

14 February 2012

MF Global Quarterly Report

Sun Pharma

| Guidance revised upwards

PHARMACEUTICALS
SUNP IN: **BUY**
RS 554

Robust growth in the US drives revenue: Sun Pharma reported revenue growth of 37% to Rs 21.5bn driven by strong performance by Taro. Sun Pharma's earnings in the US, excluding upsides from Taro, grew by over 50%, on the back of new launches and rupee depreciation. Growth India remained robust at 22%, adjusted for discontinued business, on the back of Sun Pharma's leadership presence in fast growing segments. Operating margins surged to 45%, with operating profit of Rs 9.6bn, driven by Taro's performance and benefits of weak rupee. PAT was capped at Rs 6.7bn, owing to forex loss of Rs 863mn and higher minority interest.

Superior earnings from Taro, albeit not sustainable: Superior performance by Taro, was instrumental in better than expected results. Taro reported earnings of US\$ 148mn, up 45% YoY and EBIDTA of US\$ 84mn (margins of 57%), lead by price increase in select products. The management believes these benefits are not sustainable and indicated in near term contraction in Taro's earnings and margins.

Upward revision of guidance and earnings: In light of better performance, the management has revised its FY12E revenue growth guidance to 32-34%, from 28-30%. We have also revised our FY12E and FY13E earnings estimates up by 22% and 11%, respectively.

Robust outlook intact: We continue to maintain our positive stance on Sun given its leadership position in specialty segments in the Indian market and its robust growth potential in the US. For the US, Sun has a pipeline of ~148 ANDAs pending approval (including substantial Para IVs). We expect Sun's core business to shine, led by its rich product pipeline. With a war chest of US\$ 1bn, Sun has one of the healthiest balance sheets among its peers.

Valuations: Given Sun Pharma's leadership presence in India, best-in-class margin, large-scale operations in the US market and product pipeline; we believe that Sun Pharma should trade at a premium to its peers. We maintain our Buy rating with a target price of Rs 627 per share.

VALUATION SUMMARY

Y/E MAR, RS MN	FY2009	FY2010	FY2011	FY2012E	FY2013E
NET SALES	41,905	38,079	57,217	76,927	85,509
GROWTH, %	27.2	-9.1	50.3	34.4	11.2
EBIDTA	18,640	11,645	19,700	29,444	30,330
EBIDTA MARGINS, %	44.5	30.6	34.4	38.3	35.5
NET PROFIT	18,177	11,189	17,784	23,578	25,969
NET PROFIT MARGIN, %	43.4	29.4	31.1	30.6	30.4
EPS, RS	17.6	10.8	17.2	22.8	25.1
EPS GROWTH, %	22.2	(38.4)	58.9	32.6	10.1
PER, X	28.7	46.6	32.3	24.3	22.1
EV/EBIDTA, X	4.1	6.4	27.1	17.9	16.8
EV/NET SALES, X	1.8	1.9	9.3	6.8	6.0
PRICE/BOOK VALUE, X	7.2	6.5	5.6	4.7	4.0
ROIC, %	43.3	21.6	29.7	34.9	31.9
ROE, %	29.3	14.7	19.4	21.0	19.6
DIVIDEND YIELD, %	0.5	0.5	0.6	0.6	0.6

Source: Company, MF Global India Research Estimates

TARGET Rs 627 (+13%)

SECTOR RATING

OW	N	UW

STOCK RATING

BUY	NEUTRAL	SELL
> 15%	-15% TO +15%	< -15%

COMPANY DATA

O/S SHARES:	1030MN
MARKET CAP (RS):	570BN
MARKET CAP (USD):	11.6BN
52 - WK HI/LO (RS):	566 / 404
LIQUIDITY 3M (USD):	10MN
FACE VALUE (RS):	1

