

# Performance on track, awaiting new project wins

## Strong results, Raise PO to Rs320, Maintain Buy

IRB reported 4Q PAT at Rs1.4bn, ahead of expectations (BofAMLe Rs837mn) mainly due to MAT tax credit of Rs650mn. Toll revenues were in-line with expectation while construction (E&C) revenues came in higher than expected. We have marginally tweaked up our estimates and have raised our SOTP based PO by 9% to Rs320 (roll forward of E&C target EV/EBITDA multiple of 7.5x to FY12).

## Robust earnings growth outlook

We forecast EPS CAGR of 21% over FY10-12E driven mainly by contribution from E&C. Strong order book of Rs89.6bn (9x FY10 sales) renders strong visibility to 85% CAGR in profits from E&C business over next two years. Thereafter the growth will be driven by toll revenues from the projects currently under construction.

## Potential new project wins key to stock performance

IRB is in the final stage for bidding (RFP stage) for five projects worth Rs215bn. The financial bidding for these projects will take place over next two quarters. IRB has already achieved financial closure for all its new projects (March end), making it eligible to win more projects. Note that the new NHAI norms restrict the number of projects awaiting financial closure at a time for a developer to three. As per management, projects worth Rs60-80bn could be funded through internal accruals without raising any new equity.

## Maintain Buy

Our SOTP value of Rs320 consists of Rs165 (52%) from toll road projects, Rs143 (45%) from E&C and balance realty and cash. We have valued toll roads on DCF and E&C at 7.5x FY12 EV/E at steep discount to large E&C companies and 10% discount to smaller ones, given predominantly in-house nature of the order book.

## Estimates (Mar)

(Rs)	2009A	2010A	2011E	2012E	2013E
Net Income (Adjusted - mn)	1,758	3,854	4,728	5,600	6,283
EPS	5.29	11.60	14.23	16.85	18.90
EPS Change (YoY)	54.4%	119.2%	22.7%	18.4%	12.2%
Dividend / Share	1.96	2.25	2.33	2.50	2.50
Free Cash Flow / Share	(14.28)	(7.03)	(49.52)	(53.16)	(15.31)

## Valuation (Mar)

	2009A	2010A	2011E	2012E	2013E
P/E	54.71x	24.96x	20.35x	17.18x	15.31x
Dividend Yield	0.677%	0.777%	0.805%	0.864%	0.864%
EV / EBITDA*	35.91x	17.90x	11.21x	8.76x	6.75x
Free Cash Flow Yield*	-4.93%	-2.43%	-17.11%	-18.37%	-5.29%

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 7.

## Bank of America Merrill Lynch

**Manish Sarawagi >>** +91 22 6632 8688  
Research Analyst  
DSP Merrill Lynch (India)  
manish.sarawagi@baml.com

**Bharat Parekh >>** +91 22 6632 8656  
Research Analyst  
DSP Merrill Lynch (India)  
bharat.parekh@baml.com

## Stock Data

Price	Rs289.45
Price Objective	Rs320.00
Date Established	3-May-2010
Investment Opinion	C-1-7
Volatility Risk	HIGH
52-Week Range	Rs96.65-Rs297.50
Mkt Val / Shares Out (mn)	US\$2,169 / 332.4
Average Daily Volume	973,296
BofAML Ticker / Exchange	XIRBF / NSI
Bloomberg / Reuters	IRB IN / IRBI.NS
ROE (2011E)	21.1%
Net Dbt to Eqty (Mar-2010A)	117.5%
Est. 5-Yr EPS / DPS Growth	20.0% / NA
Free Float	26.1%

## Key Changes

(Rs)	Previous	Current
Price Obj.	294.00	320.00
2011E Rev (m)	36,169.1	38,869.4
2012E Rev (m)	47,636.8	53,441.3
2013E Rev (m)	NA	72,242.8
2011E EPS	14.00	14.23
2012E EPS	15.95	16.85
2013E EPS	NA	18.90

>> Employed by a non-US affiliate of MLPF&S and is not registered/qualified as a research analyst under the FINRA rules.

Refer to "Other Important Disclosures" for information on certain Merrill Lynch entities that take responsibility for this report in particular jurisdictions.

