

IVRCL Ltd

Q4FY11/ Estimate change

2 June 2011

Buy

Target Price: Rs95

CMP: Rs72*

Upside: 32%

*as on 1 June 2011

Worst Priced-In; Maintain Buy

IVRCL's Q4FY11 revenue was inline. However, lower-than-expected operating margin at 8.7% (vs estimate of 10.2%) impacted PAT. Actual PAT was Rs643mn vs our estimate of Rs1bn. The company's overall order-book of Rs240bn (incl L1 of Rs24bn) doesn't look very comfortable when slow-moving orders in Andhra Pradesh, Saudi Arabia and the Goa-Maharashtra road project are taken into account. This lowers revenue visibility to some extent for FY12-13. Though we are positive of new order intake in the water segment, where IVRCL is a leader, increasing competition intensity would bring down operating margins. We have lowered our FY12-FY13 estimates, but maintain our Buy rating. We would prefer IVRCL over NCC given its better risk-reward pay-off. The only concern is the low promoter holding in these high-leverage times. We have revised our target price to Rs95 (upside 32%).

- **No guidance provided:** No guidance was given which was a surprise to us. We believe the current order-book, which is 4x of FY11 revenue, could have given a fair idea of FY12 number, albeit though conservatively. We have assumed 15% YoY revenue growth for FY12/FY13 each.
- **Update on BOT projects:** Except the Goa-Maharashtra road project, all other BOT projects are on schedule. Equity investment of Rs2.25bn is needed in under-construction BOT projects. Dilution of stake in these projects is expected.
- **Maintain Buy:** We believe IVRCL's risk-reward pay-off has improved than what it was 3 months ago. Source of funds for equity investment in BOT projects is a major concern for investors. Overall, the stock present a good upside of 32% from CMP of Rs72 (it has corrected 41% in last 6 months). We value the parent company at Rs73, and increase the discount to IVRCL A&H's market value to 50% from 25% earlier (extra 25% for expected dilution at A&H). Overall target price is Rs95.

Manish Kayal

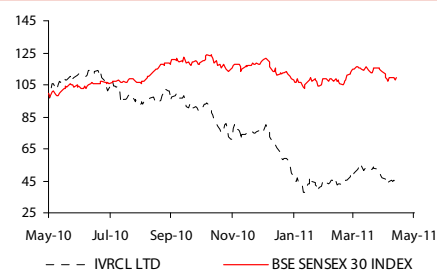
manish.kayal@centrum.co.in
+91 22 4215 9313

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)	19.5/434.7
52 Wk H / L (Rs)	195/60
Daily Vol. (3M NSE Avg.)	2,936,553
Face Value (Rs)	2

USD = Rs44.8

One Year Indexed Stock Performance



Price Performance (%)

