HDFC securities

INSTITUTIONAL RESEARCH

RESULTS REVIEW 4QFY19 | 01 JUN 2019

KNR Constructions

BUY

Outperformance continues

We maintain BUY on KNR with an increased SOTP-based TP of Rs 363 (valuing core EPC business 18x FY21EPS at Rs 303/sh, Subsidiaries Rs 60/sh). KNR delivered strong Revenue/EBIDTA/APAT beat of 30/36/55%.

HIGHLIGHTS OF THE QUARTER

- **Strong revenue booking from new HAM project delivers beat:** KNR recorded Rs 1.5bn revenue from Tirumala HAM project; this resulted in strong beat vs. our estimates. KNR has guided for 10-15%growth for FY20E, which we believe is conservative. We have modeled for 26.7% FY20E YoY revenue growth.
- **About 32% order book yet to move into execution**: KNR has not included Rs 19bn of HAM orders in the backlog. Appointed Date (AD) is awaited for KNR Srirangam and Chidambaram projects. KSHIP HAM's financial closure is in advance stages and work will start from Sep-19 onwards.
- **Order inflows to be lead by irrigation and HAM projects:** KNR is targeting winning new projects of Rs 25bn during FY20E. Company is privately negotiating for subcontracting opportunities in two irrigation projects in Telangana. The size could be in the Rs 8-12bn range. Besides KNR is targeting Rs 12-15bn of new road orders. The new Tamil Nadu HAM project's (Rs 9.2bn) concession agreement is yet to be signed.
- **Balance sheet is strong, net D/E 0.2x, NWC days at 48:** KNR balance sheet is robust with NWC days at 48. Gross debt is Rs 2.6bn of which promoter debt is Rs 2.1bn. Net d/e is 0.2x (ex promoter is 0.0x).

STANCE

KNR delivered strong 4Q/FY19 financial performance beating its own guidance of FY19 muted Revenue growth. Owing to delay in ADs, we have cut our FY20E Revenue/EBIDTA/APAT estimates by 8/8/14%. For FY21E we have cut Revenue estimate by 3.5%, but due to an increase in EBIDTA margin estimate and lower depreciation, our EPS has gone up by 9.6%. Kerala/Muzaffarpur BOT collection per day stood at Rs 1.8/2.4mn vs. Rs 1.6/2mn QOQ. We maintain BUY. Key risks (1) Slowdown in government ordering (2) Higher crude and cement prices (3) Increase in interest rates and (4) Tightening liquidity in the financial sector.

Financial Summary (Standalone)

YE March (Rs mn)	4QFY19	4QFY18	YoY (%)	3QFY19	QoQ (%)	FY18	FY19P	FY20E	FY21E
Net Sales	7,157	6,244	*14.6*	4,489	*59.4*	19,317	21,373	27,085	31,398
EBITDA	1,440	1,207	*19.3*	901	*59.8*	3,862	4,270	4,313	5,024
APAT	697	529	*31.6*	233	*198.8*	1,584	1,733	1,974	2,367
Diluted EPS (Rs)	5.0	3.8	*31.6*	1.7	*198.8*	11.3	12.3	14.0	16.8
P/E (x)						24.9	22.7	19.9	16.6
EV / EBITDA (x)						10.7	9.8	9.8	7.9
RoE (%)					*5.7%*	15.4	13.5	12.9	13.2

Source: Company, HDFC sec Inst Research

INDUSTRY	INFRASTRUCTURE
CMP *(as on 31 May 2019)*	**Rs 280**
Target Price	**Rs 363**
Nifty	11,923
Sensex	39,714
KEY STOCK DATA	
Bloomberg	KNRC IN
No. of Shares (mn)	141
MCap (Rs bn) / ($ mn)	39/564
6m avg traded value (Rs mn)	29

STOCK PERFORMANCE (%)			
52 Week high / low			**Rs 315/163**
	3M	6M	12M
Absolute (%)	40.3	43.8	(4.5)
Relative (%)	29.5	34.1	(16.9)

SHAREHOLDING PATTERN (%)	Dec-18	Mar-19
Promoters	55.38	55.17
FIs & Local MFs	28.76	29.66
FPIs	2.95	3.04
Public & Others	12.91	12.13
Pledged Shares	-	-

Source : BSE

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Revenue: Rs 7.2bn (+14.6% YoY, +59.4% QoQ, 30% beat)

