and commercial). This segment forms 57% of the total unexecuted order-book.
- 20% are fixed price contracts, 70% variable price contracts, and the remaining 10% in other categories.
- Execution challenges remain with clients delaying payments or making part payments, forcing the company to slow down project execution. However, clients are not saying to slow execution directly.
- The environment is tough when compared to the FY09 downturn. Management said that in the earlier downturn, ground reality was robust with strong project pipelines in various segments. However, currently inquiries are low compared to that period.
- Kota infrastructure cum real estate project is completed to the extent of 35% (30% as on FY11) will be complete by Dec'12. Investment made in the project is Rs200mn and Rs350mn more would be invested in FY12.

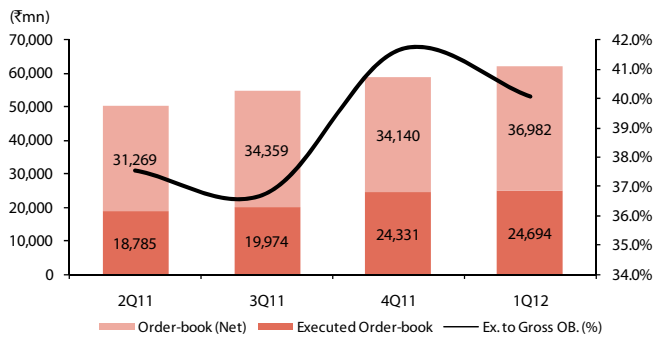
**Exhibit 1: Order-book Sector Exposure...real estate forming 2/3rd of the total order-book, lowers revenue visibility on tough macro and credit environment particularly for realty clients**



Source: Company, Centrum Research

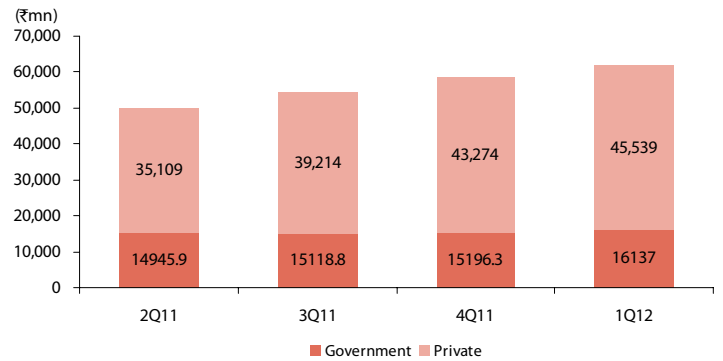
Key Charts & Tables

Exhibit 2: Order-book Status (Rsmn)



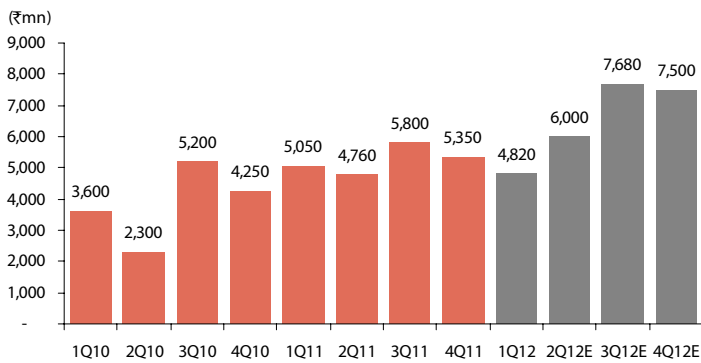
Source: Company, Centrum Research

Exhibit 3: Gross Order-Book Client Mix (Rsmn)



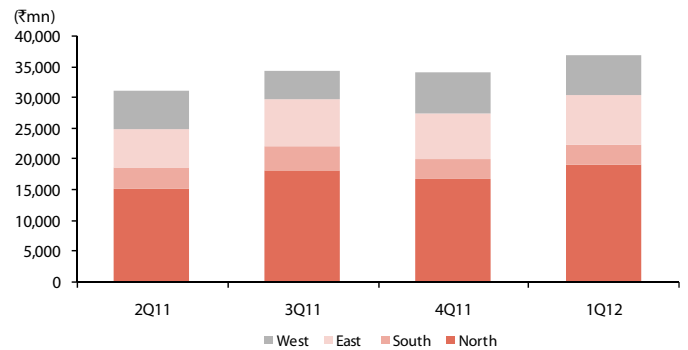
Source: Company, Centrum Research

Exhibit 4: Order-Intake (Past & Expected) (Rsmn)



