

MAHINDRA HOLIDAYS & RESORTS INDIA

Membership addition slowing down

■ De-growth in membership addition

On a net basis, Mahindra Holidays & Resorts India (MHRIL) added 17,059 members in FY10 against 19,292 in FY09. This 18.5% membership growth is, however, way less than 35% growth the company had witnessed in FY05-09. In Q4FY10, the company added 6,987 members (6,368 Club Mahindra and 619 Zest), an increase of 58% Y-o-Y. During the quarter, the company dropped 7,330 members (added in past 1-2 years) with whom it was facing difficulties in EMI payments. In Q4FY10, one-time revenue adjustment of INR 330 mn has been done (since 60% of membership fee has been recognised upfront).

■ Subdued sales growth; higher EBIDTA margins due to cost control

Sales growth was tepid at 10.7% Y-o-Y and 4.4% Q-o-Q, primarily on account of subdued membership addition. EBIDTA margins declined 580bps Y-o-Y and improved 790bps Q-o-Q, as the company was able to contain employee costs and other expenditure. We believe that sales improvement and membership addition are more important for the company than the costs containment.

■ Slow rooms growth; Tungji project postponed to Q1FY11

MHRIL added 73 rooms during the quarter, taking the total to 1,476 rooms in FY10 against 1,177 in FY09. For FY10, it added 299 rooms against our expectations of 360. Opening of the Tungji (Maharashtra) resort, with 158 rooms, has been postponed to Q1FY11 from Q4FY10 earlier. We reiterate our stand of addition of star properties, as the existing ones are already oversold. We believe the company needs to ramp-up property addition to attract new members.

■ Outlook and valuations: Member addition dwindles; maintain 'REDUCE'

We believe MHRIL is facing headwinds in membership additions sooner than expected. We also believe that cost containment measures are inadequate to drive long-term growth, as the company's model is driven by membership additions. We are reducing our membership addition growth target to 20% for FY11 and FY12 from 25%. We continue to value the stock through DCF methodology and drive a value of INR 372. At CMP of INR 500, the stock is trading at P/E of 26.8x and 20.3x of FY11E and FY12E earnings, respectively. We maintain our 'REDUCE' recommendation on the stock.

April 30, 2010

Reuters : MAHH.BO Bloomberg : MHRIL IN

EDELWEISS RATING

Absolute Rating **REDUCE**

MARKET DATA

| | | |
|----------------------------|---|--------------|
| CMP | : | INR 500 |
| 52-week range (INR) | : | 574 / 306 |
| Share in issue (mn) | : | 84.2 |
| M cap (INR bn/USD mn) | : | 42.1 / 944.5 |
| Avg. Daily Vol. BSE ('000) | : | 370.3 |

SHARE HOLDING PATTERN (%)

| | | |
|---|---|------|
| Promoters* | : | 83.1 |
| MFs, FIs & Banks | : | 4.3 |
| FIIIs | : | 3.6 |
| Others | : | 9.0 |
| * Promoters pledged shares (% of share in issue) | : | Nil |

RELATIVE PERFORMANCE (%)

| | Sensex | Stock | Stock over Sensex |
|----------|--------|--------|----------------------|
| 1 month | (0.5) | (10.7) | (10.2) |
| 3 months | 7.0 | 17.2 | 10.2 |

Financials

| Year to March | Q4FY10 | Q4FY09 | % change | Q3FY10 | % change | FY10 | FY11E |
|---------------------|--------|--------|----------|--------|----------|-------|-------|
| Net rev. (INR mn) | 1,302 | 1,176 | 10.7 | 1,247 | 4.4 | 5,102 | 7,103 |
| EBIDTA (INR mn) | 508 | 527 | (3.6) | 398 | 27.4 | 1,942 | 2,649 |
| Net profit (INR mn) | 322 | 298 | 8.1 | 238 | 35.3 | 1,178 | 1,574 |
| Diluted EPS (INR) | 2.8 | 1.1 | 1.5 | 3.3 | 1.5 | 14.4 | 18.7 |
| Diluted PE (x) | | | | | | 34.8 | 26.8 |
| EV/EBIDTA (x) | | | | | | 19.1 | 14.6 |
| ROAE (%) | | | | | | 37.2 | 31.1 |

