Property | India

Prestige Estates Projects PEPL IN

BUY

NOMURA

NOMURA STRUCTURED FINANCE SERVICES PRIVATE LIMITED, INDIA

RESULTS FIRST LOOK

Prestige's 2QFY12 results missed our as well as consensus revenue/profit estimates, but this was largely on account of slower-than-expected construction progress at one of its ongoing projects. Despite an uncertain macro environment, the company noted strong response at its newly launched residential projects and achieved cumulative sales of INR7.1bn in the quarter vs INR10.8bn for full-year FY11 (residential segment). We expect revenues to pick up from 4QFY12F as newer high-value projects reach the revenue threshold. Liquidation of debtors should be a key catalyst for the stock. Maintain BUY.

Price target: 122.0 INR   Price (03 Nov 2011): 95.7 INR

Research analyst: Aatash Shah   +91 22 4037 4194   aatash.shah@nomura.com
Research analyst: Vineet Verma   +91 22 4053 3675   vineet.verma@nomura.com

Publish Date: 03 Nov 2011

2QFY12 results: P&L below expectations; achieved strong sales and on track to achieve FY12 sales guidance

- **Earnings vs. our Forecast:** **BELOW**

Likely Impact:

- **Earnings Estimates:** **NO CHANGE**
- **Dividend Estimates:** **NO CHANGE**
- **Price Target:** **NO CHANGE**
- **Long-term View:** **CONFIRMED**

Prestige Estates' standalone 2QFY12 sales of INR1,281mn (-48%q-q) came in below our and consensus estimates of INR2,183mn and INR2,477mn, respectively. The lower revenues on a q-q basis were due to 1) slower construction progress at its Neptune Courtyard project in Cochin which was expected to be completed during the quarter; and 2) lower-than-expected sales at its completed projects. In 2QFY12, the company recognized revenue of only INR0.8bn from its saleable residential & commercial projects, as compared to INR2.07bn in the previous quarter.

The company now expects to complete Neptune Courtyard in 3QFY12 and recognize at least INR700mn from the same in 3Q. It also expects Prestige White Meadows to reach revenue recognition threshold in 4QFY12 and Kingfisher Towers in 2QFY13.

EBITDA margin for 2QFY12 was higher at 38% vs. our expectation of 29% and consensus of 30%. We attribute this difference in the margin to lower contribution from saleable projects, which have a lower margin when compared to high-margin steady lease income from investment properties. With the completion of low-margin Prestige Shantiniketan, we think margins are likely to revert to a higher base, and management expects that EBITDA margins should remain around 35% on saleable projects in the future. On account of lower revenue, standalone EBITDA at INR493mn (-29%q-q) was 23% and 33% lower than our and consensus estimates, respectively.

PAT at INR263mn (-28%q-q) was below both our and consensus estimates of INR334mn and INR326mn, respectively, driven by the lower top line.

Balance sheet

On the balance sheet side, standalone net debt rose q-q from INR6.97bn to INR8.03bn, as company continues to invest towards construction of commercial / residential development and extended advances to landlords pertaining to joint development agreements.

The realisation of sundry debtors remained slow at INR0.8bn during the quarter, with INR9.5bn still remaining to be collected from the customers as of end-Sep11. As mentioned by management, realisation of debtors against Prestige Shantiniketan (approx. INR4.3bn or c. 45% of total outstanding debtors) is expected to pick up pace from 4QFY12 as leasing of Prestige

Shantiniketan's office space is achieved. The payment towards sale of Prestige Shantiniketan office space is subject to leasing of the property, in our view.

We believe realisation of debtors will be a positive catalyst for the stock as this should ease pressure on the overall debt position and help the company ramp up construction on its ongoing commercial and residential developments.

The company was able to lower its cost of borrowings q-q from 14.3% to 13.6% despite an increase in the gearing level from 34% to 38%. We view this as positive especially when other real estate developers are squeezed for liquidity and interest rates have been rising.

