

IVRCL Infra & Projects

Q3FY11/ Estimate change 14 February 2011

Buy

Target Price: Rs113

CMP: Rs71*

Upside: 58%

*as on 14 February 2010

Q3 Provides Relief, Outlook Better

IVRCL Infra's Q3 numbers were better than our & street expectations. EBITDA margins at 9.9% surprised everyone (we modeled 9.2%) and company maintained the range of 9.5%-10.5%. Funding concerns for BOT assets were addressed on the call and we believe company has options to achieve those. However, order-book remains stagnant at Rs240bn and is in line with peers on this front. Internal BOT projects would enable the company to have control on working capital which we had factored in our initiation report. Q3FY11 working capital is almost flat at Q2FY11 levels indicating better scenario. We reduce estimates marginally and adjust FY12 P/E multiple from 13X to 10X on industry order-book dullness. Maintain Buy with a revise target price of Rs113 (upside of 58%).

- **Maintains its FY11 guidance, But conservative growth of 15% guided fro FY12:** Company guided moderate growth of 15% for FY12 on account of continued disappointments in 1HFY11.
- **Current Order-book enough to drive FY12 revenues:** OB of Rs240cr is ~4XFY11 revenues which company expects to easily deliver atleast 15% growth for FY12.
- **Maintain Buy:** We maintain Buy on the stock, though with reduced estimates and adjusting P/E multiple from 13X earlier to 10X. Our SOTP price comes at Rs113 (upside of 58%) from current levels of Rs71.
- **Strategy:** We believe, the stock was hammered more than what it deserve and hence it presents a good entry point for investors. However, short term pressure on order intake & execution would arrest any immediate spike in stock price.

Manish Kayal

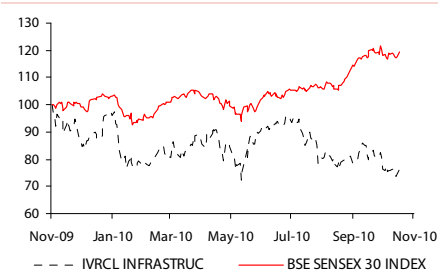
manish.kayal@centrum.co.in
+91 22 4215 9313

Key Data

Bloomberg Code	IVRC IN
Reuters Code	IVRC.BO
Current Shares O/S (mn)	267.0
Diluted Shares O/S(mn)	267.0
Mkt Cap (Rsbn/USDmn)	36.2/803.4
52 Wk H / L (Rs)	207/131
Daily Vol. (3M NSE Avg.)	1,627,070
Face Value (Rs)	2

USD = Rs44.3

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
IVRCL Infra	(11.3)	(20.2)	(32.4)
NIFTY	0.6	19.1	18.8

Source: Bloomberg, Centrum Research
*as on 15 November 2010

Y/E March (Rsmn) (Standalone)	Q3FY11A	Q3FY10A	YoY%	Q2FY11A	QoQ%	Q3FY11E	Variance %
Net sales	14,188	11,840	19.8	10,550	34.5	13,692	3.6
Consumption of RM	11,770	9,950	18.3	8,812	33.6	11,236	4.7
% of sales	83.0	84.0		83.5		82.1	
Employee costs & SG&A	1,015	735	38.1	984	3.1	1,199	(15.4)
% of sales	7.2	6.2		9.3		8.8	
EBITDA	1,404	1,156	21.4	753	86.3	1,257	11.7
EBITDA Margin (%) / bps	9.9	9.8		7.1		9.2	71.5
Dep and amortisation	199	139	43.3	184	7.9	193	2.8
Interest	592	368	60.6	480	23.2	574	3.1
EBT	613	649	(5.5)	89	590.6	490	25.2
Other income	11	39	(71.2)	257	(95.6)	40	(72.1)
PBT	624	688	(9.2)	345	80.8	530	17.8
Provision for tax	201	229	(12.5)	112	78.5	180	11.4
Effective Tax Rate %/bps	32.2	33.4		32.6		34.0	
PAT (reported)	423	458	(7.6)	233	81.9	350	21.1
PAT (adjusted)	423	458	(7.6)	233	81.9	350	21.1
NPM (%) / bps	3.0	3.9		2.2		2.6	
EPS (adjusted)	1.6	3.39	(53.2)	0.87	81.9	1.3	21.1