Merrill Lynch does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 8 to 10. Analyst Certification on Page 6. Price Objective Basis/Risk on page 6. Link to Definitions on page 6. 10934219

03 May 2010

# *iQprofile*<sup>SM</sup> IRB Infrastructure Developers Ltd.

## Key Income Statement Data (Mar)

	2009A	2010A	2011E	2012E	2013E
<b>(Rs Millions)</b>					
Sales	9,528	17,049	38,869	53,441	72,243
Gross Profit	3,983	7,991	12,762	16,323	21,202
Sell General & Admin Expense	NA	NA	NA	NA	NA
Operating Profit	2,840	6,171	10,634	13,252	16,283
Net Interest & Other Income	(690)	(2,004)	(3,723)	(5,055)	(6,527)
Associates	NA	NA	NA	NA	NA
Pretax Income	2,149	4,167	6,911	8,196	9,756
Tax (expense) / Benefit	(378)	(134)	(2,076)	(2,551)	(3,461)
Net Income (Adjusted)	1,758	3,854	4,728	5,600	6,283
Average Fully Diluted Shares Outstanding	332	332	332	332	332

## Key Cash Flow Statement Data

Net Income	1,758	3,854	4,728	5,600	6,283
Depreciation & Amortization	1,144	1,819	2,127	3,071	4,919
Change in Working Capital	(1,200)	(1,099)	(3,819)	(2,170)	(5,597)
Deferred Taxation Charge	155	55	854	1,049	1,423
Other Adjustments, Net	1,467	1,279	3,925	2,216	5,609
Cash Flow from Operations	3,324	5,908	7,816	9,766	12,637
Capital Expenditure	(8,069)	(8,243)	(24,273)	(27,435)	(17,725)
(Acquisition) / Disposal of Investments	877	0	0	1,066	0
Other Cash Inflow / (Outflow)	NA	NA	NA	NA	NA
Cash Flow from Investing	(7,193)	(8,243)	(24,273)	(26,368)	(17,725)
Shares Issue / (Repurchase)	0	0	0	0	0
Cost of Dividends Paid	(652)	(748)	(774)	(831)	(831)
Cash Flow from Financing	3,995	4,342	15,266	14,024	7,659
Free Cash Flow	(4,746)	(2,335)	(16,457)	(17,669)	(5,088)
Net Debt	20,712	24,894	43,857	60,120	68,712
Change in Net Debt	4,521	3,083	17,232	17,434	5,919

## Key Balance Sheet Data

Property, Plant & Equipment	34,707	41,130	63,276	87,639	100,445
Other Non-Current Assets	42	42	42	42	42
Trade Receivables	130	178	345	440	685
Cash & Equivalents	4,147	5,055	2,132	724	622
Other Current Assets	7,115	9,356	17,138	20,494	31,899
Total Assets	46,141	55,760	82,932	109,339	133,693
Long-Term Debt	24,859	29,948	45,988	60,844	69,334
Other Non-Current Liabilities	182	237	3,178	7,568	11,914
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	3,210	4,399	8,530	10,877	16,930
Total Liabilities	28,251	34,584	57,696	79,289	98,178
Total Equity	17,900	21,186	25,246	30,060	35,524
Total Equity & Liabilities	46,151	55,770	82,942	109,349	133,702

## *iQmethod*<sup>SM</sup> - Bus Performance\*

Return On Capital Employed	6.5%	12.2%	12.0%	10.6%	9.8%
Return On Equity	10.5%	20.4%	21.1%	20.9%	19.7%
Operating Margin	29.8%	36.2%	27.4%	24.8%	22.5%
EBITDA Margin	41.8%	46.9%	32.8%	30.5%	29.3%

## *iQmethod*<sup>SM</sup> - Quality of Earnings\*

Cash Realization Ratio	1.9x	1.5x	1.7x	1.7x	2.0x
Asset Replacement Ratio	7.1x	4.5x	11.4x	8.9x	3.6x
Tax Rate (Reported)	17.6%	3.2%	30.0%	31.1%	35.5%
Net Debt-to-Equity Ratio	115.7%	117.5%	173.7%	200.0%	193.4%
Interest Cover	2.1x	2.5x	2.7x	2.5x	2.4x

## Key Metrics

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 7.