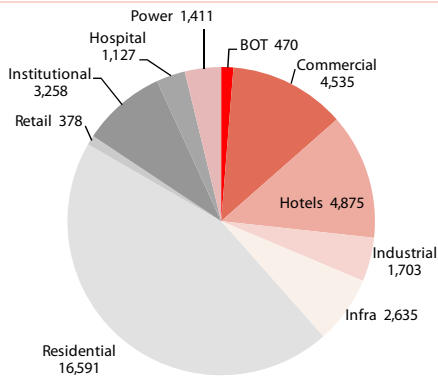
Source: Company, Centrum Research

Exhibit 5: Order-Book Region Mix (Net, Rsmn)



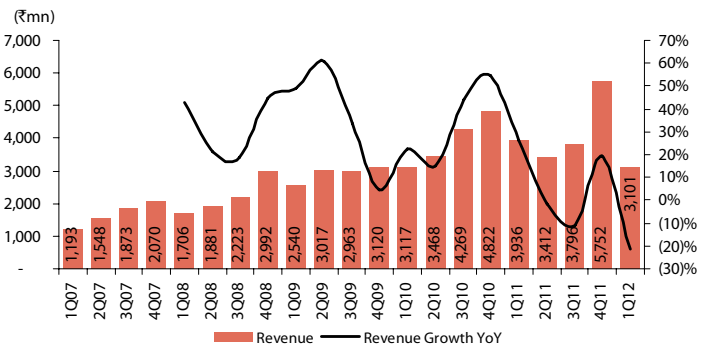
Source: Company, Centrum Research

Exhibit 6: Order-book break-up (Unexecuted/Net, Rsmn)



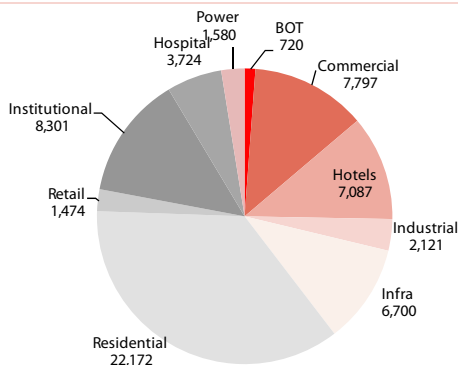
Source: Company, Centrum Research

Exhibit 7: Revenue trend over last 5 Years



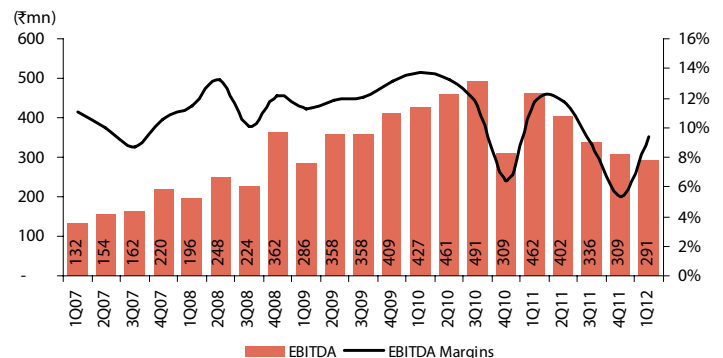
Source: Company, Centrum Research

Exhibit 8: Order-book break-up (Gross, Rsmn)



Source: Company, Centrum Research

Exhibit 9: EBITDA Margin trend over last 5 Years



Source: Company, Centrum Research

## Estimate Revision does not impact earnings as lower revenue offsets higher operating profit.

**Exhibit 10: Revised estimates for FY12 and FY13**

Particulars Centrum Estimates	New Estimates			Old Estimates			Consensus Estimates		
	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	FY14
Revenue	17,311	21,076	25,425	19,118	22,250	NA	18,795	22,476	NA
EBITDA	1,491	2,046	2,392	1,479	1,964	NA	1,731	2,178	NA
Op. Margins	8.6	9.7	9.4	7.7	8.8	NA	9.2	9.7	NA
PAT	607	870	1,003	613	863	NA	764	996	NA