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	49,907	36.2	4,320	8.7	2,260	7.4	8.5	13.2	13.1	7.9	7.3
FY10	55,010	10.2	5,400	9.8	2,111	-6.6	7.7	11.5	14.6	8.6	6.3
FY11E	58,551	6.4	5,489	9.4	1,939	-8.2	7.2	10.0	11.8	9.3	7.9
FY12E	69,103	18.0	6,697	9.7	2,227	14.9	8.2	10.5	12.0	8.1	6.8
FY13E	80,545	16.6	7,725	9.6	2,656	19.3	9.8	11.4	12.6	6.8	6.2

Source: Company, Centrum Research Estimates

Please refer to important disclosures/disclaimers in Appendix A

Q3FY11 Results Review

Overall, the results were better to light-up the mood in construction sector and put a break on disappointments from IVRCL's point of view.

Revenue at Rs14.2bn is higher marginally by 3.6% v/s our expectation of Rs13.7bn. However, it is lower than streets expectation of Rs15.9bn by 11%. Our top-line was considering a lower growth scenario considering the fact that expectations in H1FY11 were highly disappointing.

Operating margins (EBITDA margins) has also surprised us on the upside. Though, 2H of a financial year does show good operating profits, we modeled a conservative again on H1FY11 disappointments. Management in its conference call guided for a range of 9.5%-10.5% as a sustainable level for current order-book.

Interest expense as well as depreciation came in line with our expectations, however other income was lower at Rs11mn v/s our expectation of Rs41mn.

Net profit for the company at Rs423mn was 21% higher than our expectation of Rs350mn. This was primarily on account of slight beat in revenue and 70bps surprise in operating margins.

Exhibit XX: Q3FY11 Results Analysis

Particulars	Q3FY11A	Q3FY10A	YoY%	Q2FY11A	QoQ%	Q3FY11E	Variance %	Q3FY11E Street	Variance %	Comments
Net sales	14,188	11,840	19.8	10,550	34.5	13,692	3.6	15,872	(10.6)	In-line revenue
Consumption of RM	11,770	9,950	18.3	8,812	33.6	11,236	4.7			
% of sales	83.0	84.0		83.5		82.1				
Gross Profit	2,418	1,890	27.9	1,738	39.2	2,456	(1.5)			Though revenue improved, site margins were slightly below our expectations
Gross Profit (%)	17.0	16.0		16.5		17.9	(89.0)			
Employee costs & SG&A	1,015	735	38.1	984	3.1	1,199	(15.4)			Employee & Other expenditure was lower than our expectation
% of sales	7.2	6.2		9.3		8.8				
EBITDA	1,404	1,156	21.4	753	86.3	1,257	11.7	1,558	(9.9)	
EBITDA Margin (%)	9.9	9.8		7.1		9.2	71.5	9.8	8	Operating Margins Surprised us on the upside.
Dep and amortisation	199	139	43.3	184	7.9	193	2.8			In-line depreciation expenses
Interest	592	368	60.6	480	23.2	574	3.1			In-line Interest expenses
EBT	613	649	(5.5)	89	590.6	490	25.2			
Other income	11	39	(71.2)	257	(95.6)	40	(72.1)			Lower than our expectation
PBT	624	688	(9.2)	345	80.8	530	17.8			
Exceptional item (reported)										
Provision for tax	201	229	(12.5)	112	78.5	180	11.4			
Effective Tax Rate %	32.2	33.4		32.6		34.0				
JV partner's share in profit										
PAT (reported)	423	458	(7.6)	233	81.9	350	21.1	610	(30.6)	Overall good quarter.
PAT (adjusted)	423	458	(7.6)	233	81.9	350	21.1	610	(30.6)	
NPM (%)	3.0	3.9		2.2		2.6		3.8		
EPS (adjusted)	1.6	3.39	(53.2)	0.87	81.9	1.3	21.1			

Source: Company, Centrum Research Estimates

Updates on EPC – core construction business

Order-book position: The order-book of around Rs240bn includes L1 of Rs20bn. Andhra Pradesh order backlog is Rs30bn out of which around Rs20/Rs25bn is back-to-back arranged with sub-contractors. Maharashtra contributes 30% of the order-book mostly the road projects. Internal order-book consists of Rs60bn.

