KNR Constructions

Performance Highlights

Quarterly highlights - Standalone

Y/E March (₹ cr)	2QFY16	1QFY16	2QFY15	% chg (yoy)	% chg (qoq)
Net sales	213	175	170	24.9	21.8
EBITDA	35	28	30	15.6	24.6
Adj. PAT	22	15	14	59.4	48.0

Source: Company, Angel Research

KNR Constructions (KNR) reported strong set of 2QFY2016 numbers. On the top-line (standalone) front, it reported 24.9% yoy increase to ₹213cr (ahead of our estimate of ₹189cr). EBITDA and PAT numbers were ahead of our estimate at ₹35cr and ₹22cr, respectively (v/s our estimate of ₹27cr and ₹11cr, respectively). PAT numbers during the quarter benefitted from prior period tax refunds and interest on such tax refunds to the tune of ₹33cr. On adjusting for the same, Adj. PAT of KNR was at ₹22cr, reflecting an impressive 10.5% Adj. PAT margin.

KNR's order book as of 2QFY2016 stands at ~₹3,665cr, which gives strong revenue visibility for over the next few quarters.

Valuation: Improved order book, ramp-up in recently won projects, strong earnings growth potential, and comfortable Balance Sheet, strengthen our view that KNR would continue to trade at rich valuations. On valuing the standalone entity at 15.0x our FY2017E EPS of ₹38.6, and adding value for its Kerala & Muzaffarpur BOT projects, we arrive at FY2017E sum-of-the-parts (SoTP) based price target of ₹673/share, implying 16% upside from the current levels. **Given the upside in the stock, we upgrade our rating to Buy.**

Key financials (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	**689**	**837**	**876**	**937**	**1,470**
% chg	*(8.1)*	*21.5*	*4.7*	*7.0*	*56.8*
Net Profit	**52**	**61**	**73**	**94**	**109**
% chg	*(1.2)*	*17.0*	*19.7*	*28.9*	*15.4*
EBITDA (%)	16.4	15.3	14.4	14.3	14.0
EPS (₹)	**18.5**	**21.7**	**26.0**	**33.5**	**38.6**
P/E (x)	31.3	26.7	22.3	17.3	15.0
P/BV (x)	3.6	3.2	2.9	2.5	2.2
RoE (%)	12.1	12.6	13.5	15.4	15.4
RoCE (%)	16.0	15.4	13.8	13.8	19.1
EV/Sales (x)	2.4	2.0	1.9	1.8	1.2
EV/EBITDA (x)	14.5	13.3	13.5	12.6	8.4

Source: Company, Angel Research; CMP as of November 13, 2015

BUY

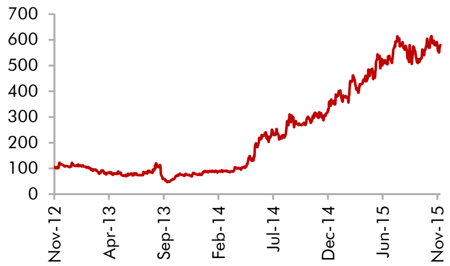
CMP	₹580
Target Price	₹673
Investment Period	12 Months

Stock Info	
Sector	Infrastructure
Market Cap (₹ cr)	1,630
Net debt (₹ cr)	72
Beta	1.2
52 Week High / Low	625/274
Avg. Daily Volume	3,229
Face Value (₹)	10
BSE Sensex	25,611
Nifty	7,762
Reuters Code	KNRL.BO
Bloomberg Code	KNRC@IN

Shareholding Pattern (%)	
Promoters	60.8
MF / Banks / Indian FIs	25.5
FII / NRIs / OCBs	1.7
Indian Public / Others	12.1

Abs. (%)	3m	1yr	3yr
Sensex	(8.8)	(8.7)	38.6
KNR	8.8	104.8	447.5

3-Year Daily Price Chart



Source: Company, Angel Research

Yellapu Santosh

022 – 3935 7800 Ext: 6811

santosh.yellapu@angelbroking.com

Exhibit 1: Quarterly Performance (Standalone)