Sales performance

Operationally, the company achieved a strong response towards its new launches in Bangalore and managed to sell nearly 1.9mn sq ft in residential segment during the quarter, totalling INR7.1bn vs. sales of INR10.8bn in the residential segment for the full-year FY11. Nearly 80% of sales of INR7.8bn (including commercial segment) achieved during the quarter came from the new mid-income residential launches in Bangalore, namely Prestige Tranquillity (c. INR4.7bn), Prestige Park View (c. INR1.3bn) and Prestige Sunnyside (c.INR0.4bn).

With a large amount of sales coming from mid-income housing projects, the company's average realisation for the residential projects moved lower to INR3,584 per sq ft vs. INR4,773 per sq ft (Jun-11) vs. INR6,962 per sq ft (Mar-11) vs. INR9,139 per sq ft (Dec-10). Despite the drop in average realisation in the residential segment, the company has achieved cumulative sales of INR9.9bn in 1HFY12, and we believe it is on target to achieve its FY12 sales guidance of c. INR14.0bn.

Maintain BUY; available at 33% discount to NAV

We maintain our BUY rating on the stock as we expect 1) revenue recognition to improve with newer high-value projects reaching the revenue threshold in 1QFY13F; 2) realisation of debtors to pick up pace; and 3) on track to achieve FY12 sales guidance of c. INR14.0bn (equivalent to FY11 sales of INR13.8bn) despite lower realisation in FY12F.

We also like the fact that 50% of the company's developable land reserves are under construction leading to ~60% of the overall cash flows coming through by FY15F. This, combined with 3.7mn sq ft of completed and leased commercial space, should ensure that ~70% of GAV is visible by FY15F, in our view. We reiterate our BUY call on the stock as it is trading at a nearly 33% discount to our NAV of INR143 per share and 21% discount to our price target of INR122 per share.

Exhibit 1: Snapshot of 2QFY12 results (P&L)

Standalone results (INR mn)	4QFY11	1QFY12	2QFY12		2QFY12E (Nomura)
Income from operations	**Mar-11**	**Jun-11**	**Sep-11**	**(q-q)%**	**Sep11E**
Residential & commercial projects		2,072	867	-58%	1,771
Facilities, rental & maintenance income		143	138	-3%	143
Property income		269	276	3%	269
Total revenue	**4,655**	**2,484**	**1,281**	**-48%**	**2,183**
Expenditure					
Cost of residential and commercial projects	3,602	1,559	560	-64%	1,340
Employee cost	75	103	121	17%	100
General / administrative and selling expenses	112	133	108	-19%	99
Total	**3,789**	**1,795**	**788**	**-56%**	**1,540**
EBITDA	**866**	**689**	**492.6**	**-29%**	**643**
Depreciation	83	80	80	0%	86
Other income	370	126	127.1		148
EBIT	**1,153**	**735**	**540**	**-27%**	**705**
Interest expense	192	232	193.4	-17%	240
EBT	**960**	**503**	**347**	**-31%**	**464**
Tax expense	**259**	**139**	**83.9**	**-40%**	130
PAT	**702**	**364**	**263**	**-28%**	**334**
EBITDA margin (%)	19%	28%	38%	11%	29%
Effective tax rate	27%	28%	24%	-3%	28%
PAT margin (%)	15%	15%	21%	6%	15%

Source: Company data, Nomura estimates

Exhibit 2: Snapshot of 2QFY12 results (B&S)