Maintained FY11 Revenue guidance of Rs62.5: The management maintained its FY11 revenue guidance of Rs62.5bn as revised in Q2FY11 conference call. Consequently, company expects to make Rs27bn in the Q4FY11 (90% QoQ & 43% YoY) which we believe is on the higher side. We maintain our Q4FY11 estimate at Rs22.5bn (60% QoQ and 20% YoY).

Andhra Pradesh – Company booked Rs1bn revenue in Q3FY11 (Rs2.5bn for 9MFY11). Outstanding receivables stand at Rs510mn.

Capex for FY11: Capex is expected to be around Rs1.65bn for FY11 out of which Rs1.1bn is already expended in 9MFY11.

Road sector to contribute high-teen's share of revenue 1-2years down the line – Company highlighted that road segment which currently contributes in high single digit to revenue would

almost double its share 1-2 years down the line. This is on account of various projects ramping-up execution. Company bagged many road projects in the past 1-1.5 years which would enable this.

Operating margins expected to be between 9.5%/10.5% on current order-book: Management guided for EBITDA margin range of 9.5%-10.5% on the current order-book. 9MFY11 operating margin has been 8.84% lower than company's target (note that this is on account of disappointing H1FY11 profitability). We model 9.4% for FY11 and 9.7% for FY12.

Interest Expenses: The rise in interest expense is on account of rise in interest rate which rose from 8.5%-9% earlier to 10%-10.5% now.

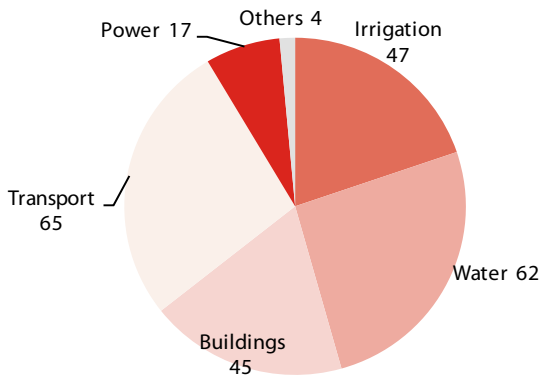
Updates on BOT projects in IVRCL Asset & Holdings

Company said that concerns on fund raising for BOT asset's are overblown. Management highlighted how the funding will be arranged through various means like stake sale in operational projects, cash from operational projects, real estate sales, etc. They also made a significant statement that the company would not go for QIP for funding the BOT needs.

Update on Other projects

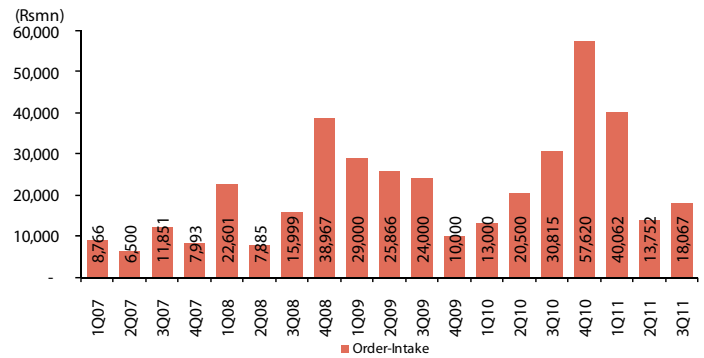
- Sion-Panvel project signed concession agreement with MSRDC.
- Goa-Maharashtra Project: Signing of Concession Agreement (CA) which was supposed to happen in November is scheduled to complete in 10 days. Subsequently financial closure of the project would be achieved.
- Baramati-Phaltan road project is complete to the extent of 25%/30%.
- Indore-Gujarat is complete to the extent of 17%.
- Chengapalli is complete to the extent of 7%.
- Chandrapur project is yet to start execution.
- IOTL is complete to the extent of 35% (overall). IVRCL's share is complete to the extent of 65%.