Particulars (₹ cr)	2QFY16	1QFY16	% chg (qoq)	2QFY15	% chg (yoy)	1HFY16	1HFY15	% chg (yoy)
Net Sales	213	175	21.8	170	24.9	387	407	(4.8)
Total Expenditure	178	147	21.2	140	26.9	324	345	(6.1)
Cost of materials consumed	66	84	(21.2)	58	13.8	150	152	(1.0)
Sub-Cont., Spreading & Assort. Exp.	78	34	127.4	55	42.6	112	134	(16.2)
Employee benefits Expense	12	10	17.3	9	29.8	21	17	22.7
Other Expenses	22	19	19.3	18	20.7	41	43	(4.2)
EBITDA	35	28	24.6	30	15.6	62.9	61.2	2.8
EBIDTA %	16.4	16.0		17.7		16.2	15.0	
Depreciation	11	11	2.3	13	(18.5)	21	29	(25.4)
EBIT	24	17	38.0	17	42.3	42	33	27.5
Interest and Fin. Charges	3	3	36.0	3	6.6	6	6	(3.6)
Other Income	12	2	462.5	2	406.0	14	5	170.5
PBT before Exceptional Items	33	17	92.1	16	103.9	50	32	57.6
Exceptional Items	0	0		0		0	0	
PBT after Exceptional Items	33	17	92.1	16	103.9	50	32	
Tax	(23)	2		2		(20)	(2)	
% of PBT	(68.7)	12.1		13.3		(41.1)	(6.6)	
PAT	55	15	268.7	14	296.9	70.4	33.7	108.5
Adj. PAT	22	15	48.0	14	59.4	37	34	10.4
Adj. PAT %	10.5	8.6		8.2		9.6	8.3	
Dil. EPS	19.68	5.34	268.5	4.96	296.8	25.02	12.00	108.5

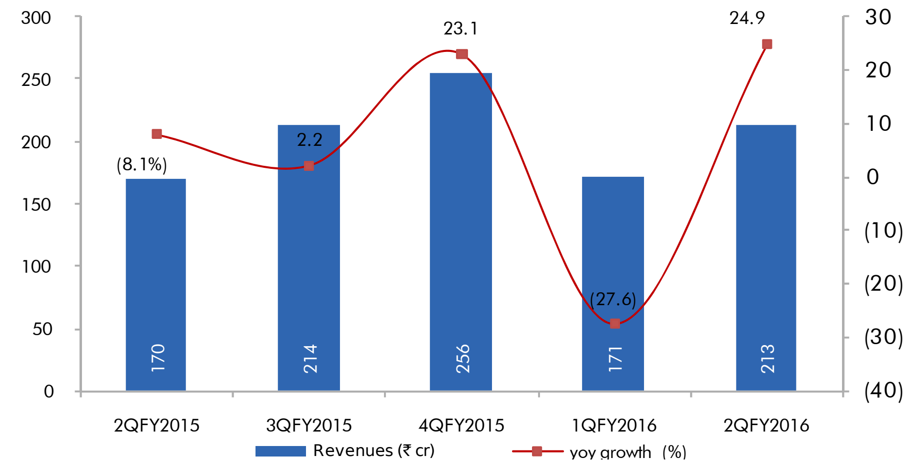
Source: Company, Angel Research

Standalone Business Review

Revenues grow 24.9% yoy

Strong execution led to 24.9%/21.8% yoy/qoq revenue growth in 2QFY2016 to ₹213cr. Reported revenues were ahead of our estimate of ₹189cr. Execution of Madhya Pradesh (Chindwara-Linga-Umarnala-Saoner, Dabra-Bhitarwar-Harsi projects) and Andhra Pradesh projects contributed to strong revenues during the quarter.