	1M	6M	1Yr
IVRCL Infra	(7.8)	(44.3)	(55.0)
NIFTY	(2.8)	(6.3)	12.3

Source: Bloomberg, Centrum Research
*as on 31 May 2011

Y/E March (Rsmn) (Standalone)	Q4FY11A	Q4FY10A	YoY (%)	Q4FY11A	QoQ%	Q4FY11E	Var (%)	FY11A	FY10A	YoY (%)
Net sales	20,522	18,904	8.6	14,188	44.6	22,749	(9.8)	56,325	55,010	2.4
Consumption of RM	17,581	15,580	12.8	11,770	49.4	18,859	(6.8)	47,285	46,281	2.2
% of sales	85.7	82.4		83.0		82.9		84.0	84.1	
Employee costs & SG&A	1,161	1,340	(13.4)	1,015	14.4	1,566	(25.9)	4,095	3,329	23.0
% of sales	5.7	7.1		7.2		6.9		7.3	6.1	
EBITDA	1,781	1,984	(10.3)	1,404	26.9	2,324	(23.4)	4,945	5,400	(8.4)
EBITDA Margin (%) / bps	8.7	10.5		9.9		10.2	(153.9)	8.8	9.8	
Dep and amortisation	217	141	54.7	199	9.4	224	(2.8)	758	543	39.6
Interest	656	525	24.9	592	10.9	625	5.1	2,182	1,637	33.3
EBT	907	1,318	(31.2)	613	47.9	1,476	(38.5)	2,006	3,221	(37.7)
Other income	43	20	118.0	11	285.5	42	3.4	320	67	373.9
PBT	950	1,338	(29.0)	624	52.2	1,517	(37.4)	2,326	3,288	(29.3)
Provision for tax	308	486	(36.7)	201	53.2	516	(40.4)	747	1,177	(36.5)
Effective Tax Rate %/bps	32.4	36.3		32.2		34.0		32.1	35.8	
PAT (reported)	643	852	(24.6)	423	51.7	1,001	(35.8)	1,579	2,111	(25.2)
PAT (adjusted)	643	852	(24.6)	423	51.7	1,001	(35.8)	1,579	2,111	(25.2)
NPM (%) / bps	3.1	4.5		3.0		4.4		2.8	3.8	
EPS (adjusted)	2.4	3.19	(24.6)	1.59	51.7	3.8	(35.8)	5.8	7.71	(24.2)

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	8.5	7.7
FY10	55,010	10.2%	5,400	9.8%	2,111	-6.6%	7.7	11.5	14.6	9.4	6.6
FY11E	56,325	2.4%	4,945	8.8%	1,579	-25.2%	5.8	8.2	11.1	12.3	8.2
FY12E	64,953	15.3%	5,935	9.1%	1,728	9.4%	6.4	8.4	11.4	11.3	7.8
FY13E	74,947	15.4%	6,923	9.2%	1,974	14.3%	7.3	8.9	11.4	9.9	7.6

Source: Company, Centrum Research Estimates

Q4FY11: Operating Margin Disappoints

IVRCL Ltd's Q4FY11 numbers would have been inline with our estimates had operating margins been inline. We had estimated margin at 10.2%, whereas actual came in at 8.7%. We had factored in higher operating margins assuming that the benefits of operating leverage would kick-in in Q4FY11. While this actually happened, they were impacted by site margins which came in at 14.3% vs 17.1% expected.

- Revenue at Rs21bn (9% YoY, 45% QoQ) was 10% lower than our expectation of Rs23bn. Though the management cited several reasons, we believe they were already factored in.
- Operating margin at 8.7% was lower than management's guidance of 9.5%-10%. Though a variance of this sort is expected in a quarter for a construction company, we had factored in better margins due to the benefit of operating leverage, which was achieved. However, site margins disappointed at 14.3% vs 17.1% expected.
- Net profit was eventually lower, mainly impacted by lower revenue (10% below estimate) and lower operating margin. PAT was Rs643mn vs expected Rs1bn.