Exhibit 6: Order-book mix as on Q3FY11 (Rsbn)



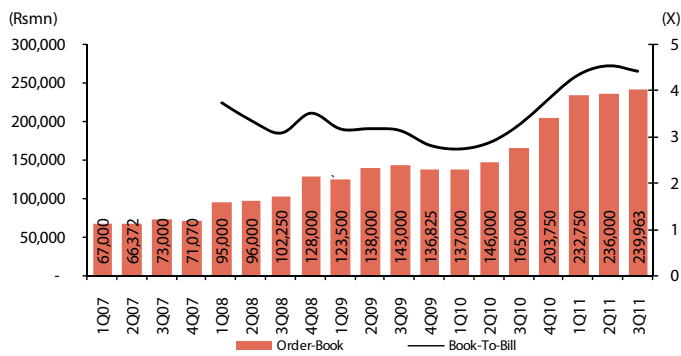
Source: Company

Exhibit 7: Order-Intake Trend over the last 4 years



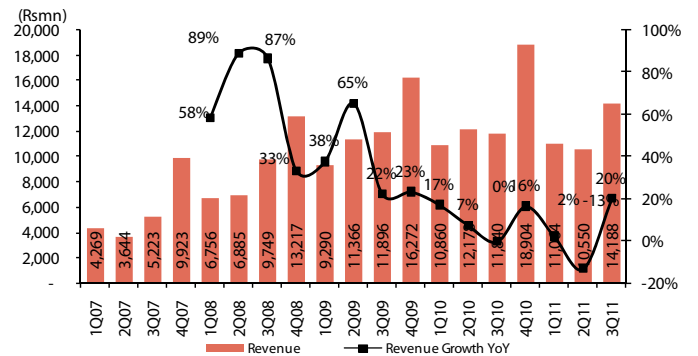
Source: Company

Exhibit 8: Order-book trend & Book-To-Bill Ratio (TTM)



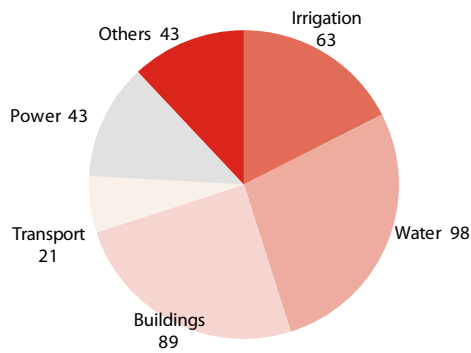
Source: Company

Exhibit 9: Revenue Trend over the last 4 years



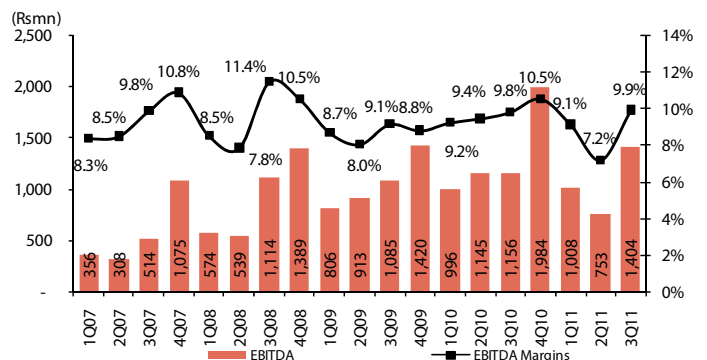
Source: Company

Exhibit 10: 9MFY11 Revenue break-up



Source: Company

Exhibit 11: EBITDA margin trend over last 4 Years



Source: Company

Estimate Lowered Marginally For FY11

We revise our numbers for the company. Slightly higher for FY11 due to better Q3FY11 and lower for FY12 to be more inline with company's expectation of 15% (we model 18% revenue growth for FY12). We lower FY12 revenue by 7% from Rs74.5bn to 69bn now. However, we revise our margins upwards by ~30bps from 9.4% earlier to 9.7% now on better visibility of project execution compared to H1FY11 (but are still on the lower side of the company guidance of 9.5%-10.5%). Net profit gets reduced effectively by 9%.