Exhibit 2: Quarterly Revenues

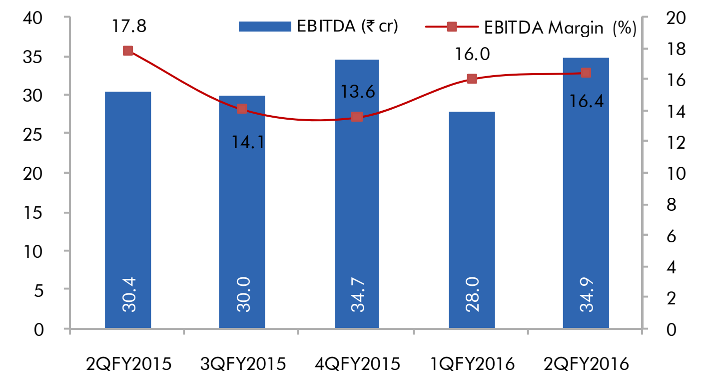


Source: Company, Angel Research

EBITDA margin declines by 132bp yoy to 16.4%

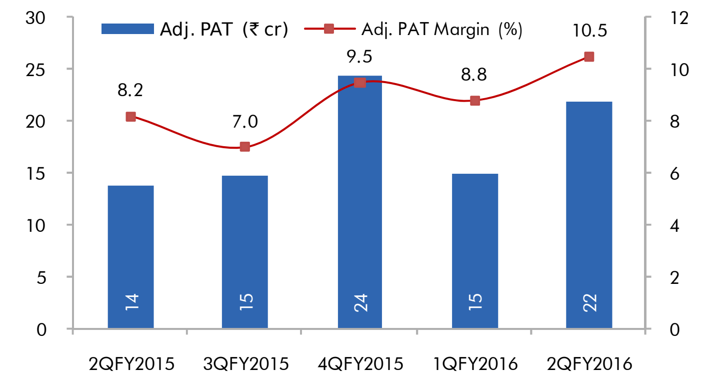
KNR reported an EBITDA of ₹35cr ahead of our estimate of ₹27cr. Reported EBITDA margins of the company were at 16.4%, lower than year ago levels of 17.7% (reflecting 132bp yoy decline). Decline in yoy EBITDA margin was on account of 42.6% increase in sub-contracting and spreading and assorting expenses to ₹78cr (accounted for 36.7% of 2QFY2016 sales) and 29.8% increase in employee expenses to ₹12cr. Completion of Chindwara road project where payments were received on revised quotations led to better EBITDA margins in 2QFY2016.

Exhibit 3: EBITDA margins decline to 16.4%



Source: Company, Angel Research

Exhibit 4: Adj. PAT Margin at 10.5% for the quarter



Source: Company, Angel Research

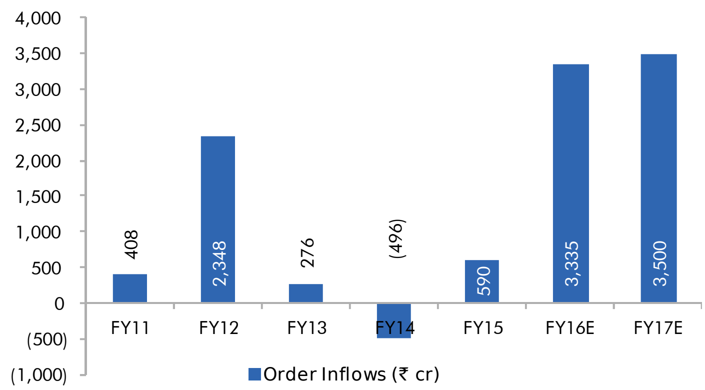
Adj. PAT margin expands to 10.5%

The company reported PAT of ₹55cr, ahead of our estimate of ₹11cr. Reported PAT margins of the company were at 26%, ahead of year ago levels of 8.2%. During the quarter the company reported tax refunds related to prior periods (for FY2009-12) to the tune of ₹25.8cr. Also, ₹5.8cr of interest on income tax refunds was reported in 2QFY2016 (under other income). On adjusting for these 2 transactions, adj. PAT of the company were at ₹22cr (reflecting Adj. PAT margins of 10.5%).