## Company Description

IRB Infrastructure is one of the leading road infrastructure developers in India. It has one of the largest toll road portfolio in the country on BOT basis with total length of 1150 kms. It holds 7.2% market share on the Golden Quadrilateral. It also has strong in-house integrated execution capabilities.

## Investment Thesis

IRB, with its experience and expertise, is well positioned to benefit from boom in the road infra segment. The company's recent road project wins will drive strong earnings growth of 21% CAGR over FY10-12. We have valued the company on SOTP and arrived at a value of Rs320 per share.

## Stock Data

Price to Book Value 3.9x

## 4QFY10 results review

IRB reported 4Q PAT at Rs1.4bn, ahead of expectations (MLe Rs837mn) mainly due to MAT tax credit of Rs650mn. Key highlights:

- Toll revenues were in-line with expectation, up 68% yoy, driven by new contribution from Bharuch-Surat (commissioned in Sept'09), improvement in toll collection at Surat-Dahisar (run rate of over Rs10mn per day) and strong growth in toll collection from most other projects. Mumbai-Pune expressway growth remained steady at 7%. Net profit from toll roads was up 269% yoy to Rs1.06bn.

Table 1: Project wise toll revenues

(Rs mn)	4QFY10	4QFY09	YoY change	FY10	FY09	YoY change
Mumbai - Pune	761	710	7%	3,063	2,880	6%
Surat Dahisar	907	336	170%	3,337	336	893%
Bharuch - Surat	317	-		663	-	
Thane Bhiwandi Bypass	130	101	29%	472	403	17%
Thane Ghodbunder	70	66	6%	277	265	5%
Pune - Nashik	48	41	17%	181	164	10%
Pune - Solapur	35	30	17%	133	127	5%
Nagar - Karmala	36	27	33%	135	113	19%
Kharpada Bridge	18	17	6%	68	71	-4%
Mohol - Mandrup	14	16	-13%	63	65	-4%
Khambatki Ghat		34		12	131	
Kaman - Paygaon	-	9		22	36	
Bhiwandi - Wada					16	
<b>Total Revenues</b>	<b>2,336</b>	<b>1,387</b>	<b>68%</b>	<b>8,425</b>	<b>4,607</b>	<b>83%</b>

Source: Company, BofA Merrill Lynch Global Research

Table 2: Toll road projects results

(Rs mn)	4QFY10	4Q FY09	YoY chg	FY10	FY09	YoY chg
Sales	2,011	1,280	57%	7,296	4,543	61%
EBIDTA	1,846	907	104%	6,474	3,657	77%
EBIDTA margin	92%	71%		89%	80%	
Depreciation	384	235	63%	1,299	936	39%
EBIT	1,462	672	118%	5,175	2,721	90%
Interest	767	338	127%	2,268	1,274	78%
PBT	695	334	108%	2,907	1,447	101%
tax	(435)	34	-1385%	(115)	165	-170%
PAT	1,130	300	276%	3,022	1,282	136%
Minority Interest	69	13		179	13	
<b>PAT after minority interest</b>	<b>1,061</b>	<b>287</b>	<b>269%</b>	<b>2,842</b>	<b>1,269</b>	<b>124%</b>

Source: Company, BofA Merrill Lynch Global Research

- Construction (E&C) revenues came in higher than expected at Rs3.1bn, up 56% yoy. EBIDTA margins remained robust at 19%. Net profit was up 164% yoy to Rs356mn.

**Table 3: E&C business results**

(Rs mn)	4QFY10	4Q FY09	YoY chg	FY10	FY09	YoY chg
Sales	3,120	1,997	56%	10,242	5,672	81%
EBIDTA	578	364	59%	2,006	1,013	98%
EBIDTA margin	19%	18%		20%	18%	
Depreciation	132	96	38%	520	208	150%
EBIT	446	268	67%	1,486	805	85%
Interest	48	66	-27%	226	102	120%
PBT	399	202	97%	1,260	703	79%
tax	42	67	-37%	248	213	17%
PAT	356	135	164%	1,012	490	107%