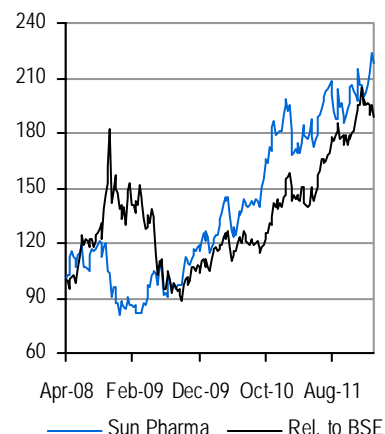
SHARE HOLDING PATTERN, %

PROMOTERS:	63.7
FII / NRI:	19.1
FI / MF:	6.5
NON-PROMOTER CORP. HOLDINGS:	5.1
PUBLIC & OTHERS:	5.6

PRICE PERFORMANCE, %

	1MTH	3MTH	1YR
ABS	8.0	8.5	29.2
REL TO BSE	-2.8	4.0	30.9

PRICE VS. SENSEX



Source: Bloomberg, MF Global India Research

Result highlights

Domestic formulations

- » Sun Pharma reported growth of 14% from India formulations to Rs 7.0bn. Adjusted for the discontinued third-party manufacturing business, growth came in strong at 22%, as per the management.
- » The company continued to maintain its leadership position across key segments like Cardiology, Gastroenterology, Diabetology, Psychiatry and Neurology.
- » The company launched 6 products in India during the quarter, taking the 9MFY12 tally to 20.
- » The management indicated favourable response from the medical profession for its DPI (Dry powder inhaler) and has garnered 10% market share from this segment.

US formulations

- » Sun reported strong 63% growth in US formulations revenue to Rs 10.4bn. The growth was driven by better than expected performance at Taro, favourable currency movement and new launches.
- » Taro reported strong earnings, with revenue of US\$ 148mn owing to benefits for price increase undertaken in select products in the US.
- » We believe the US now accounts for ~85% of Taro's US revenue and contributed ~US\$ 125mn to Sun Pharma's consolidated US revenue of US\$ 208mn.
- » Sun's base business in the US (excluding Taro) also saw healthy sequential jump on the back new launches.
- » Sun received six approvals during the quarter, including Finasteride, Diltiazem Hcl, Epinastine Hcl, Tiagabine Hcl, Tramadol Hcl and Verapamil Hcl.

RoW formulations

- » Revenue from this segment was up by 27% to Rs 2.8bn, aided by favourable currency movement. This includes Taro's sales in Canada and Israel.
- » Adjusting for upsides from Taro, Sun Pharma base RoW sales grew by 44%, for the quarter. On constant currency terms, the growth rate stood at 30%.

Guidance

- » Sun Pharma management revised their FY12 revenue guidance upwards to 32-34% growth on account of stronger than expected performance from Taro.
- » The company's earlier guidance was growth rate of 28-30%.
- » The management indicated that the benefits of price increase on select products undertaken by Taro might not be sustainable, leading to weaker earnings from Taro in 4QFY12.

Operating performance

- » Sun Pharma reported better than expected operating performance on account of rupee depreciation and advantage of price increase undertaken by Taro.
- » Taro reported strong earnings and profitability, driven by improved realisation on select products on account of price rise. The management believes these benefits are not sustainable and will adversely impact operating profitability in the near-term.
- » Operating margins were also boosted by rupee depreciation, which inflated the value of closing inventory held by the company in the US, thereby bringing down overall material costs.
- » For the quarter, Sun Pharma's operating margins stood at 45%, with profits more than doubling to Rs 9.6bn.
- » The management indicated that these levels of margins were not sustainable and will correct in the near term, as rupee appreciates.