Exhibit XX: Change in Estimates

Particulars	Actual			Old	New Estimates		Old Estimates		New Estimates			
	Q1FY11	Q2FY11	Q3FY11		Q4FY11E	Q4FY11E	Variance	FY11E	FY12E	FY11E	Variance	FY12E
Revenue	11,062	10,502	14,104	23,109	22,709	-1.7%	58,341	74,497	58,377	0.1%	68,981	-7.4%
Growth YoY (in %)	1.9%	-13.4%	19.8%	22.5%	20.3%		6.3%	27.7%	6.4%		18.2%	
Other Operating Income	3	48	84	41	40	-1.7%	116	132	175	51.0%	122	-7.4%
Total Income from Operations	11,064	10,550	14,188	23,150	22,749	-1.7%	58,456	74,629	58,551	0.2%	69,103	-7.4%
Growth (in % YoY)	1.9%	-13.4%	19.8%	22.5%	20.3%		6.3%	27.7%	6.4%		18.0%	
Total Expenditure	10,057	9,797	12,784	20,863	20,425	-2.1%	53,152	67,624	53,062	-0.2%	62,406	-7.7%
% of revenue	90.9%	92.9%	90.1%	90.1%	89.8%		90.9%	90.6%	90.6%		90.3%	
EBITDA (Rsmn)	1,008	753	1,404	2,287	2,324	1.6%	5,304	7,005	5,489	3.5%	6,697	-4.4%
EBITDA Margins (in %)	9.1%	7.1%	9.9%	9.9%	10.2%		9.1%	9.4%	9.4%		9.7%	
Depreciation	157	184	199	193	224	15.7%	728	867	764	4.9%	989	14.2%
Interest Expenses	453	480	592	599	625	4.4%	2,106	2,589	2,150	2.1%	2,554	-1.3%
Other Income	9	257	11	47	42	-11.5%	353	148	318	-9.8%	220	48.3%
Profit Before Tax (Rsmn)	406	345	624	1,542	1,517	-1.6%	2,823	3,698	2,893	2.5%	3,373	-8.8%
PBT Margin	3.7%	3.3%	4.4%	6.7%	6.7%		4.8%	5.0%	4.9%		4.9%	
Tax Expenses	125	112	201	524	516	-1.6%	942	1,257	955	1.3%	1,147	-8.8%
Effective Tax Rate (in %)	30.9%	32.6%	32.2%	34.0%	34.0%		33.4%	34.0%	33.0%	NA	34.0%	NA
Profit After Tax (Rsmn)	281	233	423	1,018	1,001	-1.6%	1,881	2,441	1,939	3.1%	2,227	-8.8%
Net Profit Margin (in %)	2.5%	2.2%	3.0%	4.4%	4.4%		3.2%	3.3%	3.3%		3.2%	
EPS - Diluted	1.1	0.9	1.6	3.8	3.75	-1.6%	7.0	9.0	7.2	3.1%	8.2	-8.8%

Source: Company, Bloomberg, Centrum Research Estimates

Maintain Buy with reduced target price of Rs113

IVRCL stock has corrected by 42% in 1M, 52% in 3M and 58% on 6M. We believe concerns on the company were overblown and believe it is trading at attractive valuations even considering most conservative numbers. We also revise our target P/E multiple for the company from 13X to 10X for FY12 given that the order-book scenario in the sector has worsen. IVRCL Infra now trades at an FY12 P/E of XX (adjusted for listed subsidiary "IVRCL Asset & Holding" and "Hindustan Dorr Oliver" stake). We believe, the risk reward of the company provides an attractive entry point for investors after the undue correction and also looking at the FY12 execution prospects. We value the IVRCL Infra's standalone business at Rs83 (10X on FY12 EPS of Rs8.3) and listed subsidiary at Rs31 totaling to Rs113 providing upside of 58% at current market price.

