

BUY

TP: INR 310.00

▲ 63.5%

DLF

DLFU IN

Customer service improving?

DLF, in its recent attempt to resolve complaints raised by customers of its New Gurgaon-based project, seems to have adhered to its newly-forged strategy to enhance CRM practices. This development, we thus believe, is a step in the right direction. While the stock remains under pressure on concerns over delays in debt reduction, we remain positive on DLF over the mid-to-long term on potential improvement in operations. Maintain BUY.

- ➔ **Event:** Customers of DLF's New Gurgaon-based *New Town Heights* project have complained against weak customer services and an increase in property costs. The company, in a letter to flat owners, has tried resolving these issues in a transparent manner. We note that there have been a number of cases (earlier in Chennai/ Gurgaon, now in New Gurgaon) where DLF has faced customer ire on construction delays and weak customer services.
- ➔ **Our view:** While such issues may occur/recur, the key is to settle them in a transparent manner. This letter and its soft wordings have come as positive surprise to those who have witnessed DLF's unfriendly CRM practices in the past. In an earlier interaction, DLF suggested increased thrust on customer support and this communication suggests a step in that direction.
- ➔ **Maintain BUY:** The stock is down 24% over last month (underperforming the SENSEX 19%) on a weak P/L, delay in sales receipts from *Aman Resorts* and slower launches/sales. While these issues may weigh on the stock until sales/launches pick up, we continue to see a potential improvement in operations led by a stronger rental portfolio, debt reduction and higher cash flows from high-end projects.
- ➔ **Note:** *DLF New Town Heights* is DLF's biggest project in New Gurgaon (~3000 units) and was launched in 2008 (just before the economic downturn). DLF got the completion certificate in Q4FY13 and is looking to offer possession by June'13.

Financial Highlights

Y/E 31 Mar	FY11A	FY12A	FY13A	FY14E	FY15E
Revenue (INR mln)	95,606	96,294	77,506	85,636	97,203
EBITDA (INR mln)	37,528	39,043	26,262	34,038	41,320
Adjusted net profit (INR mln)	15,425	12,263	7,624	9,237	13,176
Adjusted EPS (INR)	9.1	7.2	4.5	5.2	7.4
Adjusted EPS growth (%)	(14.9)	(20.4)	(37.8)	15.6	42.6
DPS (INR)	4.0	4.0	2.0	4.0	4.0
ROIC (%)	5.0	4.7	3.0	3.8	4.8
Adjusted ROAE (%)	6.3	4.9	3.0	3.4	4.7
Adjusted P/E (x)	29.6	27.9	52.3	36.5	25.6
EV/EBITDA (x)	18.6	15.1	23.9	15.6	12.4
P/BV (x)	1.9	1.3	1.5	1.2	1.2

Source: Company, Bloomberg, RCML Research



17 June 2013

REPORT AUTHOR

Arun Aggarwal

+91 22 6766 3440

arun.aggarwal@religare.com

PRICE CLOSE (6/17/2013)

INR 189.55

MARKET CAP

INR 321,839 mln

USD 5,559 mln

SHARES O/S

1,697.9 mln

FREE FLOAT

21.0%

3M AVG DAILY VOLUME./VALUE

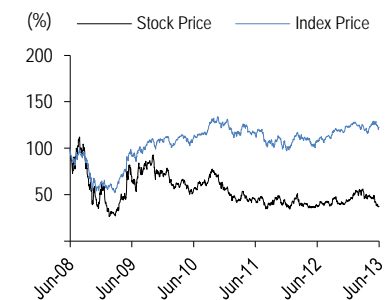
9.8 mln/ USD 40.3 mln

52 WK HIGH

INR 284.70

52 WK LOW

INR 186.45





- Excerpts from DLF's letter to New Town Heights' owners dated 7 June 2013

7th June, 2013

Dear Allottee,

We are in receipt of communications from some of the allottees listing out various issues, which we would like to address as under:

DLF had commenced bookings in “**New Town Heights**” in February’ 2008 and despite the delays for reasons beyond the control of the company such as unprecedented construction labour shortage as well as unprecedented economic uncertainty worldwide, DLF with the support and goodwill of esteemed allottees such as yourself, persevered and put its best foot forward to complete these projects.

We had brought these issues to your notice in March 2009, wherein in addition to updating the then status, we had on our volition given a package of incentives to the allottees of New Town Heights to further enhance the ‘value for money’ proposition to all the allottees.