Exhibit 1: IVRCL's Q4FY11 Results Analysis

Particulars	Q4FY11A	Q4FY10A	YoY%	Q3FY11A	QoQ%	Q4FY11E	Var (%)	FY11A	FY10A	YoY%	Comments
Net sales	20,522	18,904	8.6	14,188	44.6	22,749	(9.8)	56,325	55,010	2.4	Almost inline
Consumption of RM	17,581	15,580	12.8	11,770	49.4	18,859	(6.8)	47,285	46,281	2.2	
% of sales	85.7	82.4		83.0		82.9		84.0	84.1		
Gross Profit	2,941	3,324	(11.5)	2,418	21.6	3,890	(24.4)	9,040	8,729	3.6	
Gross Profit (%)	14.3	17.6		17.0		17.1	(276.6)	16.0	15.9		This is a major disappointment
Employee costs & SG&A	1,161	1,340	(13.4)	1,015	14.4	1,566	(25.9)	4,095	3,329	23.0	Better than expectations
% of sales	5.7	7.1		7.2		6.9		7.3	6.1		
EBITDA	1,781	1,984	(10.3)	1,404	26.9	2,324	(23.4)	4,945	5,400	(8.4)	
EBITDA Margin (%)	8.7	10.5		9.9		10.2	(153.9)	8.8	9.8		
Dep and amortization	217	141	54.7	199	9.4	224	(2.8)	758	543	39.6	
Interest	656	525	24.9	592	10.9	625	5.1	2,182	1,637	33.3	Broadly inline
EBT	907	1,318	(31.2)	613	47.9	1,476	(38.5)	2,006	3,221	(37.7)	
Other income	43	20	118.0	11	285.5	42	3.4	320	67	373.9	
PBT	950	1,338	(29.0)	624	52.2	1,517	(37.4)	2,326	3,288	(29.3)	
Exceptional item (reported)											
Provision for tax	308	486	(36.7)	201	53.2	516	(40.4)	747	1,177	(36.5)	
Effective Tax Rate %	32.4	36.3		32.2		34.0		32.1	35.8		
JV partner's share in profit											
PAT (reported)	643	852	(24.6)	423	51.7	1,001	(35.8)	1,579	2,111	(25.2)	
PAT (adjusted)	643	852	(24.6)	423	51.7	1,001	(35.8)	1,579	2,111	(25.2)	
NPM (%)	3.1	4.5		3.0		4.4		2.8	3.8		
EPS (adjusted)	2.4	3.19	(24.6)	1.59	51.7	3.8	(35.8)	5.8	7.71	(24.2)	

Source: Company, Centrum Research Estimates

Key Takeaways from the conference call

EPC Business

- **Order-book:** The order-book is Rs240bn, which is 4.3x FY11 Revenue. Though the order-book gives reasonable revenue visibility, the composition does consist of slow moving orders like (1) Andhra Pradesh Rs27bn, (2) Goa-Maharashtra Road Project worth Rs31bn and (3) Rs20bn worth of orders in Saudi Arabia (expected to start execution in the next 3-4months).
- **Revenue missed:** IVRCL management mentioned a list of project wherein the execution was not inline with expectations. Though the management was very positive on meeting guidance in the mid of Q4FY11, the actual numbers were way off from guidance. They also alluded to the "overconfidence in the management" which the market was already discounting in its numbers.

Exhibit 2: Reason for short fall in FY11 revenue

Particulars	Revenue loss (Rsmn)
Sion - Panvel Road Project	2,000
Koyna Hydro Power Project	1,000
Saudi Arabia Project	3,500
Andhra Pradesh Region	2,500
Total Revenue lost	9,000

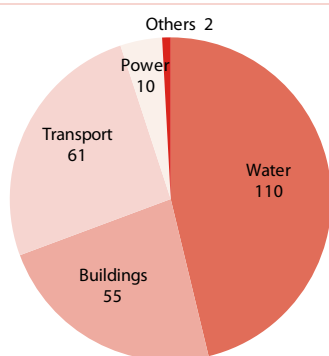
Source: Company, Centrum Research

- **No Guidance Provided for FY12** – The management didn’t offer any guidance for FY12. The management took shelter on the uncertainties prevailing in the country. **We believe that this was uncalled for. A business plan or the execution timeline of the current order-book would have been analyzed for deriving FY12 revenue guidance.**
- **Operating margins would be maintained** – Management was confident of maintaining margins for FY12. They have earlier guided 9.5%-10% range for FY11, actual came to be 8.7% for FY11. We don’t concur with 9.5%-10% range and have factored in 8.6% for FY12 and 8.5% for FY13.
- **One-time write-offs in the year** - The company recognized one time write-off during the year amounting to Rs390mn. Note that this was not mentioned anywhere in the notes to accounts. The write-offs were mainly on projects in Jharkhand (Real Estate) and in Kerala. The management does not expect any such write-offs in the future.
- **Investment** - Rs2.25bn needs to be invested in FY12 as equity share in various BOT projects. Apart from investment in BOT, management guided for construction arm capex of Rs750mn-Rs1bn for FY12.