Strong Order Inflow seen during YTD FY2016

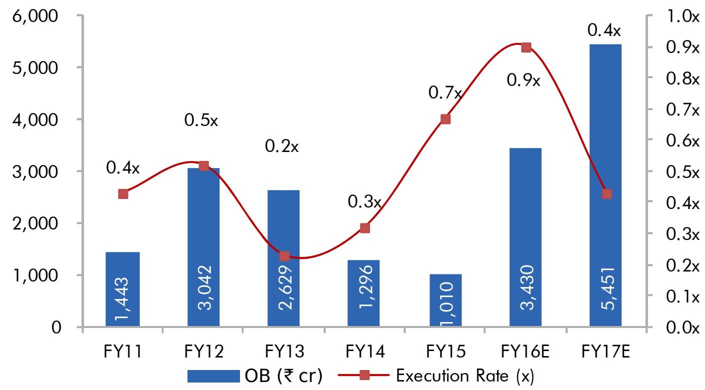
Year-to-date in FY2016, KNR has reported ₹2,591cr of order wins, which is significantly higher than ₹950cr of order inflows in FY2015. Management has guided for another ₹750cr-1,000cr of order wins for remaining part of FY2016E.

Exhibit 5: Order Inflows to see uptrend



Source: Company, Angel Research

Exhibit 6: Order Book gives better revenue visibility



Source: Company, Angel Research

Recent order wins from road vertical take the 2QFY2016 Order book to ₹3,665cr. This has resulted in 2QFY2016 order book / last twelve month (LTM) sales ratio at 4.3x (vs 1.2x as of 4QFY2015-end). The current order book gives strong revenue visibility for the next few quarters.

Revision of Earnings Estimate

On considering better than expected execution in 2QFY2016, 1HFY2016 EBITDA margins, tax refund related to earlier period, we revise our FY2016-17E estimates.

Exhibit 7: Earnings Revision

	FY2016E			FY2017E		
Y/E March (₹ cr)	Old	New	*Chg. (%)*	Old	New	*Chg. (%)*
Net Sales	915	937	2.4	1,479	1,470	*(0.6)*
EBITDA	131	134	2.3	205	205	*0.0*
EBITDA Margins (%)	*14.3*	*14.3*		*13.9*	*14.0*	
PAT	57	94	*64.9*	105	109	*3.8*
PAT Margins (%)	*6.2*	*10.0*		*7.1*	*7.4*	

Source: Angel Research

Outlook & Valuation

Outlook

KNR in our view enjoys (1) strong execution track record, (2) better cost structure (reflected in the form of better EBITDA & PAT margins in comparison to its peers), (3) shorter working capital cycle, (4) low leverage (since FY2011, D/E ratio has been ~0.2x), and (5) superior RoEs (12.1-17.1% range during FY2011-15). All these factors indicate at KNR's superior earnings quality, and strengthen our view that KNR would continue to trade at rich valuations.

For valuation purposes, we have valued KNR using Sum-Of-The-Parts method. KNR's EPC business (standalone entity) is valued at FY2017E P/E multiple, whereas only 1 of the 4 BOT projects has been valued using "Free Cash flow to Equity holders" method and another one on BV basis. We have excluded 2 Annuity BOT projects, where KNR has 40% stake in the JVs with Patel Engineering, as both these projects are securitized.

Value of Core EPC business

Considering (1) 4.3x order backlog of ₹3,665cr (as of 2QFY2016-end), which gives revenue visibility for 24+ months, (2) ramp-up in some of the recently won projects, which gives better revenue visibility, (3) strong balance sheet (1HFY2015 D/E at 0.1x), (4) strong 22% earnings CAGR during FY2015-17E, and (5) expected expansion in the RoE (from 13.5% in FY2015 to 15.4% by FY2017E), we assign 15.0x P/E multiple to our FY2017E EPS estimate of ₹38.6/share and arrive at standalone business value of ₹579/share.