Source: Company, BofA Merrill Lynch Global Research

**Table 4: IRB Infra consolidated results**

(Rs mn)	4QFY10	4Q FY09	YoY chg	FY10	FY09	YoY chg
Sales	5,017	3,211	56%	17,049	9,919	72%
Direct exps						
- contract exps	658	318	107%	2,128	920	131%
- cost of material	1,307	1,117	17%	4,502	3,054	47%
- other direct exps	391	294	33%	1,221	689	77%
Employee cost	217	116	87%	710	425	67%
Other exps	134	161	-17%	496	451	10%
<b>EBIDTA</b>	<b>2,310</b>	<b>1,205</b>	<b>92%</b>	<b>7,991</b>	<b>4,379</b>	<b>82%</b>
EBIDTA Margin	46%	38%		47%	44%	
Depreciation	516	331	56%	1,819	1,144	59%
EBIT	1,795	874	105%	6,171	3,236	91%
Other income	114	66	73%	490	296	65%
Interest	815	403	102%	2,494	1,382	80%
PBT	1,094	536	104%	4,167	2,149	94%
Tax	(393)	101	-490%	133	378	-65%
PAT	1,487	435	241%	4,034	1,772	128%
less: Minority Interest	69	-		179		
<b>Consol PAT</b>	<b>1,417</b>	<b>435</b>	<b>225%</b>	<b>3,855</b>	<b>1,772</b>	<b>118%</b>

Source: Company, BofA Merrill Lynch Global Research

## SOTP valuation

We have raised our SOTP value for IRB from Rs294 earlier to Rs320. Key changes are:

- For E&C, rolled forward target EV/EBIDTA multiple of 7.5x to FY12. E&C is now valued at Rs143 comprising 45% of total value.
- Raised the risk free rate from 7.8% to 8.2%. As a result DCF value of road projects has gone down marginally.
- Lower the discount rate for the four projects under development from 13.3% to 13% as they have now achieved financial closure.

03 May 2010

Table 5: IRB SOTP value

	Basis	Risk free rate	Beta	Risk premium	Cost of equity	Equity value (Rs mn)	Per share value	Proportion of total
<b>Road assets</b>						<b>54,929</b>	<b>165</b>	<b>52%</b>
<i>Operational</i>						<b>34,740</b>	<b>105</b>	<b>33%</b>
- Mumbai - Pune	DCF	8.2%	0.7	5.5%	12.1%	18,962	57	18%
- Bharuch - Surat	DCF	8.2%	0.8	5.5%	12.6%	7,023	21	7%
- Thane - Bhiwandi	DCF	8.2%	0.8	5.5%	12.6%	3,203	10	3%
- Thane - Ghorbunder	DCF	8.2%	0.8	5.5%	12.6%	2,526	8	2%
- Pune - Solapur	DCF	8.2%	0.8	5.5%	12.6%	729	2	1%
- Pune - Nashik	DCF	8.2%	0.8	5.5%	12.6%	1,204	4	1%
- Others	DCF	8.2%	0.8	5.5%	12.6%	1,094	3	1%
<i>Under construction</i>						<b>6,010</b>	<b>18</b>	<b>6%</b>
- Surat - Dahisar	DCF	8.2%	0.8	5.5%	12.6%	2,575	8	2%
- Kolhapur Integrated	DCF	8.2%	0.8	6.0%	13.0%	3,434	10	3%
<i>Under development</i>						<b>14,179</b>	<b>43</b>	<b>13%</b>
- Amritsar - Pathankot	DCF	8.2%	0.8	6.0%	13.0%	5,515	17	5%
- Jaipur - Tonk	DCF	8.2%	0.8	6.0%	13.0%	3,610	11	3%
- Talegaon - Amravati	DCF	8.2%	0.8	6.0%	13.0%	2,157	6	2%
- Goa - Karnataka	DCF	8.2%	0.8	6.0%	13.0%	2,897	9	3%
<b>EPC</b>	Target EV/E				7.5	<b>47,458</b>	<b>143</b>	<b>45%</b>
Real estate investments						1,300	4	1%
Cash at parent level						2,700	8	3%
<b>Sum of the parts value</b>						<b>106,386</b>	<b>320</b>	<b>100%</b>

Source: BofA Merrill Lynch Global Research

## Price objective basis & risk IRB Infrastructure Developers Ltd. (XIRBF)

Our PO of Rs320 for IRB Infrastructure is based on sum-of-the-parts (SOTP) valuation:

1) We have valued the road projects at Rs165/share (52% of total) based on DCF. This comprises of Rs105 from operational projects (33%) and Rs61 (19%) from projects under construction.