Exhibit 5: IVRCL Valuation

Valuation	Method	Holding Discount	Market Cap	Stake	Multiple	FY12 EPS	Value / Share
Core Construction / EPC Business	P/E	NA	NA	NA	10.0	8.2	82
Hindustan Dorr Oliver	M.Cap	25.0%	6,113.3	53.0%	NA	NA	9
IVR Urban Prime	M.Cap	25.0%	9,456.4	80.5%	NA	NA	21
IVRCL Consolidated Value							113
Current Market Price							71
Upside / Downside (PE)							58%

Source: Centrum Research Estimates

Financials (Stand-alone)

Exhibit 12: Income Statement

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Revenues	49,907	55,010	58,551	69,103	80,545
<i>Growth in revenue</i>	36.2%	10.2%	6.4%	18.0%	16.6%
Cost of Raw Material	42,758	46,281	48,563	57,692	67,245
<i>% of Revenue</i>	85.7%	84.1%	82.9%	83.5%	83.5%
Employee cost	1,953.1	2,025.6	2,792.6	2,905.1	3,386.1
<i>% of Sales</i>	3.9%	3.7%	4.8%	4.2%	4.2%
O&M expenses	875.8	1,303.5	1,707.0	1,808.6	2,188.5
<i>% of Sales</i>	1.8%	2.4%	2.9%	2.6%	2.7%
EBITDA	4,320	5,400	5,489	6,697	7,725
<i>EBITDA Margin (%)</i>	8.7%	9.8%	9.4%	9.7%	9.6%
Depreciation	473	543	764	989	1,157
PBIT	3,847	4,857	4,725	5,708	6,569
Interest expenses	1,306	1,637	2,150	2,554	2,801
PBIT from operations	2,541	3,221	2,575	3,153	3,767
Other non operating income	197	67	318	220	257
PBT before ext.od items	2,738	3,288	2,893	3,373	4,024
Extra-ordinary income/ (exp)					
PBT	2,738	3,288	2,893	3,373	4,024
Provision for tax	478	1,177	955	1,147	1,368
<i>Effective tax rate</i>	17.5%	35.8%	33.0%	34.0%	34.0%
Minority interest					
PAT	2,260	2,111	1,939	2,227	2,656
Adjustment for Ext.Od items					
Adjusted PAT	2,260	2,111	1,939	2,227	2,656
<i>Growth in PAT (%)</i>	7.4%	-6.6%	-8.2%	14.9%	19.3%
<i>PAT margin</i>	4.5%	3.8%	3.3%	3.2%	3.3%

Source: Company, Centrum Research Estimates

Exhibit 14: Balance Sheet

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	267	534	534	534	534
Reserves	17,839	17,999	19,710	21,685	24,040
Shareholders' fund	18,106	18,533	20,244	22,219	24,574
Debt	13,980	16,133	25,266	27,266	30,066
Deferred Tax Liability	117	125	110	110	110
Total Capital Employed	32,203	34,791	45,621	49,596	54,751
Gross Block	6,624	7,502	9,003	10,654	12,455
Accumulated dep.	1,417	1,838	2,602	3,591	4,748
Net Block	5,207	5,664	6,401	7,062	7,707
Capital WIP	196	353	399	440	481
Total Fixed Assets	5,402	6,017	6,800	7,503	8,187
Investments	3,892	6,138	6,738	7,538	8,438
Deferred Tax Asset	-	-	-	-	-
Inventories	2,093	2,447	3,601	4,439	5,058
Debtors	11,430	19,445	26,899	29,791	32,239
Cash & bank balances	1,009	1,644	1,577	1,767	1,307
Loans and Advances	9,319	6,606	11,843	13,712	15,483
Other Current Assets	14,284	16,864	18,672	20,901	23,261
Total current assets	38,135	47,005	62,592	70,609	77,348
Current lia & provisions	15,226	24,369	30,508	36,054	39,222
Net current assets	22,909	22,635	32,084	34,555	38,126
Misc. Expenditure	-	-	-	-	-
Total Assets	32,203	34,791	45,621	49,596	54,751