We would like to take the opportunity to highlight the salient benefits offered vide our communication dated March 26, 2009. These are:

- i) We had, on our own, doubled the Compensation to Rs.10/- per sq.ft. per month.
- ii) In addition to the above, we had also amended this Clause to “3 Years from the date of Booking” instead of ‘3 years from the date of Agreement’, which, by itself, made a difference of almost six months (Rs.60 per sq.ft.) on an average .
- iii) We had also rescheduled the Payment Plan from Time-Linked to Construction-Linked Payment Plan for amounts over and above 35% of the Sale Price to enable the allottees to be at ease, which means the following:
 - a) Anybody who made payments over & above 35% was given Advance Payment Rebate @ 13% p.a., for the advance period.
 - b) Delayed Interest demanded on payments over & above 35% was waived off.
 - c) For people, who made payment under Down Payment category, we committed to give additional Down Payment Rebate based on revised Construction Linked Payment Plan.

The above benefits were beyond the agreement entered into with the allottees. We also took the unprecedented step of providing a further benefit upto 20% comprising of :

- a) 5% discount was allowed on the Basic Sale Price of the property



- b) 5% Increase in Area was given “**absolutely free**”.
- c) Timely Payment Rebate of 10% was agreed to be credited to the Customer account in case all payments are paid on due dates, without any delay;

Accordingly, you will kindly appreciate that we did everything possible to ensure that our allottees who had booked properties in “**New Town Heights**” were significantly benefited. Additionally, we have made a lot of efforts to develop the entire area and we do believe that New Town Heights shall provide a wonderful environment for you and your family to enjoy a superior quality of life in your NTH home.

We would now like to address the issues generally raised in various communications received by us :

1) **Payment of delay compensation –**

As far as the compensation vis-à-vis the possession is concerned, we invite your kind attention to Clause 9, 16 and 17 of the Apartment Buyer’s Agreement which when read together, make it amply clear that compensation is payable, if the construction is delayed beyond 36 months from the date of execution of the Apartment Buyer’s Agreement. Kindly note that Clause 17 stipulates that the compensation is payable at the rate of Rs. 5/- per sq. ft. of the super area of the apartment per month for the period of delay, however, we to incentivise the allottees, revised the amount to Rs. 10/- per sq. ft. and took upon ourselves to start the period of 36 months from the date of booking as opposed to the date of the execution of the agreement.

You may also kindly refer to the following excerpt of Clause 9 wherein it is stated that *“the issuance of the occupation certificate shall be the conclusive evidence (issued for the Said Building or for the Said complex as the case may be) that the construction of the Said Building/Said Complex is fully complete in accordance with the plans and specifications as annexed to this Agreement”*.

Therefore, you will kindly appreciate that the compensation on account of delay is payable only till the date of receipt of Occupation Certificate.

In a project of this magnitude, with over 3000 apartments, the handing over and possession has to be staggered and has to be offered in phases. In our letter dated, February 28, 2013, wherein we had informed you about the receipt of Occupation Certificate, we had also intimated you that in case there is an intention to move in to the apartment sooner, we may be suitably informed, so that we can prioritize the handover , to the best extent possible. We shall continue to approach the handover of apartments to our allottees in a manner that the needs and priorities of most of our allottees are appropriately addressed.



We would like to bring to your attention that we had voluntarily shifted the Compensation to '3 years from the date of Booking' compared to the '3 years from the date of execution of the Agreement' , which resulted in additional benefit of about Rs.60 per sq ft

2) Non-adjustment of delay possession compensation in final payment -

Even though in the Apartment Buyer's Agreement it is stated that *"the adjustment of Compensation shall be done at the time of conveyancing of the said Apartment to Allottee first named in the Agreement and not earlier"*, we, as a special gesture, shall have no objection if you choose to deduct the applicable compensation amount from the total dues payable as indicated in the Final Statement of Account, while making the full and final payments, prior to taking over possession.

3) Denial of delay compensation to allottees & TPR restoration –

Clause 17 clarifies that compensation is payable only to allottees who are not in default of any of the terms of the Agreement, i.e., they are supposed to make all the payments in time. Further *vide* our letter dated 26th March 2009, we have clarified that the eligibility for Timely Payment Rebate is dependent on clearing overdues, if any, by April 25, 2009, and making all the subsequent payments in time.

We do accept delayed payment with interest only to prevent a cancellation of the allotment but under no circumstances, does making such delayed payment with interest, condone the delay, or make the customer eligible for Timely Payment Rebate or payment of compensation for delay.