BOT projects Update

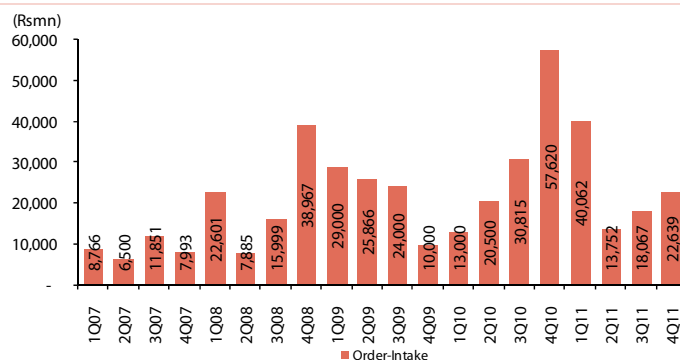
- 85% of the total land has been acquired for the Indore-Jhabua project. Around Rs4bn worth of work is already completed.
- 54% of land in Chengapalli project has been acquired. Around Rs710mn worth of work is already completed.
- Baramati Phaltan project has completed Rs900mn worth of work.
- Chandrapur Warora project will achieve financial closure in the next 35-40days.
- Three operational road project are generating Rs2.5mn per day as revenue.
- IOTL Tankage project has completed work amounting to Rs4bn (IVRCL’s share).

Exhibit 3: Order-book mix as on FY11 (Rsbn)



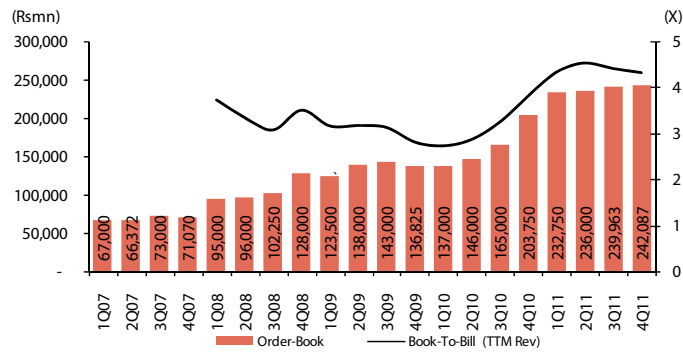
Source: Company, Centrum Research

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



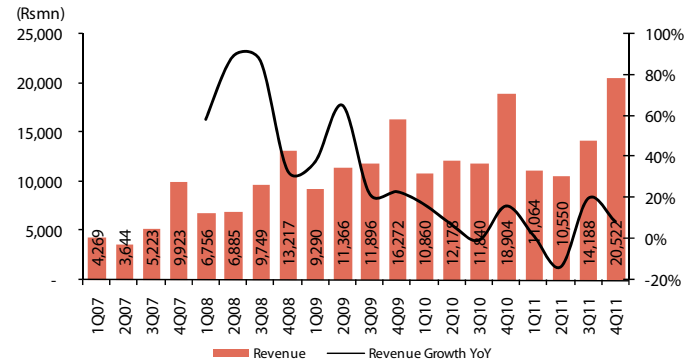
Source: Company, Centrum Research

Exhibit 5: Order-book trend & Book-To-Bill Ratio (TTM)