Source: Company, Centrum Research Estimates

**Exhibit 11: New Estimates Variance with Old & Consensus Estimates**

Particulars Analysis w/Centrum's New Est.	v/s New Estimates			v/s Old Estimates			v/s Consensus Estimates		
	FY12	FY13	FY14	FY12	FY13	FY14	FY12	FY13	FY14
Revenue	NA	NA	NA	(9.5)	(5.3)	NA	(7.9)	(6.2)	NA
EBITDA	NA	NA	NA	0.8	4.2	NA	(13.8)	(6.1)	NA
PAT	NA	NA	NA	(1.0)	0.8	NA	(20.5)	(12.7)	NA

Source: Company, Centrum Research Estimates

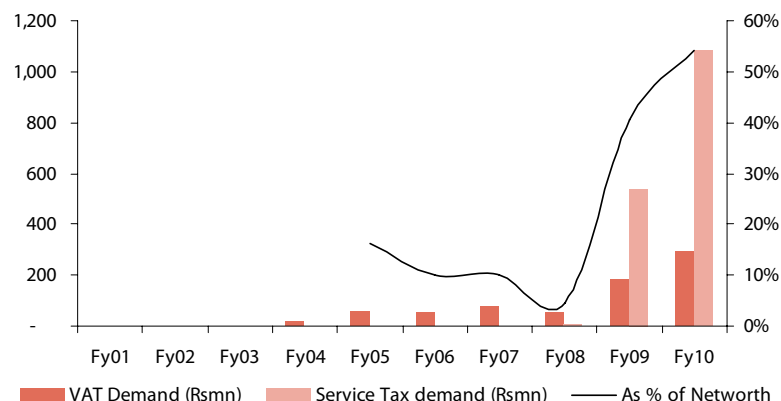
## Maintain Buy, but we caution Investors over high real estate exposure of 57% and high contingent liability to net worth ratio. Play for 13% upside.

We maintain our Buy rating on the stock. We believe the company presents better risk-reward for investors compared to other construction companies. It is one of the quality construction companies with good corporate governance, consistent order-intakes, ROEs 20%+ (with FY12 an aberration at 18%) and strong recall value among clients. It is trading at P/BV of 2.1 FY12 & 1.7X FY13.

### ...However, we would alert investors on high contingent liability to net worth ratio compared to peers.

- The company had a total contingent liability of Rs7bn as on FY10 with Rs5.5bn related to business operations. However, Rs1.4bn related to service tax and sales tax, which forms around 54% of the net worth as on FY10.
- Post FY10, addition to contingent liabilities happened from Delhi Value Added Tax Assessment order (passed by DVAT Officer in March'11) raising demand of Rs1.3bn (Tax amount Rs483mn, Interest Amount Rs168mn & Penalty Amount Rs609mn). This raises the total contingent liability to net worth ratio to more than 100% based on FY10 net worth.

**Exhibit 12: Trend of Contingent Liabilities (Ex-business related bank guarantee's, etc)**



Source: Company, Centrum Research

We believe that after this VAT order against the company (though contestable), the risk-reward ratio skews negatively along with pending receivables from EMAAR MGF (for CWG Village project) of Rs600mn. We believe, these contingent liabilities will offset any upside triggers on the stock in the near term. We maintain Buy, but remain skeptical over the above uncertainties fed by contingent liabilities. We ascribe a target price of Rs142 (core construction business at Rs139 (10X FY13 P/E for EPS of Rs13.9) and nominal value for RMC business at Rs3. Stock currently trading at 9X FY13 EPS.