KNR Tirumala HAM project contributed about Rs 1.5bn to the revenue and drove the beat vs. our estimate

EBIDTA beat stood at 36%

APAT came in 55% higher vs. our estimate. We have arrived at APAT after factoring in normalized tax levels of 33%

For FY19, KNR Rev/EBIDTA/APAT grew 11/11/9% YoY ahead of KNR guidance of muted growth

We have revised our FY20/21E Revenue estimate to factor in delays in Appointed Date of projects. APAT estimate has increased in FY21E because of lower depreciation as irrigation projects are nearing completion and irrigation assets will contribute lower depreciation

Standalone Quarterly Financial

Particulars (Rs mn)	4QFY19	4QFY18	YoY (%)	3QFY19	QoQ (%)	FY19	FY18	YoY (%)
Net Sales	**7,157**	**6,244**	***14.6***	**4,489**	***59.4***	**21,372**	**19,317**	***10.6***
Material Expenses	(4,863)	(4,121)	*18.0*	(2,804)	*73.5*	(13,881)	(12,855)	*8.0*
Employee Expenses	(248)	(200)	*24.0*	(236)	*5.2*	(929)	(722)	*28.7*
Other Operating Expenses	(606)	(716)	*(15.4)*	(549)	*10.5*	(2,290)	(1,879)	*21.9*
EBITDA	**1,440**	**1,207**	***19.3***	**901**	***59.8***	**4,272**	**3,862**	***10.6***
Interest Cost	(75)	(88)	*(14.8)*	(73)	*3.4*	(293)	(231)	*26.7*
Depreciation	(478)	(491)	*(2.6)*	(450)	*6.2*	(1,681)	(1,341)	*25.3*
Other Income (Incl. EO Items)	126	183	*(31.1)*	217	*(41.8)*	608	393	*54.6*
PBT	**1,013**	**811**	***24.9***	**595**	***70.2***	**2,906**	**2,683**	***8.4***
Tax	(92)	(14)	*557.1*	(74)	*23.9*	(273)	38	*(798.7)*
RPAT	**921**	**797**	***15.6***	**521**	***76.7***	**2,633**	**2,721**	***(3.2)***
E/o (adj for tax)	(224)	(268)	*(16.2)*	(288)	*(22.1)*	(899)	(1,099)	*(18.1)*
APAT (adj. for full tax rate)	**697**	**529**	***31.6***	**233**	***198.8***	**1,733**	**1,584**	***9.4***

Source: Company, HDFC sec Inst Research

Margin Analysis

MARGIN ANALYSIS	4QFY19	4QFY18	YoY (bps)	3QFY19	QoQ (bps)	FY19	FY18	YoY (bps)
Material Expenses % Net Sales	67.9	66.0	*195*	62.5	*549*	65.0	66.6	*(160)*
Employee Exp % Net Sales	3.5	3.2	*26*	5.2	*(178)*	4.3	3.7	*61*
Other Ope Exp % Net Sales	8.5	11.5	*(300)*	12.2	*(375)*	10.7	9.7	*99*
EBITDA Margin (%)	20.1	19.3	*79*	20.1	*4*	20.0	20.0	*0*
Tax Rate (%)	9.1	1.7	*736*	12.5	*(339)*	9.4	(1.5)	*1,086*
APAT Margin (%)	9.7	8.5	*126*	5.2	*454*	12.3	14.1	*(177)*

Source: Company, HDFC sec Inst Research

Change in Estimates

	FY20E New	FY20E Old	% Change	FY21E New	FY21E Old	% Change
Revenues (Rs mn)	**27,085**	**29,434**	***(8.0)***	**31,398**	**32,543**	***(3.5)***
EBITDA (Rs mn)	4,313	4,682	*(7.9)*	5,024	5,042	*(0.4)*
EBIDTA Margins (%)	15.9	15.9	*2*	16.0	15.5	*51*
APAT (Rs mn)	1,974	2,294	*(13.9)*	2,367	2,159	*9.6*

Source: Company, HDFC sec Inst Research

We expect steady inflows to keep the order book at comfortable levels

FY19-21E Revenue CAGR of 21.2%

Tax rate to increase as projects with tax exemption achieve completion

The reported PAT includes impact of MAT credit. We have adjusted this to full marginal tax rate to arrive at normalized PAT