Since we were requested by some of you to take a sympathetic view of minor delays of a day or two, once or twice, across the entire period, we have as a gesture of goodwill decided to offer the benefit to all those who may become eligible for the same as under:

a) Timely Payment Rebate will be allowed to allottees where default has not been for more than two occasions with the condition that each such delay has not been for more than 7 days from the due date.

b) We have also decided to exempt the delay, if any, in remittance of enhanced EDC from delays as mentioned in 3(a) above.

This also means those who are eligible for Timely Payment Rebate are also given the Compensation, if eligible.

Through the above, we do hope, you appreciate that the difficulties that some of you may have had will now be addressed.



4) Increase in Area –

Please note that at the time when you booked the property, typical areas were 1760 sq.ft. / 2125 sq.ft. / 2505 sq.ft., which subsequently got increased to 1845 sq.ft. / 2230 sq.ft. / 2630 sq.ft., with the inclusion of 5% **free area** that was allowed to you. If you calculate the increase in area vis-à-vis the original tentative area, the increase in areas have not exceeded the limit of 10% as stipulated in the Apartment Buyers Agreement and the increase is only about 4% to 6%.

We would like to mention here that as far as the “loading” is concerned, it is only 18% to 21% on Super Area to Apartment Area, strictly within the range provided in the agreement. In this regard, we would like to draw your attention to page 31 of the Apartment Buyer’s Agreement. In **Annexure-II**, where the “**Definition of the Super Area**” is provided, it very clearly mentions that the “tentative percentage of Apartment Area to Super Area of the Apartment is 79% to 82% approximately for apartments and for Independent floors this percentage is 91% approximately”. We trust that the ambiguity wrt. the apartment area to super area now stands fully clarified.

5) Other’s Land in Sector 90 –

Right from inception, the Company has made full disclosure in the Apartment Buyer’s Agreement, and at no time, was this piece of land in Sector 90, shown as a Company owned land or a green area. In our annexure to the Apartment Buyer’s Agreement, it was clearly blacked out and separated from the Group Housing Scheme. We wish to state that as on date, the status of this piece of land is ‘Other’s Land’ and is demarcated on the site by a boundary wall.

6) Enhanced EDC -

The EDC is charged on the basis of demand raised by the Government Authorities from time to time and demand is made to the Allottees on prorata basis.

7) Construction of Facilities –

As far as the construction of the facilities are concerned, we shall continue to endeavour to complete all facilities at the earliest.

**8) Delay Compensation Calculation -**

The compensation on account of delay has been calculated on the final area of the apartment (i.e., the super area) less the free area of 5%, since that is being provided free of cost as per our letter dated 26th March 2009.

9) Payment of Registration Amount to DLF –

Your attention is invited to Clause 1.10 of the Apartment Buyer's Agreement which states that the allottee is supposed to make all payments, including registration charges and stamp duty in order to enable us to register the property. Also, Clause 18 of the Apartment Buyer's Agreement stipulates that we shall execute the conveyance deed after the Allottee has made all the payments along with all other charges.

You will kindly appreciate that the process of registration has to be initiated by us, and we would require all payments to be made and dues cleared prior to getting the registration process started. The Stamp Duty and Registration Charges are passed onto the State Government, and while normally this process takes 3 months after all payments and paper work is completed, we shall endeavour to complete this in 1 month.

10) Construction of remaining TH / IF & Towers –

We have already clarified, while sending the letters on 28th February 2013 intimating the allottees regarding the receipt of the Occupation Certificate that, some of the Town Houses and Independent Floors are yet to be completed and the Occupation Certificate for the same has not been applied for. It is understood that, we shall be paying compensation on account of delay to such allottees until the time the Occupation Certificate is received for the said units.

11) Calculation & Basis of charges for Development/Construction/Other cost –

These amounts (eg Rs.87.51 per sq.ft. in Sector 90) is towards reimbursement of

- i) Haryana Value Added Tax on Works Contract Tax Executed / Under-Execution;
- ii) Workers Welfare Cess; and
- iii) Service Tax on Contracts Executed / Under-Execution.

BUY

TP: INR 310.00

▲ 63.5%

DLF

DLFU IN



Company Update

INDIA

REAL ESTATE

The scheme wise reimbursements are as under:

Sector	Rate
86	Rs.79.59 per sq.ft.
90	Rs.87.51 per sq.ft.
91	Rs.85.54 per sq.ft.