Balance sheet (INR mn)	4QFY11	1QFY12	2QFY12
	Mar-11	Jun-11	Sep-11
Source of fund			

Shareholders' funds	**20,437**	**20,802**	**21,064**
Total borrowings	**10,120**	**9,521**	**9,772**
Total	**30,639**	**30,406**	**30,925**
Application of fund			
Fixed assets	**5,279**	**5,321**	**5,302**
Investments	7,103	7,084	7,386
Currents assets			
Inventories	8,644	8,650	10,073
Sundry debtors	10,113	10,337	9,473
Cash & bank balances	3,112	2,551	1,740
Interest accrued	52	25	33
Loans & Advances	7,168	7,389	7,703
Total	**29,089**	**28,952**	**29,022**
Current liabilities			
Liabilities	7,264	7,544	8,631
Provisions	3,568	3,407	2,154
Total	**10,832**	**10,951**	**10,785**
Gross debt	10,120	9,521	9,772
Net debt	7,008	6,970	8,032
Net debt / equity	34%	34%	38%

Source: Company data

Exhibit 3: Snapshot of 2QFY12 results (Cash flow)- Nomura estimates

Cashflow	4QFY11	1QFY12	2QFY12
	Mar-11	Jun-11	Sep-11
Cash flow before w/c changes	**607**	**550**	**409**
(Increase) / Decrease in sundry debtors	(4,254)	(224)	864
(Increase) / Decrease in Inventory	(161)	(6)	(1,423)
(Increase) / Decrease in loans & advances	2,772	(221)	(314)
Increase / (Decrease) in current liabilities	372	280	1,087
Increase / (Decrease) in provisions	1,520	(161)	(1,253)
Working capital changes	249	(332)	(1,038)
Net cash inflow / (outflow) from operating activities	**856**	**218**	**(630)**
Net cash inflow / (outflow) from investing activities	**(627)**	**57**	**(204)**
Free cash flow	**229**	**275**	**(833)**
Net cash inflow / (outflow) from financing activities	**(2,437)**	**(704)**	**184**
Net change in cash	**(2,208)**	**(429)**	**(649)**
Net change in cash (from balance sheet)	(2,351)	(561)	(811)

Source: Company data, Nomura estimates

Exhibit 4: Company's sales performance

	1QFY11	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12
Sales data (Area in sq ft)	**Jun-10**	**Sep-10**	**Dec-10**	**Mar-11**	**Jun-11**	**Sep-11**
Residential						
Mid income segment	118,307	154,296	108,740	134,377	293,718	1,925,849
Premium segment	48,031	383,024	179,037	78,788	101,830	56,349
Total residential	**166,338**	**537,320**	**287,777**	**213,165**	**395,548**	**1,982,198**
Commercial	708	365,000	87,967	197,144	60,704	135,660
Total residential & commercial	**167,046**	**902,320**	**375,744**	**410,309**	**456,252**	**2,117,858**
Area in sq ft breakup (%)						
Mid income segment	71%	29%	38%	63%	74%	97%
Premium segment	29%	71%	62%	37%	26%	3%
	1QFY11	**2QFY11**	**3QFY11**	**4QFY11**	**1QFY12**	**2QFY12**

Value (INR mn)	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Residential						
Mid income segment	490	631	512	690	1,125	6,686
Premium segment	333	5,266	2,118	794	763	418
Total residential	**823**	**5,897**	**2,630**	**1,484**	**1,888**	**7,104**
Commercial	-	1,460	543	1,003	211	694
Total residential & commercial	**823**	**7,357**	**3,173**	**2,487**	**2,099**	**7,798**
	1QFY11	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12
Realisation (psf)	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Residential						
Mid income segment	4,142	4,090	4,708	5,135	3,830	3,472
Premium segment	6,933	13,748	11,830	10,078	7,493	7,418
Average	**4,948**	**10,975**	**9,139**	**6,962**	**4,773**	**3,584**
Commercial	-	4,000	6,173	5,088	3,476	5,116
Residential & Commercial (Avg)	**4,927**	**8,153**	**8,445**	**6,061**	**4,601**	**3,682**