2) We have valued the Engineering & Construction (E&C) business at Rs143/share (45% of total) based on 7.5x FY12 EV/EBIDTA at 50% discount to large engineering companies and at 10% discount to smaller companies like IVRCL, given predominantly in-house order book.

Real estate investments and cash in parent balance sheet comprise the remainder 4% of SOTP.

Key risks are execution delays, lower traffic growth, surge in material costs and higher interest rates.

## Link to Definitions

### Industrials

Click [here](#) for definitions of commonly used terms.

## Analyst Certification

I, Manish Sarawagi, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

In accordance with the SEBI (Foreign Institutional Investors) Regulations and with guidelines issued by the Securities and Exchange Board of India (SEBI), foreign investors (individuals as well as institutional) that wish to transact the common stock of Indian companies must have applied to, and have been approved by SEBI and the Reserve Bank of India (RBI). Each investor who transacts common stock of Indian companies will be required to certify approval as a foreign institutional investor or as a sub-account of a foreign institutional investor by SEBI and RBI. Certain other entities are also entitled to transact common stock of Indian companies under the Indian laws relating to investment by foreigners. Merrill Lynch reserves the right to refuse copy of research on common stock of Indian companies to a person not resident in India.

American Depositary Receipts (ADR) representing such common stock are not subject to these Indian law restrictions and may be transacted by investors in accordance with the applicable laws of the relevant jurisdiction.

Global Depositary Receipts (GDR) and the Global Depositary Shares of Indian companies, Indian limited liability corporations, have not been registered under the U.S. Securities Act of 1933, as amended, and may only be transacted by persons in the United States who are Qualified Institutional Buyers (QIBs) within the meaning of Rule 144A under the Securities Act. Accordingly, no copy of any research report on Indian companies' GDRs will be made available to persons who are not QIBs.

03 May 2010

India - Engineering/Construction/Utilities Coverage Cluster

Investment rating	Company	BofAML ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Adani Enterprises Ltd.	ANIEF	ADE IN	Bharat Parekh
	Adani Power Ltd.	XADPF	ADANI IN	Bharat Parekh
	Bharat Heavy	BHHEF	BHEL IN	Bharat Parekh
	Essar Shipping, Ports & Logistics Ltd.	XESSF	ESRS IN	Manish Sarawagi
	Gujarat State Petronet Ltd	GJRSF	GUJS IN	Vidyadhar Ginde
	GVK Power & Infrastructure Ltd.	GVPWF	GVKP IN	Manish Sarawagi
	IRB Infrastructure Developers Ltd.	XIRBF	IRB IN	Manish Sarawagi
	IVRCL Infrastruc	IIFRF	IVRC IN	Bharat Parekh
	Jaiprakash Associates Limited	JPRKF	JPA IN	Bharat Parekh
	Jaiprakash Power Ventures Ltd.	XJSHF	JPVL IN	Bharat Parekh
	Lanco Infratech Ltd.	LNIFF	LANCI IN	Manish Sarawagi
	Larsen & Toub -G	LTORF	LTOD LI	Bharat Parekh
	Larsen & Toubro	LTOUF	LT IN	Bharat Parekh
	Mundra Port SEZ	XMANF	MSEZ IN	Bharat Parekh
	Nagarjuna Const	NGRJF	NJCC IN	Bharat Parekh
	NCC-GDR	XAKUF	NJGR LX	Bharat Parekh
	Reliance Infrastructure	RCTDF	RELI IN	Bharat Parekh
<b>NEUTRAL</b>				
	Gujarat Inds	GUJIF	GIP IN	Bharat Parekh
	Neyveli Lignite	NEYVF	NLC IN	Bharat Parekh
	Tata Pwr. Co.	XTAWF	TPWR IN	Bharat Parekh
<b>UNDERPERFORM</b>				
	ABB	ABVFF	ABB IN	Bharat Parekh
	Gail India	XGLAF	GAIL IN	Vidyadhar Ginde
	Gail Limited - G	GAILF	GAID LI	Vidyadhar Ginde
	GMR Infrastructure Ltd.	GMRLF	GMRI IN	Manish Sarawagi
	NTPC Ltd	NTHPF	NATP IN	Bharat Parekh
	Suzlon Energy	SZEYF	SUEL IN	Bharat Parekh
<b>RVW</b>				
	Indraprastha Gas	IAGSF	IGL IN	Vidyadhar Ginde