We would like to clearly state that the above amounts are only towards reimbursements as per clause no. 2 of Apartment Buyer's Agreement, and these amounts have been duly audited. The Audited Certificates are available in our office in case you would like to see them.

Even though the company has incurred huge costs due to escalation and inflation, it has never attempted to recover the same from you in any manner, let alone, through the above reimbursement.

We do hope that this communication addresses most of your apprehensions and queries. In case there is any additional issue or further clarification required, kindly let us know so that we can resolve it to your satisfaction.

We at DLF deeply appreciate the trust and confidence you have bestowed upon us and we assure you that we shall do our utmost to ensure that this purchase is not only a good investment but it shall also lead to endless years of contented and happy living for you and your family.

We remain at your service.

With regards,

Sincerely yours,

VALSALA

Sr. Executive Director – Marketing

BUY

TP: INR 310.00

▲ 63.5%

DLF

DLFU IN



Company Update

INDIA

REAL ESTATE

Per Share Data

Y/E 31 Mar (INR)	FY11A	FY12A	FY13A	FY14E	FY15E
Reported EPS	9.6	7.1	4.2	5.2	7.4
Adjusted EPS	9.1	7.2	4.5	5.2	7.4
DPS	4.0	4.0	2.0	4.0	4.0
BVPS	144.5	149.8	151.8	156.1	159.1

Valuation Ratios

Y/E 31 Mar (x)	FY11A	FY12A	FY13A	FY14E	FY15E
EV/Sales	7.3	6.1	8.1	6.2	5.3
EV/EBITDA	18.6	15.1	23.9	15.6	12.4
Adjusted P/E	29.6	27.9	52.3	36.5	25.6
P/BV	1.9	1.3	1.5	1.2	1.2

Financial Ratios

Y/E 31 Mar	FY11A	FY12A	FY13A	FY14E	FY15E
Profitability & Return Ratios (%)					
EBITDA margin	39.3	40.5	33.9	39.7	42.5
EBIT margin	32.7	33.4	23.6	29.7	33.8
Adjusted profit margin	16.1	12.7	9.8	10.8	13.6
Adjusted ROAE	6.3	4.9	3.0	3.4	4.7
ROCE	4.7	4.7	3.0	3.9	4.9
YoY Growth (%)					
Revenue	28.8	0.7	(19.5)	10.5	13.5
EBITDA	7.2	4.0	(32.7)	29.6	21.4
Adjusted EPS	(14.9)	(20.4)	(37.8)	15.6	42.6
Invested capital	10.7	2.7	(3.1)	(3.2)	(2.3)
Working Capital & Liquidity Ratios					
Receivables (days)	61	63	64	41	40
Inventory (days)	1,119	1,436	1,805	1,886	1,506
Payables (days)	217	154	233	347	377
Current ratio (x)	3.9	3.6	2.9	2.5	2.3
Quick ratio (x)	1.8	1.6	1.2	1.0	1.1
Turnover & Leverage Ratios (x)					
Gross asset turnover	0.5	0.5	0.4	0.4	0.5
Total asset turnover	0.2	0.2	0.1	0.1	0.2
Net interest coverage ratio	1.8	1.4	0.8	1.4	2.0
Adjusted debt/equity	1.0	1.0	0.9	0.7	0.6

DuPont Analysis

Y/E 31 Mar (%)	FY11A	FY12A	FY13A	FY14E	FY15E
Tax burden (Net income/PBT)	73.5	79.7	96.7	78.8	74.5
Interest burden (PBT/EBIT)	67.2	47.8	43.1	46.0	53.8
EBIT margin (EBIT/Revenue)	32.7	33.4	23.6	29.7	33.8
Asset turnover (Revenue/Avg TA)	15.6	15.5	12.3	13.7	15.6
Leverage (Avg TA/Avg equities)	250.0	248.6	245.2	233.2	221.7
Adjusted ROAE	6.3	4.9	3.0	3.4	4.7