Manoj Bahety, CFA

+91-22- 6623 3362

manoj.bahety@edelcap.com

Manav Vijay

+91-22- 4063 5413

manav.vijay@edelcap.com

■ De-growth in membership addition

On a net basis, MHRIL added 17,059 members in FY10 against 19,292 in FY09. This 18.5% membership growth is, however, way less than 35% growth the company witnessed in FY05-09. In Q4FY10, the company added 6,987 members (6,368 Club Mahindra and 619 Zest), an increase of 58% Y-o-Y. During the quarter, the company dropped 7,330 members with whom it was facing difficulties in EMI payments. In Q4FY10, one-time revenue adjustment of INR 330mn has been done (since 60% of membership fee has been recognised upfront).

In FY10, MHRIL added 15,396 club Mahindra members and 1,663 Zest members on a net basis (against our estimates of 23,000) - way below 19,292 that it had added in FY09. We were estimating membership growth to taper off few years down the line (FY14 or FY15) as the company would have attained a critical mass of members by then. Considering the performance of membership growth in the H2FY10, we believe that the company needs to come out either with new schemes or some disruptive method to get back on the growth path.

■ Subdued sales growth; higher EBIDTA margins due to cost control

Sales growth was tepid at 10.7% Y-o-Y and 4.4%, primarily on account of subdued membership growth.

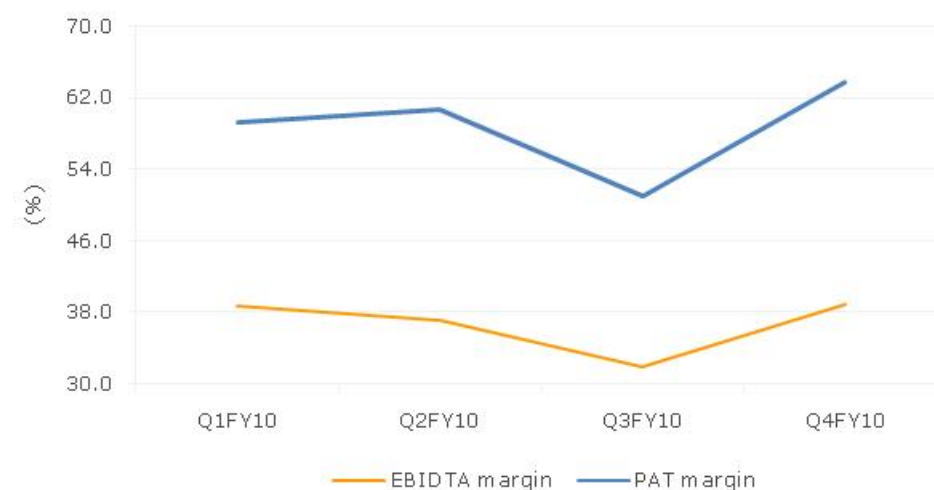
Table 1: Decreased AMC income shows slower membership addition

| Income breakdown | Q4FY10 | Q3FY10 | Q4FY09 | y-o-y (%) | q-o-q (%) |
|-------------------------|--------|--------|--------|-----------|-----------|
| Time share income | 933 | 787 | 720 | 29.6 | 18.6 |
| Annual subscription fee | 107 | 125 | 129 | (17.1) | (14.4) |
| Income from resorts | 196 | 177 | 147 | 33.3 | 10.7 |
| Other operating income | 58 | 165 | 182 | (68.1) | (64.8) |

Source: company, Edelweiss research

EBIDTA margins declined 580bps Y-o-Y and improved by 790bps Q-o-Q, as the company was able to contain the employee costs and other expenditure. Q-o-Q, employee cost was down 290bps and other expenditure down 350bps. We believe that sales improvement and membership addition is more important for the company than cost containment measures.