Source: Company data

Exhibit 5: Debtors summary for completed projects

Period end (INR mn)	1QFY12	2QFY12
Completed projects	Jun-11	Sep-11
Prestige Alecto	74	74
Prestige Andree Residences	3	3
Prestige Ashcroft	86	26
Prestige Atrium	232	130
Prestige Cyber Towers	457	445
Prestige Dynasty 2	-	20
Prestige Melbrooke	43	42
Prestige Nebula	82	12
Prestige Oasis	1,377	1,239
Prestige Palladium	70	15
Prestige Shantiniketan	4,783	4,290
Prestige SILVERDALE	49	21
Prestige Southridge	640	471
Prestige Wellington Park	182	178
Land Owners Dues	939	939
Others	11	36
Total (INR mn)	**9,029**	**7,943**

Source: Company data

Valuation Methodology and Investment Risks: We adopt a NAV-based valuation method to arrive at a one-year forward NAV of INR143. To arrive at our target price of INR122 per share we apply a 15% discount to our NAV. This discount is on account of the uncertainty involved in forecasting given the volatility induced by the JDA model and the fact that the company has several commercial assets under construction which would suck out cash from the residential projects.Risks that may impede the achievement of the target price 1) Prestige Estate is primarily a Bangalore-based developer, so any deterioration of global macroeconomic fundamentals will result in a slowdown in the IT/ITES industry which will have a direct impact on the property market of Bangalore. 2) Prestige has accumulated sundry debtors of around INR9.3bn on the balance sheet. Cash realisation from these debtors is important to fund ongoing construction. If realisation takes time or takes place only partly due to bad debts, then our net debt estimate will see upside risk.

Note: Ratings and Price Targets are as of the date of the most recently published report (http://go.nomuranow.com/research/globalresearchportal) rather than the date of this email.

Results First Look is the analyst's preliminary interpretation of the results announcement. Our recommendation and earnings estimates are not beingchanged in this report. Any formal changes to our recommendation or earnings estimates will be made in a subsequent report, which may differ from the preliminary views expressed in this report.

Nomura Equity Research website: http://go.nomuranow.com/research/globalresearchportal

Nomura Strategy website: https://apps.nomuranow.com/EQS

Analyst Certification

We, Aatash Shah and Vineet Verma, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

Issuer Specific Regulatory Disclosures

Mentioned companies

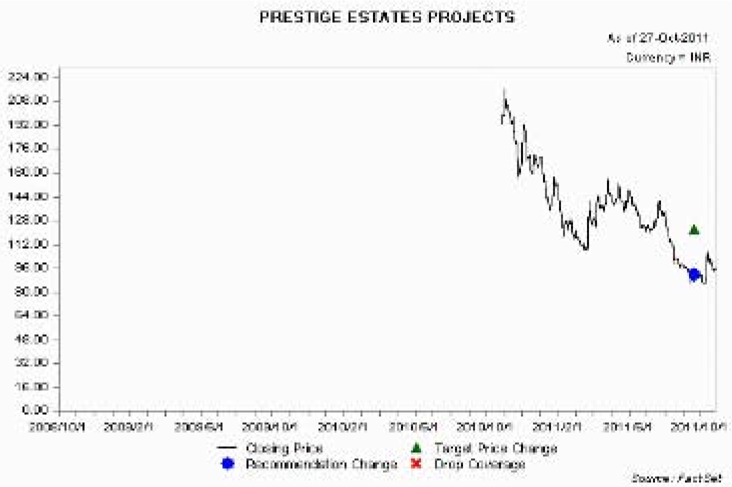
Issuer name	Ticker	Price	Price date	Stock rating	Disclosures
Prestige Estates Projects	PEPL IN	95.7 INR	03 Nov 2011	Buy	

Previous Rating

Issuer name	Previous Rating	Date of change
Prestige Estates Projects	Not Rated	21 Sep 2011

Prestige Estates Projects (PEPL IN) **95.7 INR (03 Nov 2011)** Buy

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
21-Sep-2011		122.00	92.35
21-Sep-2011	Buy		92.35

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We adopt a NAV-based valuation method to arrive at a one-year forward NAV of INR143. To arrive at our target price of INR122 per share we apply a 15% discount to our NAV. This discount is on account of the uncertainty involved in forecasting given the volatility induced by the JDA model and the fact that the company has several commercial assets under construction which would suck out cash from the residential projects.