Exhibit 8: Sum-of-the-Parts based Valuation Table

Particulars	Segment	FY17E Std. PAT (₹ cr)	Target Multiple	Target Value (₹ cr)	Value/ share (₹)	% of SoTP	Basis
KNR's EPC business	Construction	109	15.0	1,629	579	86	P/E multiple
Total		**109**		**1,629**	**579**	**86**	
Particulars	**Proj. Type**	**Discounted FCFE/ BV (₹ cr)**	**Project Stake**	**Adj. FCFE Value (₹ cr)**	**Value/ share (₹)**	**% of SoTP**	**Basis**
Road BOT projects							
Walayar-Vadakkancheery BOT Proj.	Toll	232	100%	232	83	12	K_e of 14%
Muzaffarpur-Barauni BOT Project	Toll	30	51%	30	11	2	P/BV multiple
Total		**262**		**262**	**93**	**14**	
Grand Total				**1,892**	**673**	**100**	
Upside/ (Downside)					**16%**		
CMP					**580**		

Source: Company, Angel Research

Value of BOT projects

BOT projects have been valued using "Free Cash flow to Equity holders" and Book value method. The Walayar-Vadakkancheery BOT Project is operational ahead by 1 month from its scheduled CoD of Sep-2015. We have valued this BOT project using 14% discounting rate to arrive at a FCFE of ₹83/share (12% of SOTP value of the company). Also, we have added, equity value of ₹30cr, which KNR is expected to infuse in Muzaffarpur-Barauni BOT project at BV to arrive at project value of ₹11/share. On a whole, BOT projects contribute ₹93/share to our revised price target.

Business Value

On combining the value of EPC business and BOT projects, we arrive at a combined business value of ₹673/share, reflecting 16% upside in the stock price from here-on. **Accordingly, we upgrade our rating on the stock to Buy.**

Investment arguments

Order Book grows 3.5x, gives better revenue visibility

KNR announced large ticket project wins, mainly from the Roads & Highways EPC space in YTD FY2016. To-date in FY2016, KNR reported ₹2,591cr worth of project wins, thereby taking the order backlog to ₹3,665cr as of 2QFY2016-end (vs ₹1,010cr in 4QFY2015-end), which gives better revenue visibility for FY2016-17E.

Exhibit 9: Details of recently won EPC Road projects

Announced On	Project Details	Stake (%)	Project Value (₹ cr)
13-Apr-15	Upgradation of 3 road stretches across Tamil Nadu	100%	729
17-Apr-15	2/4 laning of the Madurai- Ramanathapuram section (115 kms, NH-49)	100%	937
14-May-15	4-laning of Kazhakkottam-Mukkola (NH-47)	100%	669
8-Jul-15	Widen/ Reconstruct 3 road stretches across different locations within Madhya Pradesh	100%	256
	Total		2,591

Source: Company, Angel Research

KNR's Management highlighted that it intends to bid only for Road EPC projects. The Management maintained optimism that the company would report order wins of ~₹750cr-1,000cr in the remaining part of FY2016E. We expect KNR's order inflow growth momentum to continue going forward. For FY2016E/FY2017E, we expect KNR to report ₹3,335cr/ ₹3,500cr worth of project wins across verticals.

Accordingly we expect the order book to report 132.3% CAGR during FY2015-17E.

~30% & 22% Revenue & PAT CAGR, respectively, during FY15-17E

KNR reported 2.3% top-line CAGR during FY2011-14, owing to a weak order inflow scenario. However, with uptick in award activity and recent order wins, coupled with average execution cycle of ~24-36 months, we expect KNR to report a strong ~30% revenue CAGR during FY2015-17E to ₹1,479cr.

During FY2011-15, KNR reported EBITDA margins in the range of 14.4%-17.8% and PAT margins in the range of 7.0%-8.3%. Assuming KNR would not get any early completion bonus for its ongoing projects and that it would increase its dependency on sub-contracting, we model 43bp EBITDA margin decline from 14.4% in FY2015 to 14.0% in FY2017E. Higher interest expenses (owing to stretch in working capital cycle) and higher tax rate assumption (in FY2016-17E) would restrict the entire benefits of EBITDA growth from flowing down to the PAT level. The Management clarified that it is availing tax benefits u/s 80IA. We have assumed 20.0% and 21.0% tax rate for FY2016E and FY2017E, respectively. As a result, we have estimated restricted PAT CAGR of 22% over FY2015-17E to ₹109cr. PAT margins would decline by 94bp to 7.4% in FY2017E.