Chart 1: Higher EBIDTA margins driven by cost containment



Source: Company, Edelweiss research

- **Slow rooms addition; Tungi project postponed to Q1FY11**

MHRIL added 73 rooms during the quarter, taking the total to 1,476 rooms in FY10 against 1,177 in FY09. For FY10, it added 299 rooms against our expectations of 360. Opening of the Tungi (Maharashtra) resort, with 158 rooms, has been postponed to Q1FY11 from Q4FY10 earlier. We reiterate our stand of addition of star properties, as the existing ones are already oversold. We believe the company needs to ramp-up property addition to attract new members.

Financial snapshot**(INR mn)**

| Year to March | Q4FY10 | Q4FY09 | % change | Q3FY10 | % change | FY10 | FY11E | FY12E |
|----------------------------------|--------|--------|----------|--------|----------|-------|-------|-------|
| Net Sales/Income from Operations | 1,244 | 1,000 | 24.4 | 1,134 | 9.7 | 4,687 | 6,631 | 8,583 |
| Other Operating Income | 58 | 176 | (67.1) | 113 | (48.7) | 414 | 471 | 569 |
| Total Income | 1,302 | 1,176 | 10.7 | 1,247 | 4.4 | 5,102 | 7,103 | 9,152 |
| Employee Cost | 175 | 134 | 30.6 | 203 | (13.9) | 736 | 1,161 | 1,523 |
| Other Expenditure | 620 | 516 | 20.2 | 646 | (4.0) | 2,424 | 3,292 | 4,199 |
| Total Expenditure | 795 | 649 | 22.4 | 849 | (6.4) | 3,160 | 4,454 | 5,722 |
| EBITDA | 508 | 527 | (3.6) | 398 | 27.4 | 1,942 | 2,649 | 3,430 |
| Interest Expenses | 11 | 21 | (47.0) | 9 | 27.4 | 46 | 62 | 62 |
| Depreciation | 51 | 51 | 0.1 | 44 | 16.9 | 191 | 326 | 406 |
| Other income | 20 | 15 | 29.0 | 17 | 16.7 | 62 | 123 | 175 |
| PBT | 465 | 470 | (1.0) | 363 | 28.2 | 1,767 | 2,384 | 3,138 |
| Tax Expense | 143 | 172 | (16.9) | 125 | 14.5 | 589 | 810 | 1,067 |
| Net profit | 322 | 298 | 8.1 | 238 | 35.3 | 1,178 | 1,574 | 2,071 |

as % of net revenues

| | | | | | | | | |
|-------------------|------|------|--|------|--|------|------|------|
| Employee Cost | 13.4 | 11.4 | | 16.3 | | 14.4 | 16.4 | 16.6 |
| Other Expenditure | 47.6 | 43.8 | | 51.8 | | 47.5 | 46.4 | 45.9 |
| EBITDA | 39.0 | 44.8 | | 31.9 | | 38.1 | 37.3 | 37.5 |
| Net profit | 24.7 | 25.3 | | 19.1 | | 23.1 | 22.2 | 22.6 |

- **Company Description**

MHRIL was started in 1997 and offers a unique vacation ownership model to Indian consumers with resorts spread across India. The company has different schemes for families, singles and corporates. With almost 100,000 members spread across different membership schemes, the company uses the upfront membership fee charged from members to build resorts. With its resorts located across India, the company plans to aggressively expand its reach both in terms of members and new resorts.

- **Investment Theme**

With its unique business model, although MHRIL is in a sweet spot to exploit the growth in the Indian travel & tourism sector, but we are concerned with the accounting treatment of the income and expenditure done by the company. We believe with its aggressive income recognition principle, the future expenses to serve the existing members is not getting properly accounted. Due to the limited history of its operations, we believe only 5-10 years down the line we will have the visibility of its full scale expenses.

- **Key Risks**

Launching new schemes, restart to sell the Purple membership, increase in overall average membership fee are some of the factors that could provide risk to our estimates. Settlement of ongoing Munnar property and IT dispute can also provide upside risk to our estimates.