*iQmethod*<sup>SM</sup> Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill Amortization}$
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
<b>Quality of Earnings</b>		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
<b>Valuation Toolkit</b>		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualized Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales} + \text{Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

*iQmethod*<sup>SM</sup> is the set of BofA Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *iQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

*iQdatabase*<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Merrill Lynch.

*iQprofile*<sup>SM</sup>, *iQmethod*<sup>SM</sup> are service marks of Merrill Lynch & Co., Inc. *iQdatabase*<sup>®</sup> is a registered service mark of Merrill Lynch & Co., Inc.

## Important Disclosures

### XIRBF Price Chart



18-Feb:B  
Sarawagi  
PO:Rs294

\*Prior to May 31, 2008, the investment opinion system included Buy, Neutral and Sell. As of May 31, 2008, the investment opinion system includes Buy, Neutral and Underperform. Dark Grey shading indicates that a security is restricted with the opinion suspended. Light grey shading indicates that a security is under review with the opinion withdrawn. The current investment opinion key is contained at the end of the report. Chart is current as of March 31, 2010 or such later date as indicated.

BofAML price charts do not reflect analysts' coverage of the stock at prior firms. Historical price charts relating to companies covered as of December 31, 2008 by former Banc of America Securities LLC (BAS) analysts are available to BAS clients on the BAS website."

### Investment Rating Distribution: Transport/Infrastructure Group (as of 01 Apr 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	78	61.90%	Buy	33	44.59%
Neutral	22	17.46%	Neutral	11	50.00%
Sell	26	20.63%	Sell	7	29.17%

### Investment Rating Distribution: Global Group (as of 01 Apr 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1818	52.41%	Buy	952	58.01%
Neutral	873	25.17%	Neutral	490	61.95%
Sell	778	22.43%	Sell	355	49.72%

\* Companies in respect of which MLPF&S or an affiliate has received compensation for investment banking services within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

\* Ratings dispersions may vary from time to time where BofAML Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofAML Comment referencing the stock.



03 May 2010

In the US, retail sales and/or distribution of this report may be made only in states where these securities are exempt from registration or have been qualified for sale: IRB Infra.

MLPF&S or an affiliate expects to receive or intends to seek compensation for investment banking services from this company or an affiliate of the company within the next three months: IRB Infra.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking revenues.

## Other Important Disclosures

**BofA Merrill Lynch (BofAML) Research refers to the combined Global Research operations of Merrill Lynch and BAS.**

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

**Merrill Lynch Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.**

"Merrill Lynch" includes Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its affiliates, including BofA (defined below). "BofA" refers to Banc of America Securities LLC ("BAS"), Banc of America Securities Limited ("BASL") and their affiliates. Investors should contact their Merrill Lynch or BofA representative if they have questions concerning this report.

**Information relating to Non-US affiliates of Merrill Lynch and Distribution of Affiliate Research Reports:**

MLPF&S, BAS, and BASL distribute, or may in the future distribute, research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch (Frankfurt): Merrill Lynch International Bank Ltd, Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd; Merrill Lynch (Milan): Merrill Lynch International Bank Limited; MLPF&S (UK): Merrill Lynch, Pierce, Fenner & Smith Limited; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co, Ltd; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd.; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): Merrill Lynch CIS Limited, Moscow; Merrill Lynch (Turkey): Merrill Lynch Yatirim Bankasi A.S.; Merrill Lynch (Dubai): Merrill Lynch International, Dubai Branch; MLPF&S (Zürich rep. office): MLPF&S Incorporated Zürich representative office; Merrill Lynch (Spain): Merrill Lynch Capital Markets Espana, S.A.S.V.; Merrill Lynch (Brazil): Banco Merrill Lynch de Investimentos S.A.