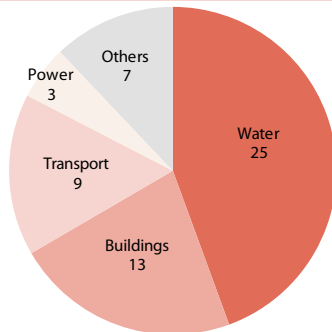
Source: Company, Centrum Research

Exhibit 6: Revenue Trend over the last 4 years



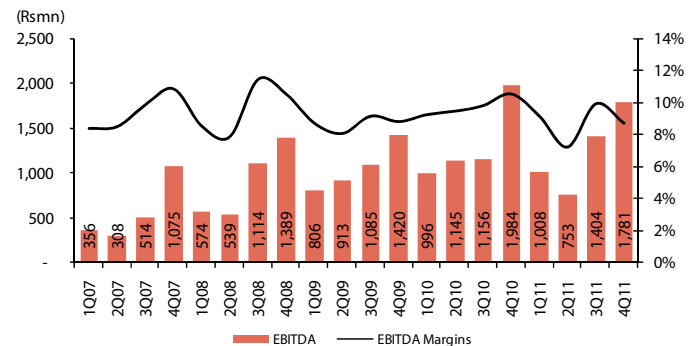
Source: Company, Centrum Research

Exhibit 6: FY11 Revenue break-up



Source: Company, Centrum Research

Exhibit 7: EBITDA margin trend over last 4 Years



Source: Company, Centrum Research

Estimates lowered

We have sharply lowered our estimates. Our net profit estimates have been cut on account of revised operating margin (9.1% vs earlier 9.7% for FY13E). Over and above that, higher interest expense also contributes its share.

- Revenue estimates have been lowered by 6% for FY12E and 7% for FY13E. This is taking in to consideration muted order-intake in FY11 and execution issues in Goa-Maharashtra Road project worth Rs31bn.
- EBITDA margin estimates are revised downwards to 9.1% from 9.7% for FY12E and 9.2% from 9.6% for FY13E. This is taking in to consideration new orders which are coming in at very competitive rates. Also, orders worth Rs52bn are internal orders which have lower margins of sub 8% range.
- Effective, PAT estimates are down 22% and 26% for FY12E and FY13E, respectively. This is mainly due to downward revision in revenue and EBITDA margin estimates.

Exhibit 8: Change in Estimates for FY12 & FY13

Particulars	Previous Estimates		Revised Estimates			
	FY12E	FY13E	FY12E	Var %	FY13E	Var (%)
Total Income from Operations	69,103	80,545	64,953	-6.0%	74,947	-7.0%
<i>Growth (in % YoY)</i>	18.0%	16.6%	2.4%		15.4%	
EBITDA (Rsmn)	6,697	7,725	5,935	-11.4%	6,923	-10.4%
<i>EBITDA Margins (in %)</i>	9.7%	9.6%	9.1%		9.2%	
Depreciation	989	1,157	887	-10.3%	970	-16.2%
Interest Expenses	2,554	2,801	2,654	3.9%	3,220	14.9%
Other Income	220	257	224	1.7%	258	0.7%
Profit Before Tax (Rsmn)	3,373	4,024	2,618	-22.4%	2,991	-25.7%
<i>PBT Margin (%)</i>	4.9%	5.0%	4.0%		4.0%	
Tax Expenses	1,147	1,368	890	-22.4%	1,017	-25.7%
<i>Effective Tax Rate (in %)</i>	34.0%	34.0%	34.0%	NA	34.0%	NA
Profit After Tax (Rsmn)	2,227	2,656	1,728	-22.4%	1,974	-25.7%
<i>Net Profit Margin (in %)</i>	3.2%	3.3%	2.7%		2.6%	
EPS – Diluted	8.2	9.8	6.4	-22.4%	7.3	-25.7%

Source: Centrum Research Estimates

Maintain Buy, Worst Seems Priced-In at CMP

We believe that even after downgrading our estimates for FY12E and FY13E, IVRCL offers a good upside of 32% from its CMP. According to our calculation, IVRCL's risk-reward pay-off is more favorable than that of NCC. NCC faces funding constraints for its 1,320MW power plant and possible new road project wins that the company is targeting.

We have also made a change in the value of IVRCL Asset & Holding (infra holding company) ascribed to IVRCL Ltd (the parent company). Though we still continue to consider the market cap method for IVRCL A&H, we have increased the discount from 25% earlier as "Holding Company discount" to 50%. The extra 25% is taking in to account dilution that the parent company will have to undertake to fund infrastructure assets equity funding from external sources. Regarding, HDO, we continue to value by market cap method by taking holding company discount of 25%.