Financial Statements (Consolidated)

| Income statement | | | | | (INR mn) |
|-------------------------------|-------|-------|-------|-------|-----------------|
| Year to March | FY08 | FY09 | FY10 | FY11E | FY12E |
| Income from operations | 3,772 | 4,421 | 5,200 | 7,103 | 9,152 |
| Total operating expenses | 2,330 | 2,899 | 3,205 | 4,454 | 5,722 |
| Employee cost | 474 | 608 | 749 | 1,161 | 1,523 |
| Sales promotion and comission | 882 | 1,117 | 1,360 | 1,253 | 1,582 |
| Other expenditure | 975 | 1,174 | 1,097 | 2,039 | 2,618 |
| EBITDA | 1,442 | 1,522 | 1,995 | 2,649 | 3,430 |
| Depreciation and amortisation | 113 | 168 | 196 | 326 | 406 |
| EBIT | 1,329 | 1,354 | 1,799 | 2,323 | 3,025 |
| Interest | 33 | 70 | 46 | 62 | 62 |
| Total other income | - | - | 13 | 123 | 175 |
| Profit before tax | 1,296 | 1,284 | 1,766 | 2,384 | 3,138 |
| Provision for tax | 456 | 486 | 595 | 810 | 1,067 |
| Profit after tax | 840 | 798 | 1,171 | 1,574 | 2,071 |
| Shares outstanding (mn) | 78 | 78 | 84 | 84 | 84 |
| EPS (INR) basic | 10.7 | 10.2 | 13.9 | 18.7 | 24.6 |
| Diluted shares (mn) | 78 | 78 | 84 | 84 | 84 |
| EPS (INR) diluted | 10.7 | 10.2 | 13.9 | 18.7 | 24.6 |
| Dividend per share (INR) | 1.8 | 3.0 | 3.9 | 4.4 | 4.9 |
| Dividend payout (%) | 19.4 | 34.4 | 33.1 | 27.7 | 23.4 |

Common size metrics- as % of net revenues

| Year to March | FY08 | FY09 | FY10 | FY11E | FY12E |
|-------------------------------|------|------|------|-------|-------|
| Operating expenses | 61.8 | 65.6 | 61.6 | 62.7 | 62.5 |
| Sales promotion and comission | 23.4 | 25.3 | 26.1 | 17.6 | 17.3 |
| Other expenditure | 25.8 | 26.6 | 21.1 | 28.7 | 28.6 |
| Depreciation and amortisation | 3.0 | 3.8 | 3.8 | 4.6 | 4.4 |
| Interest expenditure | 0.9 | 1.6 | 0.9 | 0.9 | 0.7 |
| EBITDA margins | 38.2 | 34.4 | 38.4 | 37.3 | 37.5 |
| Net profit margins | 22.3 | 18.0 | 22.5 | 22.2 | 22.6 |

Growth metrics (%)

| Year to March | FY08 | FY09 | FY10E | FY11E | FY12E |
|-----------------|------|-------|-------|-------|-------|
| Revenues | 56.3 | 17.2 | 17.6 | 36.6 | 28.9 |
| EBITDA | 81.2 | 5.6 | 31.0 | 32.8 | 29.5 |
| PBT | 93.2 | (0.9) | 37.6 | 35.0 | 31.6 |
| Core net profit | 97.6 | (5.0) | 46.7 | 34.4 | 31.6 |
| EPS | 97.6 | (5.0) | 36.4 | 34.4 | 31.6 |