Income Statement

Y/E 31 Mar (INR mln)	FY11A	FY12A	FY13A	FY14E	FY15E
Total revenue	95,606	96,294	77,506	85,636	97,203
EBITDA	37,528	39,043	26,262	34,038	41,320
EBIT	31,221	32,155	18,300	25,467	32,855
Net interest income/(expenses)	(17,056)	(22,465)	(23,140)	(17,685)	(16,226)
Other income/(expenses)	5,839	5,945	13,229	3,941	1,053
Exceptional items	972	(255)	(504)	0	0
EBT	20,976	15,380	7,884	11,723	17,682
Income taxes	(4,594)	(3,694)	(1,251)	(2,931)	(4,951)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	16	321	486	445	445
Reported net profit	16,397	12,008	7,119	9,237	13,176
Adjustments	(972)	255	504	0	0
Adjusted net profit	15,425	12,263	7,624	9,237	13,176

Balance Sheet

Y/E 31 Mar (INR mln)	FY11A	FY12A	FY13A	FY14E	FY15E
Accounts payables	22,636	25,807	39,657	58,574	56,938
Other current liabilities	42,806	47,332	47,332	47,332	47,332
Provisions	6,950	8,032	8,835	9,718	10,690
Debt funds	242,292	252,940	222,940	187,940	172,940
Other liabilities	48,275	45,416	45,458	45,458	45,458
Equity capital	3,395	3,397	3,397	3,559	3,559
Reserves & surplus	241,823	250,970	254,353	274,233	279,580
Shareholders' fund	245,218	254,367	257,750	277,792	283,138
Total liabilities and equities	608,177	633,894	621,972	626,814	616,497
Cash and cash eq.	13,218	15,062	4,734	6,330	7,929
Accounts receivables	15,660	17,659	9,508	9,864	11,607
Inventories	150,388	161,756	167,710	165,637	128,756
Other current assets	100,366	98,580	99,189	104,815	110,461
Investments	9,958	11,268	11,268	11,268	11,268
Net fixed assets	178,721	187,140	187,135	170,739	164,720
CWIP	102,344	89,928	89,928	89,928	89,928
Intangible assets	13,840	16,248	16,248	16,248	16,248
Deferred tax assets, net	1,633	3,349	3,349	3,349	3,349
Other assets	22,049	32,904	32,904	48,635	72,232
Total assets	608,177	633,894	621,972	626,814	616,497

Cash Flow Statement

Y/E 31 Mar (INR mln)	FY11A	FY12A	FY13A	FY14E	FY15E
Net income + Depreciation	22,705	18,896	15,082	17,808	21,641
Interest expenses	17,056	22,465	23,140	17,685	16,226
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(6,543)	6,575	22,674	21,184	33,151
Other operating cash flows	(23,883)	(28,791)	(35,865)	(21,626)	(17,279)
Cash flow from operations	9,335	19,146	25,031	35,051	53,739
Capital expenditures	(10,489)	(2,256)	(7,957)	7,824	(2,445)
Change in investments	1,425	0	0	0	0
Other investing cash flows	28,884	(6,219)	13,229	(11,790)	(22,544)
Cash flow from investing	19,820	(8,475)	5,272	(3,966)	(24,989)
Equities issued	1,386	1,445	0	18,634	0
Debt raised/repaid	10,161	10,648	(30,000)	(35,000)	(15,000)
Interest expenses	(13,990)	(9,378)	(6,432)	(5,294)	(4,322)
Dividends paid	(7,469)	(7,473)	(3,736)	(7,829)	(7,829)
Other financing cash flows	(15,307)	(4,068)	(463)	0	(0)
Cash flow from financing	(26,192)	(8,571)	(40,127)	(29,489)	(27,151)
Changes in cash and cash eq	2,963	2,099	(9,824)	1,596	1,599
Closing cash and cash eq	13,218	15,062	4,734	6,330	7,929

RESEARCH DISCLAIMER

Important Disclosures

This report was prepared, approved, published and distributed by a Religare Capital Markets ("RCM") group company located outside of the United States (a "non-US Group Company"). This report is distributed in the U.S. by Enclave Capital LLC ("Enclave Capital"), a U.S. registered broker dealer, on behalf of RCM only to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through Enclave Capital. Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or the Financial Industry Regulatory Authority, Inc. ("FINRA") or other regulatory requirements pertaining to research reports or research analysts. No non-US Group Company is registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization. Where the report is distributed by Religare Capital Markets (UK) Limited ("RCM UK"), the firm is an Appointed Representative of Elevation Trading Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Subject to any applicable laws and regulations at any given time, non-US Group Companies, their affiliates or companies or individuals connected with RCM (together, "Connected Companies") may make investment decisions that are inconsistent with the recommendations or views expressed in this report and may have long or short positions in, may from time to time purchase or sell (as principal or agent) or have a material interest in any of the securities mentioned or related securities or may have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. Any particular arrangements or relationships are disclosed below. As a result, recipients of this report should be aware that Connected Companies may have a conflict of interest that could affect the objectivity of this report.