KNR to generate strong FCF over FY20-21E

Key Assumptions And Estimates

STANDALONE (Rs mn)	FY19P	FY20E	FY21E	Comments
Closing order book	59,006	61,921	65,523	We expect steady inflows to keep the order book at comfortable levels
Order book growth (%)	(6.4)	4.9	5.8	
New order booking	17,306	30,000	35,000	KNR has guided for conservative Rs 25bn inflows for FY20E
Book to bill ratio	2.8	2.3	2.1	
Total Revenue	**21,373**	**27,085**	**31,398**	**FY19-21E Revenue CAGR of 21.2%**
Growth (%)	10.6	26.7	15.9	
EBIDTA	**4,270**	**4,313**	**5,024**	**EBIDTA FY19-21E CAGR of 8.5% as EBIDTA margins contract**
EBIDTA margin (%)	20.0	15.9	16.0	Margins to decline from FY20E onwards as KNRC had written back some excess provision in projects nearing completion. Also the high margin irrigation segment accounted for 30% of the revenue share which shall reduce to 7% in FY20E
Depreciation	1,681	1,576	1,747	Expected to remain stable
Financial Charges	291	437	404	Borrowing cost to remain at comfortable levels as debt may peak at current levels of Rs 2.5bn +- Rs 1bn
PBT	2,906	2,947	3,533	
PBT margin (%)	13.6	10.9	11.3	
Tax	273.3	442.0	706.6	
Tax rate (%)	9.4	15.0	20.0	Tax rate to increase as projects with tax exemption achieve completion
RPAT	2,633	2,505	2,826	
Net margin (%)	12.3	9.2	9.0	
Extraordinary	(899.5)	(530.4)	(459.3)	We have adjusted for full tax of 33%
Adjusted PAT	1,733	1,974	2,367	
Gross Block Turnover	2.3	2.4	2.5	Improvement on account of new orders inflow
Debtor days	40	45	48	
CFO - a	2,013	2,551	3,089	**Higher revenue growth, robust client advance to result in higher positive cash flow from operations**
CFI - b	(2,297)	(2,322)	(441)	Investments in Gross block and HAM projects
FCF - a+b	(284)	229	2,648	KNR to generate strong FCF over FY20-21E
CFF - c	(24)	(58)	(1,038)	
Total change in cash - a+b+c	(308)	170	1,610	

Source: HDFC sec Inst Research

We value standalone EPC business at Rs 303/sh (18x Mar 21E EPS)

Kerala BOT at Rs 28/share (at 1x P/BV of equity invested)

Muzaffarpur Barauni BOT at Rs 5/share (at 1x P/BV of equity invested)

Real estate at Rs 5/share (at 1x P/BV of amount invested)

HAM Projects investment at 21/share

Our SOTP target price is Rs 363/share

Outlook And Valuation

Maintain BUY with an increased Target Price Of Rs 363/sh (vs. Rs 336/sh earlier)

Valuation methodology

- We have valued KNR's EPC business at 18x Mar-21E EPS. Our rationale behind this is (1) Strong Mar-19 order backlog of ~Rs 59bn (2.8x FY19 revenue), (2) Robust balance sheet net D/E of (0.0x) by FY21E-end in addition to BOT monetization plans, (3) Superior earnings quality vs. similar-sized peers makes a case for valuation premium and (4) Reduced Equity commitment post deal with Cube Highways.

- KNR's promoter's share of debt is Rs 2,005mn of the standalone debt of Rs 2,641mn. Adjusted for promoters' loans standalone is a net cash company. This gives us comfort on gearing. Apart from that, improvement in the working capital cycle (driven by 10% mobilisation advances on NHAI road EPC orders) will keep debt under check.

- Investments in the road sector will continue to drive stock performance. KNR, with its strong execution skills, is likely to benefit from the pick-up in order activity.

- We value the (1) Standalone EPC business at Rs 303/share (18x Mar-21 EPS), (2) Kerala BOT at Rs 28/share (at 1x P/BV of equity invested), (3) Muzaffarpur Barauni BOT at Rs 5/share (at 1x P/BV of equity invested), (4) Real estate at Rs 5/share (at 1x P/BV of amount invested) and (5) HAM Projects investment at 21/share (Mar-20E NPV of expected receipts from Cube Highways and 1x P/BV(x) for equity in KSHIP HAM).