Risks & Concerns

- Any change in KNR's taxation policy or adverse ruling by Tax department could act as risk to our target price and rating.
- KNR is highly dependent on the Roads vertical (accounts for ~98% of the order book). Delays in award activity and unfavorable changes in the policy framework, could affect our outlook on KNR.
- Delays in execution (vs our estimates) could be a risk to our rating.

Company background

KNR is a Hyderabad based 20+ year old company having executed ~5,888kms of road projects across 12+ states in India. Over the years, KNR has executed Roads & Highways, Irrigation, and Bridges & Flyover projects. KNR also has a quarrying division, which ensures timely supply of stone aggregates at project locations. KNR over the years has evolved from a smaller sized Roads & Highways-Engineering Procurement and Construction (EPC) player to a large one by executing projects timely and building its qualification criterion. As of now, KNR has executed projects for a diversified range of clients namely, NHAI, KSHIP, MPRDCL, UPSHA, EIL, Sadbhav Engineering and GMR, amongst others.

In addition to the EPC business, KNR has 4 Build Operate Transfer (BOT) projects in its kitty, with 3 of them operational and the 4rd one soon to be operational.

As of 2QFY2016-end, KNR had an order book of ~₹3,665cr, which gives revenue visibility for next few quarters. The Roads & Highways vertical accounts for ~98% of the order book.

Profit and Loss Statement (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	**689**	**837**	**876**	**937**	**1,470**
% Chg	*(8.1)*	*21.5*	*4.7*	*7.0*	*56.8*
Total Expenditure	**576**	**709**	**750**	**803**	**1,264**
Cost of RM Consumed	202	291	337	361	560
Sub-Contracting Expenses	274	282	260	296	485
Employee benefits Expense	30	35	38	39	54
Other Expenses	70	101	115	106	165
EBITDA	**113**	**128**	**126**	**134**	**205**
% Chg	*(14.9)*	*13.3*	*(1.6)*	*6.4*	*53.0*
EBIDTA %	*16.4*	*15.3*	*14.4*	*14.3*	*14.0*
Depreciation	56	57	54	57	62
EBIT	**57**	**71**	**72**	**77**	**143**
% Chg	*(29.6)*	*23.5*	*1.7*	*6.6*	*86.6*
Interest and Financial Charges	11	17	12	15	18
Other Income	21	13	13	20	12
PBT	67	67	72	81	137
Tax	15	6	(1)	(13)	29
% of PBT	*22.2*	*8.8*	*(1.0)*	*(16.2)*	*21.0*
PAT before Exceptional item	52	61	73	94	109
Exceptional item	0	0	0	0	0
PAT	**52**	**61**	**73**	**94**	**109**
% Chg	*(1.2)*	*17.0*	*19.7*	*28.9*	*15.4*
PAT %	*7.6*	*7.3*	*8.3*	*10.0*	*7.4*
Basic EPS	18.5	21.7	26.0	33.5	38.6
Diluted EPS	18.5	21.7	26.0	33.5	38.6
% Chg	*(1.2)*	*16.9*	*19.8*	*28.9*	*15.4*

Balance Sheet (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Sources of Funds					
Equity Capital	28	28	28	28	28
Reserves Total	428	485	541	628	728
Networth	**456**	**513**	**569**	**656**	**757**
Total Debt	67	58	88	87	124
Other Long-term Liabilities	138	100	69	97	101
Deferred Tax Liability	0	0	0	0	0
Total Liabilities	**661**	**671**	**726**	**840**	**982**
Application of Funds					
Gross Block	508	525	543	577	616
Accumulated Depreciation	218	262	316	373	435
Net Block	**290**	**264**	**227**	**204**	**181**
Capital WIP	4	0	0	0	0
Investments	**48**	**40**	**32**	**85**	**89**
Current Assets					
Inventories	30	34	36	37	60
Sundry Debtors	121	117	177	227	399
Cash and Bank Balance	7	11	16	17	26
Loans & Advances	328	229	241	342	524
Current Liabilities	293	283	277	357	584
Net Current Assets	**194**	**108**	**192**	**265**	**424**
Other Assets	125	259	276	285	287
Total Assets	**661**	**671**	**726**	**840**	**982**