Q3FY12 RESULTS

RS MN	DEC 10	MAR 11	JUN 11	SEP 11	DEC 11
REVENUE	15,617	14,633	16,357	18,946	21,451
QOQ (%)	17.3	(6.3)	11.8	15.8	13.2
YOY (%)	53.0	35.5	19.8	42.3	37.4
EXPENDITURE					
RAW MATERIAL COSTS	4,324	3,132	4,071	3,639	3,781
AS A % OF SALES	27.7	21.4	24.9	19.2	17.6
QOQ (%)	14.0	(27.6)	30.0	(10.6)	3.9
YOY (%)	51.3	17.7	21.3	(4.1)	(12.6)
GROSS PROFITS	11,293	11,501	12,287	15,307	17,670
GROSS MARGINS (%)	72.3	78.6	75.1	80.8	82.4
EMPLOYEE EXPENSES	2,754	2,540	2,786	2,727	2,885
AS % OF SALES	17.6	17.4	17.0	14.4	13.4
QOQ (%)	89.2	(7.8)	9.7	(2.1)	5.8
YOY (%)	136.9	119.0	123.6	87.3	4.8
OTHER EXPENSES	4,134	4,525	4,026	4,740	5,148
AS A % OF SALES	26.5	30.9	24.6	25.0	24.0
QOQ (%)	21.8	9.5	(11.0)	17.7	8.6
YOY (%)	65.0	61.9	39.4	39.7	24.5
EBIDTA	4,405	4,436	5,474	7,840	9,638
EBIDTA MARGIN (%)	28.2	30.3	33.5	41.4	44.9
QOQ (%)	(5.7)	0.7	23.4	43.2	22.9
YOY (%)	19.6	6.0	(11.1)	67.9	118.8
OTHER INCOME*	580	1,108	969	1,183	(272)
DEPRECIATION	805	482	647	668	774
PRE-TAX PROFIT	4,181	5,062	5,796	8,355	8,591
AS A % OF SALES	26.8	34.6	35.4	44.1	40.0
QOQ (%)	(20.3)	21.1	14.5	44.2	2.8
YOY (%)	14.5	29.7	(1.3)	59.4	105.5
TAX (CURRENT + DEFERRED)	545	22	143	1,281	634
TAX RATE (%)	13.0	0.4	2.5	15.3	7.4
PROFIT AFTER TAX	3,636	5,039	5,653	7,074	7,957
MINORITY INTERESTS	134	612	643	1097	1274
NET INCOME	3,502	4,428	5,010	5,977	6,683
PAT MARGINS (%)	22.4	30.3	30.6	31.5	31.2
QOQ (%)	(30.5)	26.4	13.2	19.3	11.8
YOY (%)	3.3	12.2	(11.2)	18.7	90.9

Source: Company, MF Global India Research

Note: * Other income for the quarter includes interest income of Rs 591mn and MTM loss of forward contracts of Rs 863mn

REVENUE BREAK-UP

RS MN	DEC 10	MAR 11	JUN 11	SEP 11	DEC 11
DOMESTIC FORMULATIONS	6,102	5,887	6,385	7,046	6,956
AS A % OF REVENUE	38.5	39.7	38.5	36.7	32.0
QOQ (%)	(0.1)	(3.5)	8.5	10.4	(1.3)
YOY (%)	14.6	20.2	11.9	15.4	14.0
BULK DRUGS AND OTHER	379	268	350	350	392
AS A % OF REVENUE	2.4	1.8	2.1	1.8	1.8
QOQ (%)	27.0	(29.4)	30.8	0.0	12.1
YOY (%)	31.2	123.0	3.1	17.2	3.5
TOTAL DOMESTIC	6,481	6,155	6,735	7,396	7,349
AS A % OF REVENUE	40.9	41.5	40.6	38.5	33.8
QOQ (%)	1.2	(5.0)	9.4	9.8	(0.6)
YOY (%)	15.4	22.6	11.4	15.5	13.4
EXPORTS FORMULATIONS	8,589	7,761	8,741	10,558	13,210
AS A % OF REVENUE	54.3	52.3	52.6	55.0	60.8
QOQ (%)	45.6	(9.6)	12.6	20.8	25.1
YOY (%)	135.4	98.5	29.8	79.0	53.8
BULK DRUGS AND OTHER	761	929	1,128	1,257	1,161
AS A % OF REVENUE	4.8	6.3	6.8	6.5	5.3
QOQ (%)	(37.8)	22.0	21.4	11.5	(7.6)
YOY (%)	(32.9)	(10.2)	4.1	2.7	52.5
TOTAL EXPORTS	9,350	8,690	9,869	11,815	14,371
AS A % OF REVENUE	59.1	58.5	59.4	61.5	66.2
QOQ (%)	31.3	(7.1)	13.6	19.7	21.6
YOY (%)	95.5	75.7	26.2	65.9	53.7
GROSS REVENUE	15,831	14,844	16,604	19,211	21,720
QOQ (%)	17.0	(6.2)	11.9	15.7	13.1
YOY (%)	52.3	49.0	19.8	42.0	37.2
LESS: EXCISE DUTY	214	212	246	265	269
AS A % OF DOMESTIC REVENUE	3.3	3.4	3.7	3.6	3.7
NET REVENUE	15,617	14,633	16,357	18,946	21,451
QOQ (%)	17.3	(6.3)	11.8	15.8	13.2
YOY (%)	53.0	46.9	19.8	42.3	37.4