This note has been approved for publication in the United Kingdom by Merrill Lynch, Pierce, Fenner & Smith Limited and BASL, which are authorized and regulated by the Financial Services Authority; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co, Ltd and Banc of America Securities – Japan, Inc., registered securities dealers under the Financial Instruments and Exchange Law in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited and Banc of America Securities Asia Limited, which are regulated by the Hong Kong SFC and the Hong Kong Monetary Authority; is issued and distributed in Taiwan by Merrill Lynch Securities (Taiwan) Ltd.; is issued and distributed in India by DSP Merrill Lynch Limited; and is issued and distributed in Singapore by Merrill Lynch International Bank Limited (Merchant Bank), Merrill Lynch (Singapore) Pte Ltd (Company Registration No.'s F 06872E and 198602883D respectively) and Bank of America Singapore Limited (Merchant Bank). Merrill Lynch International Bank Limited (Merchant Bank), Merrill Lynch (Singapore) Pte Ltd and Bank of America Singapore Limited (Merchant Bank) are regulated by the Monetary Authority of Singapore. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 provides this note in Australia in accordance with section 911B of the Corporations Act 2001 and neither it nor any of its affiliates involved in preparing this note is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this note in Brazil.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-US affiliates. MLPF&S is the distributor of this research report in the US and accepts full responsibility for research reports of its non-US affiliates distributed to MLPF&S clients in the US. Any US person (other than BAS, BAI and their respective clients) receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates.

BAS distributes this research report to its clients and accepts responsibility for the distribution of this report in the US to BAS clients. Transactions by US persons that are BAS clients in any security discussed herein must be carried out through BAS.

**General Investment Related Disclosures:**

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

03 May 2010

Securities and other financial instruments discussed in this report, or recommended, offered or sold by Merrill Lynch, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the company or the market that is anticipated to have a short-term price impact on the equity securities of the company. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

UK Readers: The protections provided by the U.K. regulatory regime, including the Financial Services Scheme, do not apply in general to business coordinated by Merrill Lynch entities located outside of the United Kingdom. These disclosures should be read in conjunction with the BASL general policy statement on the handling of research conflicts, which is available upon request.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Merrill Lynch is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. Merrill Lynch may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

Merrill Lynch, through business units other than BofAML Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented in this report. Such ideas or recommendations reflect the different time frames, assumptions, views and analytical methods of the persons who prepared them, and Merrill Lynch is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report.

In the event that the recipient received this report pursuant to a contract between the recipient and MLPF&S for the provision of research services for a separate fee, and in connection therewith MLPF&S may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom MLPF&S has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by MLPF&S). MLPF&S is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities mentioned in this report.

**Copyright and General Information regarding Research Reports:**

Copyright 2010 Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. iQmethod, iQmethod 2.0, iQprofile, iQtoolkit, iQworks are service marks of Merrill Lynch & Co., Inc. iQanalytics®, iQcustom®, iQdatabase® are registered service marks of Merrill Lynch & Co., Inc. This research report is prepared for the use of Merrill Lynch clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Merrill Lynch. Merrill Lynch research reports are distributed simultaneously to internal and client websites and other portals by Merrill Lynch and are not publicly-available materials. Any unauthorized use or disclosure is prohibited. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets) without first obtaining expressed permission from an authorized officer of Merrill Lynch.

Materials prepared by Merrill Lynch research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of Merrill Lynch, including investment banking personnel. Merrill Lynch has established information barriers between BofAML Research and certain business groups. As a result, Merrill Lynch does not disclose certain client relationships with, or compensation received from, such companies in research reports.

To the extent this report discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this report. Merrill Lynch research personnel's knowledge of legal proceedings in which any Merrill Lynch entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving companies mentioned in this report is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of Merrill Lynch in connection with the legal proceedings or matters relevant to such proceedings.

This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of MLPF&S, any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). Merrill Lynch policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This report may contain links to third-party websites. Merrill Lynch is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or any affiliation with Merrill Lynch. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. Merrill Lynch is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and Merrill Lynch policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports may contain discussions and/or investment opinions relating to securities, financial instruments and/or issuers that are no longer current. Always refer to the most recent research report relating to a company or issuer prior to making an investment decision.

In some cases, a company or issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such company or issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BAS, MLPF&S or any of their affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither Merrill Lynch nor any officer or employee of Merrill Lynch accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.