Risks that may impede the achievement of the target price 1) Prestige Estate is primarily a Bangalore-based developer, so any deterioration of global macroeconomic fundamentals will result in a slowdown in the IT/ITES industry which will have a direct impact on the property market of Bangalore. 2) Prestige has accumulated sundry debtors of around INR9.3bn on the balance sheet. Cash realisation from these debtors is important to fund ongoing construction. If realisation takes time or takes place only partly due to bad debts, then our net debt estimate will see upside risk.

Important Disclosures

Online availability of research and conflict-of-interest disclosures

Nomura Equity Research is available on nomuranow.com, Bloomberg, Capital IQ, Factset, Reuters and ThomsonOne.
Important disclosures may be accessed through the left hand side of the Nomura Disclosure web page http://go.nomuranow.com/research/globalresearchportal or requested from Nomura Securities International, Inc., on 1-877-865-5752. If you have any difficulties with the website, please email grpsupport-eu@nomura.com for technical assistance.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities. Unless otherwise noted, the non-US analysts listed at the front of this report are not registered/qualified as research analysts under FINRA/NYSE rules, may not be associated persons of NSI, and may not be subject to FINRA Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Industry Specialists identified in some Nomura International plc research reports are employees within the Firm who are responsible for the sales and trading effort in the sector for which they have coverage. Industry Specialists do not contribute in any manner to the content of research reports in which their names appear. *Marketing Analysts* identified in some Nomura research reports are research analysts employed by Nomura International plc who are primarily responsible for marketing Nomura's Equity Research product in the sector for which they have coverage. Marketing Analysts may also contribute to research reports in which their names appear and publish research on their sector.

Distribution of ratings (Global)

The distribution of all ratings published by Nomura Global Equity Research is as follows:
49% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 41% of companies with this rating are investment banking clients of the Nomura Group*.
41% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 50% of companies with this rating are investment banking clients of the Nomura Group*.
10% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 20% of companies with this rating are investment banking clients of the Nomura Group*.
As at 30 September 2011. **The Nomura Group as defined in the Disclaimer section at the end of this report.*

Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America for ratings published from 27 October 2008

The rating system is a relative system indicating expected performance against a specific benchmark identified for each individual stock. Analysts may also indicate absolute upside to target price defined as (fair value - current price)/current price, subject to limited management discretion. In most cases, the fair value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as discounted cash flow or multiple analysis, etc.

STOCKS

A rating of '**Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including, but not limited to, when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.
Benchmarks are as follows: **United States/Europe**: Please see valuation methodologies for explanations of relevant benchmarks for stocks (accessible through the left hand side of the Nomura Disclosure web page: http://go.nomuranow.com/research/globalresearchportal);**Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology.

SECTORS

A '**Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A '**Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A '**Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months.
Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia.

Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published from 30 October 2008 and in Japan from 6 January 2009

STOCKS

Stock recommendations are based on absolute valuation upside (downside), which is defined as (Target Price - Current Price) / Current Price, subject to limited management discretion. In most cases, the Target Price will equal the analyst's 12-month intrinsic valuation of the stock, based on an appropriate valuation methodology such as discounted cash flow, multiple analysis, etc.
A '**Buy'** recommendation indicates that potential upside is 15% or more. A '**Neutral'** recommendation indicates that potential upside is less than 15% or downside is less than 5%. A '**Reduce'** recommendation indicates that potential downside is 5% or more. A rating of '**Suspended'** indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the subject company.
Securities and/or companies that are labelled as '**Not rated'** or shown as '**No rating'** are not in regular research coverage of the Nomura entity identified in the top banner. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies.