Exhibit 9: IVRCL's valuation

Valuation	Method	Discount	Market Cap	Stake	Multiple	FY12 EPS	Value / Share
Core Construction / EPC Business	P/E				10.0	7.3	73
Hindustan Dorr Oliver	M.Cap	25%	4,943	53%	NA	NA	7
IVR Urban Prime	M.Cap	50%	10,013	80%	NA	NA	15
IVRCL Consolidated Value							95
Current Market Price							72
Upside / Downside							32%

Source: Centrum Research Estimates

Financials (Stand-alone)

Exhibit 10: Income Statement

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Revenues	49,907	55,010	56,325	64,953	74,947
<i>Growth in revenue</i>	36.2%	10.2%	2.4%	15.3%	15.4%
Cost of Raw Material	42,758	46,281	47,285	54,816	63,249
<i>% of Revenue</i>	85.7%	84.1%	84.0%	84.4%	84.4%
Employee cost	1,953	2,026	2,623	2,790	3,219
<i>% of Sales</i>	3.9%	3.7%	4.7%	4.3%	4.3%
O&M expenses	876	1,303	1,471	1,413	1,556
<i>% of Sales</i>	1.8%	2.4%	2.6%	2.2%	2.1%
EBITDA	4,320	5,400	4,945	5,935	6,923
<i>EBITDA Margin (%)</i>	8.7%	9.8%	8.8%	9.1%	9.2%
Depreciation	473	543	758	887	970
PBIT	3,847	4,857	4,188	5,048	5,953
Interest expenses	1,306	1,637	2,182	2,654	3,220
PBIT from operations	2,541	3,221	2,006	2,394	2,733
Other non operating income	197	67	320	224	258
PBT before ext.od items	2,738	3,288	2,326	2,618	2,991
Extra-ordinary income/ (exp)					
PBT	2,738	3,288	2,326	2,618	2,991
Provision for tax	478	1,177	747	890	1,017
<i>Effective tax rate</i>	17.5%	35.8%	32.1%	34.0%	34.0%
<i>Minority interest</i>					
PAT	2,260	2,111	1,579	1,728	1,974
Adjustment for Ext.Od items					
Adjusted PAT	2,260	2,111	1,579	1,728	1,974
<i>Growth in PAT (%)</i>	7.4%	-6.6%	-25.2%	9.4%	14.3%
<i>PAT margin</i>	4.5%	3.8%	2.8%	2.7%	2.6%

Source: Company, Centrum Research Estimates

Exhibit 11: Balance Sheet

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	267	534	534	534	534
Reserves	17,839	17,999	19,340	20,872	22,622
Shareholders' fund	18,106	18,533	19,874	21,406	23,156
Debt	13,980	16,133	20,958	26,558	33,158
Deferred Tax Liability	117	125	86	86	86
Total Capital Employed	32,203	34,791	40,918	48,050	56,401
Gross Block	6,624	7,502	9,352	10,453	11,703
Accumulated dep.	1,417	1,838	2,596	3,483	4,453
Net Block	5,207	5,664	6,757	6,970	7,250
Capital WIP	196	353	421	435	452
Total Fixed Assets	5,402	6,017	7,178	7,405	7,703
Investments	3,892	6,138	6,347	7,147	8,047
Deferred Tax Asset					
Inventories	2,093	2,447	2,732	3,816	5,043
Debtors	11,430	19,445	19,298	23,602	26,161
Cash & bank balances	1,009	1,644	1,432	1,415	1,248
Loans and Advances	9,319	6,606	9,532	12,987	14,918
Other Current Assets	14,284	16,864	21,530	24,273	28,212
Total current assets	38,135	47,005	54,523	66,094	75,583
Current lia & provisions	15,226	24,369	27,130	32,595	34,931
Net current assets	22,909	22,635	27,393	33,499	40,651
Misc. Expenditure	-	-	-	-	-
Total Assets	32,203	34,791	40,918	48,050	56,401