| Balance sheet | | | | | |
|--|-----------------|--------------|--------------|--------------|--------------|
| | (INR mn) | | | | |
| As on 31st March | FY08 | FY09 | FY10E | FY11E | FY12E |
| Equity capital | 764 | 770 | 829 | 829 | 829 |
| Reserves & surplus | 666 | 1,188 | 3,714 | 4,758 | 6,252 |
| Shareholders funds | 1,430 | 1,958 | 4,542 | 5,587 | 7,081 |
| Secured loans | 201 | 247 | 247 | 247 | 247 |
| Deferred tax (net) | 236 | 295 | 295 | 295 | 294 |
| Sources of funds | 1,867 | 2,500 | 5,084 | 6,129 | 7,622 |
| Gross block | 2,734 | 4,293 | 6,593 | 8,143 | 10,143 |
| Depreciation | 479 | 641 | 905 | 1,231 | 1,636 |
| Net block | 2,255 | 3,652 | 5,688 | 6,826 | 8,334 |
| Capital work In progress | 450 | 513 | 513 | 513 | 513 |
| Investments | 0 | 0 | 1,500 | 2,000 | 3,000 |
| Inventories | 35 | 53 | 73 | 93 | 113 |
| Sundry debtors | 4,034 | 4,826 | 5,286 | 6,082 | 7,489 |
| Cash and bank balances | 76 | 328 | 837 | 1,681 | 2,232 |
| Loans and advances | 621 | 665 | 765 | 865 | 965 |
| Total current assets | 4,766 | 5,871 | 6,961 | 8,720 | 10,798 |
| Sundry creditors and others | 609 | 821 | 1,026 | 1,247 | 1,602 |
| Advance from member facilities | 4,825 | 6,410 | 8,247 | 10,378 | 13,115 |
| Provisions | 171 | 306 | 306 | 306 | 306 |
| Total current liabilities & provisions | 5,604 | 7,536 | 9,578 | 11,931 | 15,023 |
| Net current assets | (838) | (1,665) | (2,617) | (3,210) | (4,224) |
| Uses of funds | 1,867 | 2,500 | 5,084 | 6,128 | 7,622 |
| Book value per share (BV) (INR) | 18 | 25 | 54 | 66 | 84 |

| Free cash flow | | | | | |
|----------------------------------|-----------------|-------------|------------|--------------|--------------|
| | (INR mn) | | | | |
| Year to March | FY08 | FY09 | FY10E | FY11E | FY12E |
| Net profit | 840 | 798 | 1,209 | 1,574 | 2,071 |
| Depreciation | 113 | 168 | 264 | 326 | 406 |
| Deferred tax | 34 | 59 | - | - | (1) |
| Others | (219) | (368) | 62 | 62 | 63 |
| Gross cash flow | 769 | 657 | 1,535 | 1,961 | 2,539 |
| Less: Changes in working capital | 303 | (926) | (1,462) | (1,437) | (1,565) |
| Operating cash flow | 466 | 1,584 | 2,996 | 3,398 | 4,104 |
| Less: Capex | (732) | (1,633) | (2,300) | (1,550) | (2,000) |
| Free cash flow | (266) | (50) | 696 | 1,848 | 2,104 |

| Cash flow metrics | | | | | |
|--------------------------|-------|---------|---------|---------|---------|
| Year to March | FY08 | FY09 | FY10E | FY11E | FY12E |
| Operating cash flow | 466 | 1,584 | 2,996 | 3,398 | 4,104 |
| Financing cash flow | 9 | (183) | 1,300 | (518) | (566) |
| Investing cash flow | (492) | (1,149) | (3,787) | (2,037) | (2,987) |
| Net cash flow | (17) | 251 | 509 | 844 | 551 |
| Capex | (732) | (1,633) | (2,300) | (1,550) | (2,000) |
| Dividend paid | (87) | (140) | (388) | (436) | (485) |

Ratios

| Year to March | FY08 | FY09 | FY10E | FY11E | FY12E |
|---------------------------|------|------|-------|-------|-------|
| ROAE (%) | 76.9 | 47.1 | 37.2 | 31.1 | 32.7 |
| ROACE (%) | 94.0 | 62.0 | 60.3 | 60.3 | 69.1 |
| Inventory (days) | 4 | 5 | 6 | 7 | 7 |
| Debtors (days) | 301 | 366 | 320 | 292 | 271 |
| Payable (days) | 79 | 90 | 92 | 93 | 91 |
| Cash conversion cycle | 226 | 281 | 235 | 206 | 186 |
| Current ratio | 0.9 | 0.8 | 0.7 | 0.7 | 0.7 |
| Debt/EBITDA | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| Interest cover (x) | 40.3 | 19.3 | 29.7 | 37.6 | 49.0 |
| Fixed assets turnover (x) | 1.8 | 1.5 | 1.2 | 1.1 | 1.2 |
| Total asset turnover (x) | 2.6 | 2.0 | 1.5 | 1.3 | 1.3 |
| Equity turnover(x) | 3.5 | 2.6 | 1.8 | 1.4 | 1.4 |
| Debt/Equity (x) | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Adjusted debt/Equity | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |

Du pont analysis

| Year to March | FY08 | FY09 | FY10E | FY11E | FY12E |
|-----------------------|------|------|-------|-------|-------|
| NP margin (%) | 22.3 | 18.0 | 21.0 | 22.2 | 22.6 |
| Total assets turnover | 2.6 | 2.0 | 1.5 | 1.3 | 1.3 |
| Leverage multiplier | 1.3 | 1.3 | 1.2 | 1.1 | 1.1 |
| ROAE (%) | 76.9 | 47.1 | 37.2 | 31.1 | 32.7 |

Valuation parameters

| Year to March | FY08 | FY09 | FY10E | FY11E | FY12E |
|--------------------|------|-------|-------|-------|-------|
| Diluted EPS (INR) | 10.7 | 10.2 | 14.4 | 18.7 | 24.6 |
| Y-o-Y growth (%) | 97.6 | (5.0) | 40.9 | 30.1 | 31.6 |
| CEPS (INR) | 12.6 | 13.1 | 17.5 | 22.6 | 29.4 |
| Diluted P/E (x) | 46.6 | 49.1 | 34.8 | 26.8 | 20.3 |
| Price/BV(x) | 27.4 | 20.0 | 9.3 | 7.5 | 5.9 |
| EV/Sales (x) | 10.4 | 8.8 | 6.9 | 5.4 | 4.1 |
| EV/EBITDA (x) | 27.2 | 25.7 | 19.1 | 14.6 | 10.8 |
| Dividend yield (%) | 0.4 | 0.6 | 0.8 | 0.9 | 1.0 |

Edelweiss Securities Limited, 14th Floor, Express Towers, Nariman Point, Mumbai – 400 021.
 Board: (91-22) 2286 4400, Email: research@edelcap.com

| | | | |
|--------------------|--------------------------------|--------------------------------|------------------|
| Naresh Kothari | Co-Head Institutional Equities | naresh.kothari@edelcap.com | +91 22 2286 4246 |
| Vikas Khemani | Co-Head Institutional Equities | vikas.khemani@edelcap.com | +91 22 2286 4206 |
| Nischal Maheshwari | Head Research | nischal.maheshwari@edelcap.com | +91 22 6623 3411 |

Coverage group(s) of stocks by primary analyst(s): Miscellaneous

Elecon Engineering, Lakshmi Energy & Foods, Opto Circuits, Mahindra Holidays & Resorts India, Page Industries, Shree Renuka Sugar, TIL and TRF

Mahindra Holidays & Resorts India



Recent Research

| Date | Company | Title | Price (INR) | Recons |
|-----------|------------------------------|---|-------------|--------|
| 29-Apr-10 | Shree Renuka Sugars | Sector concerns priced in; <i>Result Update</i> | 61 | Buy |
| 22-Apr-10 | Sterlite Technologies | Strong telecom margin drives PAT; <i>Event Update</i> | 95 | Buy |
| 01-Apr-10 | Escorts | Upgrade in credit Rating; <i>Event Update</i> | 167 | Buy |
| 05-Feb-10 | TRF | Strong Quarter; <i>Result Update</i> | 752 | Buy |

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

| | Buy | Hold | Reduce | Total |
|----------------------|-----|------|--------|-------|
| Rating Distribution* | 101 | 56 | 9 | 169 |

* 3 stocks under review

| | > 50bn | Between 10bn and 50 bn | < 10bn |
|------------------|--------|------------------------|--------|
| Market Cap (INR) | 103 | 53 | 13 |

Rating Interpretation

| Rating | Expected to |
|---------------|---|
| Buy | appreciate more than 15% over a 12-month period |
| Hold | depreciate up to 15% over a 12-month period |
| Reduce | depreciate more than 5% over a 12-month period |

Access the entire repository of Edelweiss Research on www.edelresearch.com

This document has been prepared by Edelweiss Securities Limited (Edelweiss). Edelweiss, its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss 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. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, group companies, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as advisor or lender/borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed 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, regulation or which would subject Edelweiss and affiliates/ group companies to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Edelweiss Securities Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Analyst holding in the stock: no.

Copyright 2009 Edelweiss Research (Edelweiss Securities Ltd). All rights reserved