## Financials (Standalone)

**Exhibit 13: Income Statement**

Y/E March (Rsmn)	FY10	FY11E	FY12E	FY13E	FY14E
<b>Revenues</b>	<b>15,677</b>	<b>16,896</b>	<b>17,311</b>	<b>21,076</b>	<b>25,425</b>
<i>Growth in revenue</i>	34.7	7.8	2.5	21.7	20.6
Cost of Raw Material	12,192	13,192	13,011	15,526	18,755
<i>% of Revenue</i>	77.8	78.1	75.2	73.7	73.8
Employee cost	685	843	1,354	1,691	2,064.8
<i>% of Sales</i>	4.4	5.0	7.8	8.0	8.1
O&M expenses	1,112	1,352	1,455	1,813	2,212.6
<i>% of Sales</i>	7.1	8.0	8.4	8.6	8.7
<b>EBITDA</b>	<b>1,688</b>	<b>1,509</b>	<b>1,491</b>	<b>2,046</b>	<b>2,392</b>
<i>EBITDA Margin</i>	10.8	8.9	8.6	9.7	9.4
Depreciation	331	338	390	433	506
<b>PBIT</b>	<b>1,357</b>	<b>1,171</b>	<b>1,102</b>	<b>1,613</b>	<b>1,886</b>
Interest expenses	163	158	268	383	473
<b>PBIT from operations</b>	<b>1,195</b>	<b>1,013</b>	<b>834</b>	<b>1,230</b>	<b>1,414</b>
Other non operating income	57	62	72	88	106
<b>PBT before ext.od items</b>	<b>1,252</b>	<b>1,075</b>	<b>906</b>	<b>1,318</b>	<b>1,520</b>
Extra-ordinary income/ (exp)					
<b>PBT</b>	<b>1,252</b>	<b>1,075</b>	<b>906</b>	<b>1,318</b>	<b>1,520</b>
Provision for tax	434	367	299	448	517
<i>Effective tax rate (%)</i>	34.7	34.2	33.0	34.0	34.0
<i>Minority interest</i>					
<b>PAT</b>	<b>818</b>	<b>708</b>	<b>607</b>	<b>870</b>	<b>1,003</b>
Adjustment for Ext.Od items					
<b>Adjusted PAT</b>	<b>818</b>	<b>708</b>	<b>607</b>	<b>870</b>	<b>1,003</b>
<i>Growth in PAT (%)</i>	41.7	(13.4)	(14.3)	43.3	15.3
<i>PAT margin (%)</i>	5.2	4.2	3.5	4.1	3.9

Source: Company, Centrum Research Estimates

**Exhibit 14: Balance Sheet**

Y/E March (Rsmn)	FY10	FY11E	FY12E	FY13E	FY14E
Share Capital	126	126	126	126	126
Stock Options / Warrants					
Reserves	2,409	3,054	3,607	4,399	5,313
<b>Shareholders' fund</b>	<b>2,535</b>	<b>3,179</b>	<b>3,732</b>	<b>4,525</b>	<b>5,438</b>
Debt	1,238	1,640	3,257	4,457	5,057
Deferred Tax Liability	(150)	(162)	(169)	(169)	(169)
<b>Total Capital Employed</b>	<b>3,622</b>	<b>4,657</b>	<b>6,821</b>	<b>8,813</b>	<b>10,326</b>
<b>Gross Block</b>	<b>2,295</b>	<b>2,991</b>	<b>3,777</b>	<b>4,726</b>	<b>5,823</b>
Accumulated dep.	1,028	1,374	1,764	2,196	2,702
<b>Net Block</b>	<b>1,268</b>	<b>1,617</b>	<b>2,013</b>	<b>2,530</b>	<b>3,121</b>
Capital WIP	10	13	16	20	25
<b>Total Fixed Assets</b>	<b>1,278</b>	<b>1,630</b>	<b>2,029</b>	<b>2,550</b>	<b>3,146</b>
<b>Investments</b>	<b>80</b>	<b>160</b>	<b>230</b>	<b>330</b>	<b>330</b>
<b>Deferred Tax Asset</b>					
Inventories	1,539	1,690	2,908	3,845	4,638
Debtors	3,338	5,040	5,626	6,964	8,123
Cash & bank balances	1,708	1,530	1,242	1,187	1,353
Loans and Advances	466	670	916	1,204	1,404
Other Current Assets	68	70	96	116	140
<b>Total current assets</b>	<b>7,119</b>	<b>9,000</b>	<b>10,787</b>	<b>13,317</b>	<b>15,659</b>
Current lia & provisions	4,855	6,133	6,226	7,384	8,808
<b>Net current assets</b>	<b>2,264</b>	<b>2,867</b>	<b>4,561</b>	<b>5,933</b>	<b>6,850</b>
<b>Total Assets</b>	<b>3,622</b>	<b>4,657</b>	<b>6,821</b>	<b>8,813</b>	<b>10,326</b>