SOTP Valuation

Particulars	Segments	Value (Rs mn)	Value per share (Rs)	Rationale
KNR Standalone	Core construction business	42,609	303	At 18x Mar-21E EPS
Kerala BOT	Roads toll	3,974	28	At 1x P/BV(x) of invested equity
Muzaffarpur Barauni BOT	Roads toll	694	5	At 1x P/BV(x) of invested equity
Real Estate	Land on Book	718	5	At book value in balance sheet
HAM Projects investment	Roads BOT	3,000	21	Mar-20E NPV of expected receipts from Cube Highways and 1x P/BV(x) for equity in KSHIP HAM
Total		**50,995**	**363**	

Source: HDFC sec Inst Research

We summarize the valuations of the core EPC operations of our coverage universe and excluding the value of the asset portfolio, land and any other investment

Peer Set Comparison: Core EPC

COMPANY	MCap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	Adj. EPS (Rs/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Dilip Buildcon	79.2	579	BUY	737	55.6	53.1	51.9	8.4	8.8	9.0	6.1	5.4	5.1	26.9	20.4	16.7
NCC	58.9	98	BUY	170	10.4	10.6	10.8	8.7	8.5	8.3	5.0	4.5	4.2	13.8	12.5	11.4
PNC Infratech	50.3	196	BUY	339	9.1	13.6	15.8	15.6	10.4	9.0	8.6	6.1	5.1	11.9	15.3	15.4
Sadbhav Engineering	43.6	254	BUY	353	10.9	13.8	17.7	15.4	12.1	9.4	10.0	8.0	6.6	9.2	10.6	12.0
KNR Constructions	**39.4**	**280**	**BUY**	**363**	**12.3**	**14.0**	**16.8**	**17.9**	**15.7**	**13.1**	**7.8**	**7.8**	**6.3**	**13.5**	**12.9**	**13.2**
Ashoka Buildcon	40.1	143	BUY	261	11.5	10.9	12.7	6.1	6.5	5.5	5.2	4.6	4.0	15.5	13.0	13.5
Ahluwalia Contracts	22.4	334	BUY	430	17.5	21.6	26.1	18.3	14.9	12.3	9.3	7.2	5.8	17.3	18.0	18.2
ITD Cementation *	19.8	115	NEU	118	4.8	7.1	7.9	23.7	16.2	14.6	7.6	7.8	7.1	10.2	11.3	11.3
JMC Projects	22.5	134	BUY	164	8.5	8.6	9.3	12.9	12.7	11.8	7.5	6.5	5.7	16.6	14.5	13.7
HG Infra	19.4	297	BUY	462	19.0	25.7	29.6	13.9	10.2	8.9	6.6	5.0	4.3	20.6	22.4	20.8
Capacite Infra	18.3	270	BUY	351	14.1	16.7	22.6	20.2	15.4	11.4	7.3	6.1	4.9	12.0	12.7	15.1
PSP Projects	18.8	521	BUY	579	25.1	31.1	36.2	20.8	16.8	14.4	11.3	9.1	7.6	26.8	26.8	25.2
J. Kumar Infraprojects	11.9	157	BUY	335	22.0	26.6	33.5	7.1	5.9	4.7	3.8	3.1	2.5	10.6	11.7	13.4
Average								**14.5**	**11.9**	**10.2**	**7.4**	**6.3**	**5.3**	**15.8**	**15.6**	**15.4**

Source: Company, HDFC sec Inst Research *ITD Cementation FY19E/FY20E should be read as 15MFY19E/FY20E

Income Statement(Standalone)

Year ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Net Revenues (post JV partner share)	**15,411**	**19,317**	**21,373**	**27,085**	**31,398**
Growth (%)	***70.7***	***25.3***	***10.6***	***26.7***	***15.9***
Material Expenses	12,281	14,353	13,881	18,282	21,068
Employee Expenses	552	721	929	1,029	1,225
Other Operating Expenses	281	381	2,293	3,521	4,145
EBIDTA	**2,296**	**3,862**	**4,270**	**4,313**	**5,024**
EBIDTA (%)	***14.9***	***20.0***	***20.0***	***15.9***	***16.0***
EBIDTA Growth (%)	***50.1***	***68.2***	***10.6***	***1.0***	***16.5***
Depreciation	639	1,341	1,681	1,576	1,747
EBIT	**1,657**	**2,521**	**2,589**	**2,737**	**3,277**
Other Income (Incl. EO Items)	194	393	608	647	659
Interest	219	231	291	437	404
PBT	**1,632**	**2,683**	**2,906**	**2,947**	**3,533**
Tax	60	(38)	273	442	707
RPAT	**1,573**	**2,721**	**2,633**	**2,505**	**2,826**
EO items (net of tax)	(194)	(1,099)	(899)	(530)	(459)
APAT	**1,378**	**1,584**	**1,733**	**1,974**	**2,367**
APAT Growth (%)	**(4.6)**	**14.9**	**9.4**	**13.9**	**19.9**
EPS	**9.8**	**11.3**	**12.3**	**14.0**	**16.8**
EPS Growth (%)	***(4.6)***	***14.9***	***9.4***	***13.9***	***19.9***