See "Special Disclosures" for certain additional disclosure statements, if applicable.

This report is only for distribution to investment professionals and institutional investors.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

Analysts and strategists are paid in part by reference to the profitability of RCM which includes investment banking revenues.

Stock Ratings are defined as follows

Recommendation Interpretation (Recommendation structure changed with effect from March 1, 2009)

Recommendation	Expected absolute returns (%) over 12 months
Buy	More than 15%
Hold	Between 15% and -5%
Sell	Less than -5%

Expected absolute returns are based on the share price at market close unless otherwise stated. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Our target price represents the fair value of the stock based upon the analyst's discretion. We note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

Stock Ratings Distribution

As of 1 June 2013, out of 252 rated stocks in the RCM coverage universe, 129 have BUY ratings (including 4 that have been investment banking clients in the last 12 months), 85 are rated HOLD (including 1 that have been investment banking clients in the last 12 months) and 38 are rated SELL.

Research Conflict Management Policy

RCM research has been published in accordance with our conflict management policy, which is available at <http://www.religarecm.com/>

Disclaimers

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject RCM to any registration or licensing requirement within such jurisdiction(s). This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to RCM. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of RCM. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of RCM or its affiliates, unless specifically mentioned otherwise.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. RCM has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. RCM will not treat recipients as its customers by virtue of their receiving the report. The investments or

services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. In addition, nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Information and opinions presented in this report were obtained or derived from sources that RCM believes to be reliable, but RCM makes no representations or warranty, express or implied, as to their accuracy or completeness or correctness. RCM accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to RCM. This report is not to be relied upon in substitution for the exercise of independent judgment. RCM may have issued, and may in the future issue, a trading call regarding this security. Trading calls are short term trading opportunities based on market events and catalysts, while stock ratings reflect investment recommendations based on expected absolute return over a 12-month period as defined in the disclosure section. Because trading calls and stock ratings reflect different assumptions and analytical methods, trading calls may differ directionally from the stock rating.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by RCM and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk.

This report is distributed in India by Religare Capital Markets Limited, which is a registered intermediary regulated by the Securities and Exchange Board of India. Where the report is distributed by RCM UK, the firm is an Appointed Representative of Elevation Trading Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. If this research is distributed in the European Union by RCM UK, it is directed only to non-retail clients. In Dubai, it is being distributed by Religare Capital Markets (Europe) Limited (Dubai Branch) which is licensed and regulated by the Dubai Financial Services Authority. In Singapore, it is being distributed (i) by Religare Capital Markets (Singapore) Pte. Limited ("RCMS") (Co. Reg. No. 200902065N) which is a holder of a capital markets services licence and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations (the "FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to RCMS when providing any financial advisory service to an accredited investor, or "overseas investor" (as defined in regulation 36 of the FAR). Persons in Singapore should contact RCM in respect of any matters arising from, or in connection with this publication/communication. In Hong Kong, it is being distributed by Religare Capital Markets (Hong Kong) Limited ("RCM HK"), which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In Australia, it is being distributed by RCMHK which is approved under ASIC Class Orders. In Sri Lanka, it is being distributed by Bartleet Mallory Stockbrokers, which is licensed under Securities and Exchange Commission of Sri Lanka. If you wish to enter into a transaction please contact the RCM entity in your home jurisdiction unless governing law provides otherwise. In jurisdictions where RCM is not registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation which may vary from one jurisdiction to another and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

Religare Capital Markets does and seeks to do business with companies covered in our research report. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of research produced by Religare Capital Markets. Investors should consider our research as only a single factor in making their investment decision.

Any reference to a third party research material or any other report contained in this report represents the respective research organization's estimates and views and does not represent the views of RCM and RCM, its officers, employees do not accept any liability or responsibility whatsoever with respect to its accuracy or correctness and RCM has included such reports or made reference to such reports in good faith. This report may provide the addresses of, or contain hyperlinks to websites. Except to the extent to which the report refers to material on RCM's own website, RCM takes no responsibility whatsoever for the contents therein. Such addresses or hyperlinks (including addresses or hyperlinks to RCM's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this report. Accessing such website or following such link through this report or RCM's website shall be at your own risk.

Special Disclosures (if applicable)

Not Applicable