Source: Company, Centrum Research Estimates

Exhibit 13: Cash flow

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
CF from operating					
Profit before tax	2,738	3,288	2,893	3,373	4,024
Depreciation	473	543	764	989	1,157
Interest expenses	1,636	1,932	2,150	2,554	2,801
OP profit before WC change	4,129	5,570	5,807	6,917	7,982
Working capital adjustment	(2,914)	(2,480)	(9,515)	(2,282)	(4,030)
Gross cash from operations	1,215	3,090	(3,708)	4,635	3,952
Direct taxes paid	(1,018)	(1,293)	(955)	(1,147)	(1,368)
Cash from operations	197	1,797	(4,662)	3,488	2,583
CF from investing					
Capex	(1,659)	(1,231)	(1,547)	(1,692)	(1,841)
Investment	(483)	(1,053)	(600)	(800)	(900)
Others	273	1,006	-	-	-
Cash from investment	(1,869)	(1,278)	(2,146)	(2,492)	(2,741)
CF from financing					
Proceeds from sh cap & prem.	0	-	-	-	-
Borrowings/ (Repayments)	3,221	2,199	9,133	2,000	2,800
Interest paid	(1,628)	(1,904)	(2,150)	(2,554)	(2,801)
Dividend paid	(189)	(215)	(219)	(252)	(301)
Others	-	-	-	-	-
Cash from financing	1,404	81	6,764	(806)	(302)
Net cash increase/ (dec)	(268)	600	(45)	190	(460)

Source: Company, Centrum Research Estimates

Exhibit 15: Key Ratios

Y/E March	FY09	FY10	FY11E	FY12E	FY13E
Margin Ratios					
EBITDA Margin	8.7%	9.8%	9.4%	9.7%	9.6%
PBIT Margin	7.7%	8.8%	8.1%	8.3%	8.2%
PBT Margin	5.5%	6.0%	4.9%	4.9%	5.0%
PAT Margin	4.5%	3.8%	3.3%	3.2%	3.3%
Growth Ratios ()					
Revenues	36.2%	10.2%	6.4%	18.0%	16.6%
EBITDA	18.7%	25.0%	1.6%	22.0%	15.4%
Net Profit	7.4%	-6.6%	-8.2%	14.9%	19.3%
Return Ratios ()					
ROCE	13.1	14.6	11.8	12.0	12.6
ROIC	9.5	10.9	9.0	9.1	9.5
ROE	13.2	11.5	10.0	10.5	11.4
Turnover Ratios					
Asset turnover ratio (x)	1.5	1.6	1.3	1.4	1.5
Working Capital Turnover (x)	2.2	2.4	1.8	2.0	2.1
Avg collection period (days)	83.6	129.0	167.7	157.4	146.4
Avg payment period (days)	118.4	176.0	207.4	208.4	210.4
Per share (Rs)					
Fully diluted EPS	8.5	7.7	7.2	8.2	9.8
CEPS	10.2	9.7	10.0	12.0	14.2
Book Value	67.8	69.4	75.8	83.2	92.0
Solvency ratios					
Debt/ Equity	0.8	0.9	1.2	1.2	1.2
Interest coverage ratio	3.3	3.3	2.6	2.6	2.8
Valuation parameters (x)					
P/E	8.4	9.2	9.9	8.6	7.2
P/BV	1.0	1.0	0.9	0.9	0.8
EV/ EBITDA	7.6	6.5	8.1	6.9	6.4
EV/ Sales	0.7	0.6	0.8	0.7	0.6
M-Cap/ Sales	0.4	0.3	0.3	0.3	0.2

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