Source: Company, HDFC sec Inst Research

Balance Sheet (Standalone)

As at March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
SOURCES OF FUNDS					
Share Capital	281	281	281	281	281
Reserves	8,674	11,298	13,862	16,267	19,009
Total Shareholders Funds	**8,955**	**11,579**	**14,143**	**16,548**	**19,290**
Long Term Debt	1,441	2,203	2,301	3,018	2,468
Short Term Debt	-	-	340	-	-
Total Debt	**1,441**	**2,203**	**2,641**	**3,018**	**2,468**
Deferred Taxes	(815)	(1,408)	(1,739)	(1,739)	(1,739)
Other Non Current Liabilities	314	284	181	181	181
TOTAL SOURCES OF FUNDS	**9,894**	**12,658**	**15,226**	**18,008**	**20,200**
APPLICATION OF FUNDS					
Net Block	2,576	3,315	3,710	4,132	3,386
CWIP	15	-	-	-	-
Investments, LT Loans & Advances	5,297	5,619	6,448	7,419	7,519
Other Non Current Assets	1,466	1,563	2,003	2,140	2,505
Total Non-current Assets	**9,354**	**10,496**	**12,161**	**13,691**	**13,410**
Inventories	574	712	951	1,102	1,262
Debtors	1,640	2,320	2,344	3,347	4,137
Cash & Equivalents	649	438	130	300	1,910
ST Loans & Advances, Others	3,147	4,282	5,378	7,042	8,479
Total Current Assets	**6,009**	**7,752**	**8,804**	**11,791**	**15,789**
Creditors	1,344	2,102	2,236	2,597	3,269
Other Current Liabilities & Provns	4,125	3,488	3,605	4,878	5,730
Total Current Liabilities	**5,469**	**5,590**	**5,841**	**7,476**	**8,999**
Net Current Assets	**540**	**2,162**	**2,963**	**4,315**	**6,789**
Misc Expenses & Others	-	-	102	1	1
TOTAL APPLICATION OF FUNDS	**9,894**	**12,658**	**15,226**	**18,008**	**20,200**

Source: Company, HDFC sec Inst Research

Cash Flow (Standalone)

Year ending March (Rs mn)	FY17	FY18	FY19P	FY20E	FY21E
PBT	1,632	2,682	2,906	2,947	3,533
Non-operating & EO items	20	(119)	(608)	(647)	(659)
Interest expenses	219	231	291	437	404
Depreciation	639	1,341	1,681	1,576	1,747
Working Capital Change	730	(2,330)	(1,984)	(1,320)	(1,229)
Tax paid	(75)	(237)	(273)	(442)	(707)
OPERATING CASH FLOW (a)	**3,165**	**1,567**	**2,013**	**2,551**	**3,089**
Capex	(1,383)	(2,009)	(2,077)	(1,998)	(1,000)
Free cash flow (FCF)	1,782	(442)	(64)	554	2,089
Investments	(1,836)	(259)	(829)	(971)	(100)
Other non operating income	-	-	608	647	659
INVESTING CASH FLOW (b)	**(3,219)**	**(2,268)**	**(2,297)**	**(2,322)**	**(441)**
Share capital Issuance	-	-	-	-	-
Debt Issuance	273	763	438	377	(550)
Interest expenses	(220)	(189)	(291)	(437)	(404)
Dividend	-	(85)	(84)	(84)	(84)
Others	-	-	(86)	86	-
FINANCING CASH FLOW (c)	**53**	**489**	**(24)**	**(58)**	**(1,038)**
NET CASH FLOW (a+b+c)	**(1)**	**(212)**	**(308)**	**170**	**1,610**
Opening cash balance	650	649	438	130	300
Closing Cash & Equivalents	649	438	130	300	1,910