Source: Company, Centrum Research Estimates

Exhibit 12: Cash flow

Y/E March (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
CF from operating					
Profit before tax	2,738	3,288	2,326	2,618	2,991
Depreciation	473	543	758	887	970
Interest expenses	1,636	1,932	2,182	2,654	3,220
OP profit before WC change	4,129	5,570	5,190	6,158	7,181
Working capital adjustment	(2,914)	(2,480)	(4,970)	(6,122)	(7,319)
Gross cash from operations	1,215	3,090	220	36	(138)
Direct taxes paid	(1,018)	(1,293)	(747)	(890)	(1,017)
Cash from operations	197	1,797	(527)	(854)	(1,155)
CF from investing					
Capex	(1,659)	(1,231)	(1,919)	(1,114)	(1,268)
Investment	(483)	(1,053)	(209)	(800)	(900)
Others	273	1,006	-	-	-
Cash from investment	(1,869)	(1,278)	(2,128)	(1,914)	(2,168)
CF from financing					
Proceeds from sh cap & prem.	0	-	-	-	-
Borrowings/ (Repayments)	3,221	2,199	4,825	5,600	6,600
Interest paid	(1,628)	(1,904)	(2,182)	(2,654)	(3,220)
Dividend paid	(189)	(215)	(179)	(196)	(223)
Others	-	-	-	-	-
Cash from financing	1,404	81	2,465	2,751	3,156
Net cash increase/ (dec)	(268)	600	(190)	(17)	(167)

Source: Company, Centrum Research Estimates

Exhibit 13: Key Ratios

Y/E March	FY09	FY10	FY11E	FY12E	FY13E
Margin Ratios (%)					
<i>EBITDA Margin</i>	8.7%	9.8%	8.8%	9.1%	9.2%
<i>PBIT Margin</i>	7.7%	8.8%	7.4%	7.8%	7.9%
<i>PBT Margin</i>	5.5%	6.0%	4.1%	4.0%	4.0%
<i>PAT Margin</i>	4.5%	3.8%	2.8%	2.7%	2.6%
Growth Ratios (%)					
<i>Revenues</i>	36.2%	10.2%	2.4%	15.3%	15.4%
<i>EBITDA</i>	18.7%	25.0%	-8.4%	20.0%	16.6%
<i>Net Profit</i>	7.4%	-6.6%	-25.2%	9.4%	14.3%
Return Ratios (%)					
<i>ROCE</i>	13.1	14.6	11.1	11.4	11.4
<i>ROIC</i>	9.5	10.9	8.5	8.6	8.6
<i>ROE</i>	13.2	11.5	8.2	8.4	8.9
Turnover Ratios					
Asset turnover ratio (x)	1.5	1.6	1.4	1.4	1.3
Working Capital Turnover (x)	2.2	2.4	2.1	1.9	1.8
Avg collection period (days)	83.6	129.0	125.1	132.6	127.6
Avg payment period (days)	118.4	176.0	189.9	198.6	198.6
Per share (Rs)					
Fully diluted EPS	8.5	7.7	5.8	6.4	7.3
CEPS	10.2	9.7	8.7	9.7	10.9
Book Value	67.8	69.4	74.4	80.2	86.7
Solvency ratios					
Debt/ Equity	0.8	0.9	1.1	1.2	1.4
Interest coverage ratio	3.3	3.3	2.3	2.2	2.1
Valuation parameters (x)					
P/E	8.5	9.4	12.3	11.3	9.9
P/BV	1.1	1.0	1.0	0.9	0.8
EV/ EBITDA	7.7	6.6	8.2	7.8	7.6
EV/ Sales	0.7	0.6	0.7	0.7	0.7
M-Cap/ Sales	0.4	0.4	0.3	0.3	0.3

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 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**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