SECTORS

A '**Bullish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation. A '**Neutral'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation. A '**Bearish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

Explanation of Nomura's equity research rating system in Japan published prior to 6 January 2009

STOCKS

A rating of '1' or '**Strong buy'**, indicates that the analyst expects the stock to outperform the Benchmark by 15% or more over the next six months. A rating of '2' or '**Buy'**, indicates that the analyst expects the stock to outperform the Benchmark by 5% or more but less than 15% over the next six months. A rating of '3' or '**Neutral'**, indicates that the analyst expects the stock to either outperform or underperform the Benchmark by less than 5% over the next six months. A rating of '4' or '**Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark by 5% or more but less than 15% over the next six months. A rating of '5' or '**Sell'**, indicates that the analyst expects the stock to underperform the Benchmark by 15% or more over the next six months.
Stocks labeled '**Not rated'** or shown as '**No rating'** are not in Nomura's regular research coverage. Nomura might not publish additional research reports concerning this company, and it undertakes no obligation to update the analysis, estimates, projections, conclusions or other information contained herein.

SECTORS

A '**Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next six months. A '**Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next six months. A '**Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next six months.
Benchmarks are as follows: **Japan**: TOPIX; **United States**: S&P 500, MSCI World Technology Hardware & Equipment; **Europe**, by sector - *Hardware/Semiconductors*: FTSE W Europe IT Hardware; *Telecoms*: FTSE W Europe Business Services; *Business Services*: FTSE W Europe; *Auto & Components*: FTSE W Europe Auto & Parts; *Communications equipment*: FTSE W Europe IT Hardware; **Ecology Focus**: Bloomberg World Energy Alternate Sources; **Global Emerging Markets**: MSCI Emerging Markets ex-Asia.

Target Price

A Target Price, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

Disclaimers

This document contains material that has been prepared by the Nomura entity identified at the top or bottom of page 1 herein, if any, and/or, with the sole or joint contributions of one or more Nomura entities whose employees and their respective affiliations are specified on page 1 herein or identified elsewhere in the document. Affiliates and subsidiaries of Nomura Holdings, Inc. (collectively, the 'Nomura Group'), include: Nomura Securities Co., Ltd. ('NSC') Tokyo, Japan; Nomura International plc ('NIplc'), UK; Nomura Securities International, Inc. ('NSI'), New York, US; Nomura International (Hong Kong) Ltd. ('NIHK'), Hong Kong; Nomura Financial Investment (Korea) Co., Ltd. ('NFIK'), Korea (Information on Nomura analysts registered with the Korea Financial Investment Association ('KOFIA') can be found on the KOFIA Intranet at http://dis.kofia.or.kr); Nomura Singapore Ltd. ('NSL'), Singapore (Registration number 197201440E, regulated by the Monetary Authority of Singapore); Capital Nomura Securities Public Company Limited ('CNS'), Thailand; Nomura Australia Ltd. ('NAL'), Australia (ABN 48 003 032 513), regulated by the Australian Securities and Investment Commission ('ASIC') and holder of an Australian financial services licence number 246412; P.T. Nomura Indonesia ('PTNI'), Indonesia; Nomura Securities Malaysia Sdn. Bhd. ('NSM'), Malaysia; Nomura International (Hong Kong) Ltd., Taipei Branch ('NITB'), Taiwan; Nomura Financial Advisory and Securities (India) Private Limited ('NFASL'), Mumbai, India (Registered Address: Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India; Tel: +91 22 4037 4037, Fax: +91 22 4037 4111; SEBI Registration No: BSE INB011299030, NSE INB231299034, INF231299034, INE 231299034, MCX: INE261299034); Banque Nomura France ('BNF'), regulated by the Autorité des marches financiers and the Autorité de Contrôle Prudentiel; NIplc, Dubai Branch ('NIplc, Dubai'); NIplc, Madrid Branch ('NIplc, Madrid') and NIplc, Italian Branch ('NIplc, Italy').

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal; and (iii) based upon information from sources that we consider reliable, but has not been independently verified by Nomura Group.