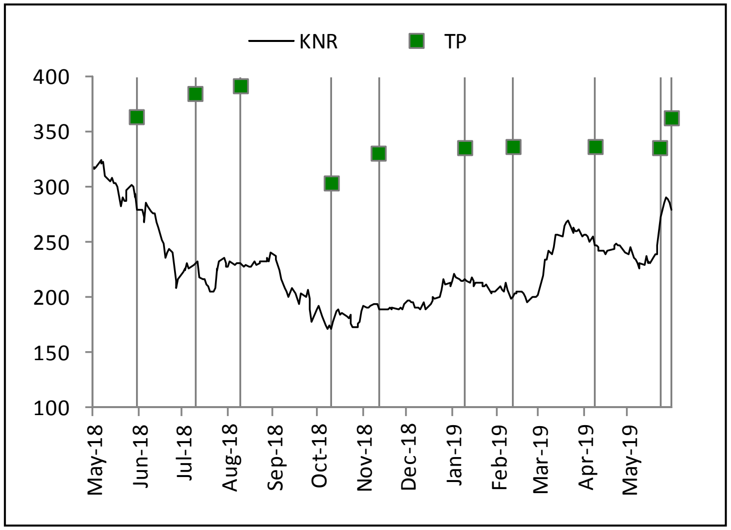
Source: Company, HDFC sec Inst Research

Key Ratios (Standalone)

	FY17	FY18	FY19P	FY20E	FY21E
PROFITABILITY (%)					
GPM	20.3	25.7	35.1	32.5	32.9
EBITDA Margin	14.9	20.0	20.0	15.9	16.0
EBIT Margin	10.8	13.0	12.1	10.1	10.4
APAT Margin	8.9	8.2	8.1	7.3	7.5
RoE	16.9	15.4	13.5	12.9	13.2
Core RoCE	40.4	38.7	27.1	23.2	25.0
RoCE	16.1	14.4	13.1	13.0	13.3
EFFICIENCY					
Tax Rate (%)	3.7	(1.4)	9.4	15.0	20.0
Asset Turnover (x)	2.4	2.4	2.0	2.2	2.4
Inventory (days)	14	13	16	15	15
Debtors (days)	39	44	40	45	48
Payables (days)	32	40	38	35	38
Cash Conversion Cycle (days)	21	18	18	25	25
Other Current Assets (days)	75	81	92	95	99
Other Current Liab (days)	98	66	62	66	67
Net Working Capital Cycle (Days)	**(3)**	**33**	**48**	**54**	**57**
Debt/EBITDA (x)	0.6	0.6	0.6	0.7	0.5
Net D/E	0.09	0.2	0.2	0.2	0.0
Interest Coverage	7.6	10.9	8.9	6.3	8.1
PER SHARE DATA					
EPS (Rs/sh)	9.8	11.3	12.3	14.0	16.8
CEPS (Rs/sh)	14.3	20.8	24.3	25.2	29.3
DPS (Rs/sh)	0.0	0.5	0.5	0.5	0.5
BV (Rs/sh)	64	82	101	118	137
VALUATION					
P/E	28.6	24.9	22.7	19.9	16.6
P/BV	4.4	3.4	2.8	2.4	2.0
EV/EBITDA	17.5	10.7	9.8	9.8	7.9
OCF/EV (%)	0.1	0.0	0.0	0.1	0.1
FCF/EV (%)	4.4	(1.1)	(0.2)	1.3	5.2
FCFE/Market Cap (%)	4.7	0.3	0.2	1.3	2.9
Dividend Yield (%)	0.0	0.2	0.2	0.2	0.2

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
31-May-18	298	BUY	364
10-Jul-18	230	BUY	385
12-Aug-18	231	BUY	392
11-Oct-18	174	BUY	304
12-Nov-18	194	BUY	331
10-Jan-19	217	BUY	336
13-Feb-19	200	BUY	337
9-Apr-19	247	BUY	337
23-May-19	247	BUY	336
1-Jun-19	280	BUY	363

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

Disclosure:

We, **Parikshit D Kandpal, CFA** and **Kunal Bhandari**, **ACA,** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. HSL has no material adverse disciplinary history as on the date of publication of this report. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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Any holding in stock –No

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