Cash Flow Statement (Standalone)

Y/E March (₹ cr)	FY13	FY14	FY15	FY16E	FY17E
Profit before tax	67	67	72	81	137
Dep. & Other Non-cash Charges	56	57	54	57	62
Change in Working Capital	(106)	16	(98)	(53)	(147)
Interest & Financial Charges	11	16	12	48	32
Direct taxes paid	(27)	(24)	(22)	(28)	(48)
Cash Flow from Operations	1	133	18	105	36
(Inc)/ Dec in Fixed Assets	(38)	(25)	(16)	(28)	(37)
(Inc)/ Dec in Investments	(20)	(55)	(9)	(55)	(4)
Cash Flow from Investing	(58)	(80)	(25)	(82)	(42)
Issue/ (Buy Back) of Equity	0	0	0	0	0
Inc./ (Dec.) in Loans	71	(32)	36	0	41
Dividend Paid (Incl. Tax)	(3)	(3)	(6)	(7)	(8)
Net Interest Expenses	(11)	(17)	(12)	(15)	(18)
Cash Flow from Financing	57	(52)	18	(22)	14
Inc./(Dec.) in Cash	(0)	1	12	1	9
Opening Cash balances	4	3	4	16	17
Closing Cash balances	3	4	16	17	26

Key Ratios (Standalone)

Y/E March	FY13	FY14	FY15	FY16E	FY17E
Valuation Ratio (x)					
P/E (on FDEPS)	31.3	26.7	22.3	17.3	15.0
P/CEPS	15.1	13.8	12.8	10.8	9.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
EV/Sales	2.4	2.0	1.9	1.8	1.2
EV/EBITDA	14.5	13.3	13.5	12.6	8.4
EV / Total Assets	3.2	2.5	2.5	2.3	2.1
Per Share Data (₹)					
EPS (fully diluted)	18.5	21.7	26.0	33.5	38.6
Cash EPS	38.3	42.0	45.2	53.9	60.7
DPS	1.0	1.0	1.7	2.2	2.5
Book Value	162	183	202	233	269
Returns (%)					
RoCE (Pre-tax)	16.0	15.4	13.8	13.8	19.1
Angel RoIC (Pre-tax)	15.0	14.7	12.9	13.0	17.6
RoE	12.1	12.6	13.5	15.4	15.4
Turnover ratios (x)					
Asset Turnover (Gross Block) (X)	1.4	1.6	1.6	1.7	2.5
Inventory / Sales (days)	16	15	15	15	15
Receivables (days)	64	51	74	88	99
Payables (days)	56	34	29	31	34
Leverage Ratios (x)					
D/E ratio (x)	0.1	0.1	0.2	0.1	0.2
Interest Coverage Ratio (x)	7.0	4.9	6.9	6.3	8.7

Research Team Tel: 022 - 39357800 E-mail: research@angelbroking.com Website: www.angelbroking.com

DISCLAIMER

Angel Broking Private Limited (hereinafter referred to as "Angel") is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange of India Limited. It is also registered as a Depository Participant with CDSL and Portfolio Manager with SEBI. It also has registration with AMFI as a Mutual Fund Distributor. Angel Broking Private Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH000000164. Angel or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Angel or its associates including its relatives/analyst do not hold any financial interest/beneficial ownership of more than 1% in the company covered by Analyst. Angel or its associates/analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. Angel/analyst has not served as an officer, director or employee of company covered by Analyst and has not been engaged in market making activity of the company covered by Analyst.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Pvt. Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Pvt. Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Pvt. Limited endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Neither Angel Broking Pvt. Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section). Also, please refer to the latest update on respective stocks for the disclosure status in respect of those stocks. Angel Broking Pvt. Limited and its affiliates may have investment positions in the stocks recommended in this report.

Disclosure of Interest Statement	**KNR Constructions**
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Based on expected returns over 12 months investment period):	*Buy (> 15%)*	*Accumulate (5% to 15%)* *Reduce (-5% to -15%)*	*Neutral (-5 to 5%)* *Sell (< -15%)*