Nomura Group does not warrant or represent that the document is accurate, complete, reliable, fit for any particular purpose or merchantable and does not accept liability for any act (or decision not to act) resulting from use of this document and related data. To the maximum extent permissible all warranties and other assurances by Nomura group are hereby excluded and Nomura Group shall have no liability for the use, misuse, or distribution of this information.

Opinions or estimates expressed are current opinions as of the original publication date appearing on this material and the information, including the opinions and estimates contained herein, are subject to change without notice. Nomura Group is under no duty to update this document. Any comments or statements made herein are those of the author(s) and may differ from views held by other parties within Nomura Group. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. Nomura Group does not provide tax advice.

Nomura Group, and/or its officers, directors and employees, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. Nomura Group companies may also act as market maker or liquidity provider (as defined within Financial Services Authority ('FSA') rules in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

This document may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Any MSCI sourced information in this document is the exclusive property of Morgan Stanley Capital International Inc. ('MSCI'). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, re-disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are services marks of MSCI and its affiliates.

Investors should consider this document as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Nomura Group produces a number of different types of research product including, among others, fundamental analysis, quantitative analysis and short term trading ideas; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. Nomura Group publishes research product in a number of different ways including the posting of product on Nomura Group portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future performance. Where the information contains an indication of future performance, such forecasts may not be a reliable indicator of future performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns.

Certain 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.

The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via a Nomura entity in your home jurisdiction.

This document has been approved for distribution in the UK and European Economic Area as investment research by NIplc, which is authorized and regulated by the FSA and is a member of the London Stock Exchange. It does not constitute a personal recommendation, as defined by the FSA, or take into account the particular investment objectives, financial situations, or needs of individual investors. It is intended only for investors who are 'eligible counterparties' or 'professional clients' as defined by the FSA, and may not, therefore, be redistributed to retail clients as defined by the FSA. This document has been approved by NIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIHK. This document has been approved for distribution in Australia by NAL, which is authorized and regulated in Australia by the ASIC. This document has also been approved for distribution in Malaysia by NSM. In Singapore, this document has been distributed by NSL. NSL accepts legal responsibility for the content of this document, where it concerns securities, futures and foreign exchange, issued by their foreign affiliates in respect of recipients who are not accredited, expert or institutional investors as defined by the Securities and Futures Act (Chapter 289). Recipients of this document in Singapore should contact NSL in respect of matters arising from, or in connection with, this document. Unless prohibited by the provisions of Regulation S of the 1933 Act, this material is distributed in the US, by NSI, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934.

This document has not been approved for distribution in the Kingdom of Saudi Arabia ('Saudi Arabia') or to clients other than 'professional clients' in the United Arab Emirates ('UAE') by Nomura Saudi Arabia, NIplc or any other member of Nomura Group, as the case may be. Neither this document nor any copy thereof may be taken or transmitted or distributed, directly or indirectly, by any person other than those authorised to do so into Saudi Arabia or in the UAE or to any person located in Saudi Arabia or to clients other than 'professional clients' in the UAE. By accepting to receive this document, you represent that you are not located in Saudi Arabia or that you are a 'professional client' in the UAE and agree to comply with these restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of Saudi Arabia or the UAE.

No part of this material may be (i) copied, photocopied, or duplicated in any form, by any means; or (ii) redistributed without the prior written consent of a member of Nomura Group. Further information on any of the securities mentioned herein may be obtained upon request. If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this document, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

Nomura Group manages conflicts with respect to the production of research through its compliance policies and procedures (including, but not limited to, Conflicts of Interest, Chinese Wall and Confidentiality policies) as well as through the maintenance of Chinese walls and employee training.

Additional information is available upon request. Disclosure information is available at the Nomura Disclosure web page:
http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx

---

Nomura Structured Finance Services Private Limited, India

Tel: 91 22 3053 2345

Nomura, 9th Flr, Hiranandani Business Park
Powai, Mumbai – 400076, INDIA

Fax: 91 22 3053 2111

Caring for the environment: to receive only the electronic versions of our research, please contact your sales representative.