Source: Company, Centrum Research Estimates

**Exhibit 15: Cash flow Statement**

Y/E March (Rsmn)	FY10	FY11E	FY12E	FY13E	FY14E
<b>CF from operating</b>					
<b>Profit before tax</b>	<b>1,252</b>	<b>1,075</b>	<b>906</b>	<b>1,318</b>	<b>1,520</b>
Depreciation	331	338	390	433	506
Interest expenses	158	158	268	383	473
<b>OP profit before WC change</b>	<b>1,691</b>	<b>1,891</b>	<b>1,050</b>	<b>2,133</b>	<b>2,498</b>
Working capital adjustment	(274)	(781)	(1,982)	(1,426)	(752)
<b>Gross cash from operations</b>	<b>1,417</b>	<b>1,110</b>	<b>(933)</b>	<b>707</b>	<b>1,746</b>
Direct taxes paid	(458)	(367)	(299)	(448)	(517)
<b>Cash from operations</b>	<b>958</b>	<b>743</b>	<b>(1,231)</b>	<b>259</b>	<b>1,230</b>
<b>CF from investing</b>					
Capex	(399)	(699)	(789)	(953)	(1,102)
Investment	(65)	(80)	(70)	(100)	-
Others	50	-	-	-	-
<b>Cash from investment</b>	<b>(414)</b>	<b>(778)</b>	<b>(859)</b>	<b>(1,053)</b>	<b>(1,102)</b>
<b>CF from financing</b>					
Proceeds from sh cap & prem.					
Borrowings/ (Repayments)	475	402	1,800	1,200	600
Interest paid	(158)	(158)	(268)	(383)	(473)
Dividend paid	(51)	(63)	(54)	(77)	(89)
Others					
<b>Cash from financing</b>	<b>266</b>	<b>182</b>	<b>1,478</b>	<b>739</b>	<b>38</b>
<b>Net cash increase/ (dec)</b>	<b>811</b>	<b>146</b>	<b>(612)</b>	<b>(55)</b>	<b>166</b>

Source: Company, Centrum Research Estimates

**Exhibit 16: Key Ratios**

Y/E March	FY10	FY11E	FY12E	FY13E	FY14E
<b>Margin Ratios (%)</b>					
<i>EBITDA Margin</i>	10.8	8.9	8.6	9.7	9.4
<i>PBIT Margin</i>	7.6	6.0	4.8	5.8	5.6
<i>PBT Margin</i>	8.0	6.4	5.2	6.3	6.0
<i>PAT Margin</i>	5.2	4.2	3.5	4.1	3.9
<b>Growth Ratios (%)</b>					
<i>Revenues</i>	34.7	7.8	2.5	21.7	20.6
<i>EBITDA</i>	19.6	(10.6)	(1.2)	37.2	16.9
<i>Net Profit</i>	41.7	(13.4)	(14.3)	43.3	15.3
<b>Return Ratios (%)</b>					
<i>ROCE</i>	44.8	28.7	19.9	21.3	20.5
<i>ROIC</i>	43.0	27.3	18.7	20.2	19.4
<i>ROE</i>	37.9	24.8	17.6	21.1	20.1
<b>Turnover Ratios</b>					
Asset turnover ratio (x)	12.7	11.7	9.5	9.3	9.0
Working Capital Turnover (x)	9.1	6.6	4.7	4.0	4.0
Avg collection period (days)	78	109	119	121	117
Avg payment period (days)	124	143	141	139	137
<b>Per share (Rs)</b>					
Fully diluted EPS	13.0	11.3	9.7	13.9	16.0
CEPS	18.3	16.7	15.9	20.7	24.0
Book Value	40.4	50.7	59.5	72.1	86.6
<b>Solvency ratios (x)</b>					
Debt/ Equity	0.5	0.5	0.9	1.0	0.9
Interest coverage ratio	6.0	5.5	3.3	3.3	3.1
<b>Valuation parameters (x)</b>					
P/E	9.6	11.1	12.9	9.0	7.8
P/BV	3.1	2.5	2.1	1.7	1.4
EV/ EBITDA	5.4	6.3	7.4	6.0	5.4
EV/ Sales	0.6	0.6	0.6	0.6	0.5
M-Cap/ Sales	0.5	0.5	0.5	0.4	0.3

Source: Company, Centrum Research Estimates

## Appendix

### 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, Mr Manish Kayal analyst and the author of this report and/or any of his 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 to 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

**Compliance Officer Details :**

Mr. C. Vijaya Rao; Tel: (022) 42159437; Email ID: vi.rao@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