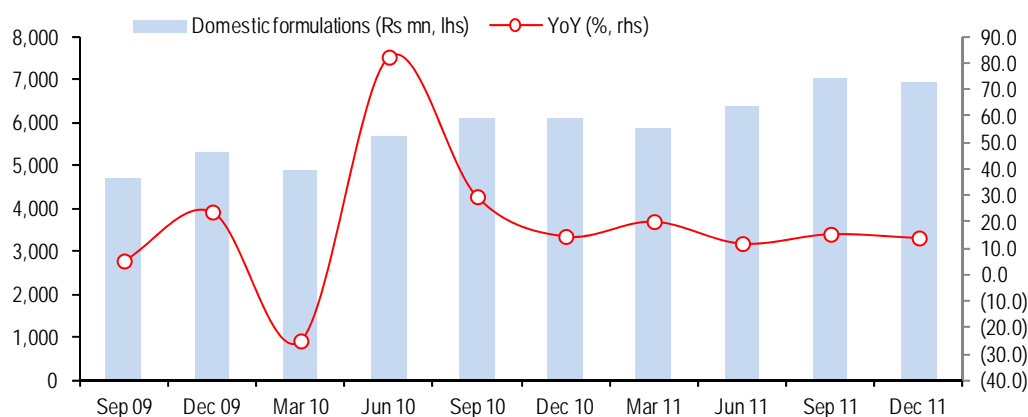
Source: Company, MF Global India Research

REVISION IN ESTIMATES

RS MN	EARLIER ESTIMATES		REVISED ESTIMATES		UPGRADE/ (DOWNGRADE) (%)	
	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E
NET SALES	72,741	81,524	76,927	85,509	5.8	4.9
EBITDA	22,076	26,234	29,444	30,330	33.4	15.6
PAT	19,394	23,428	22,578	25,969	16.4	10.8
EPS, RS	18.7	22.6	22.8	25.1	21.6	10.8

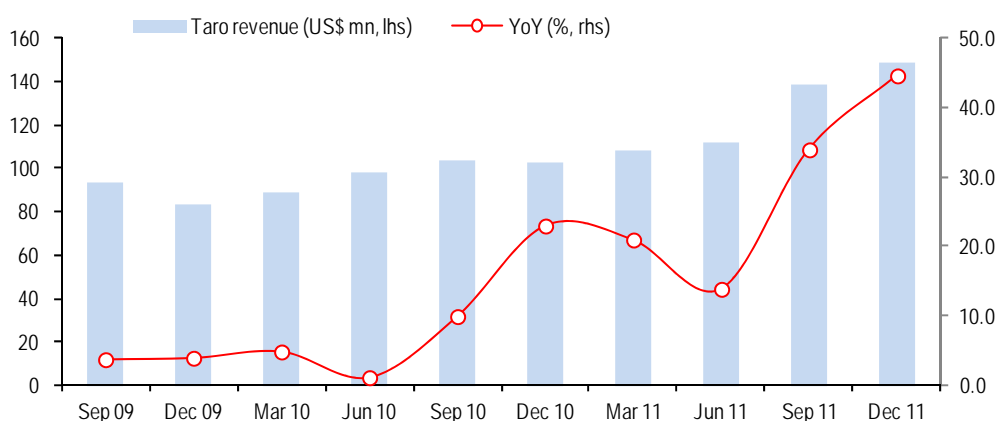
Source: MF Global India Research Estimates

DOMESTIC FORMULATIONS TREND



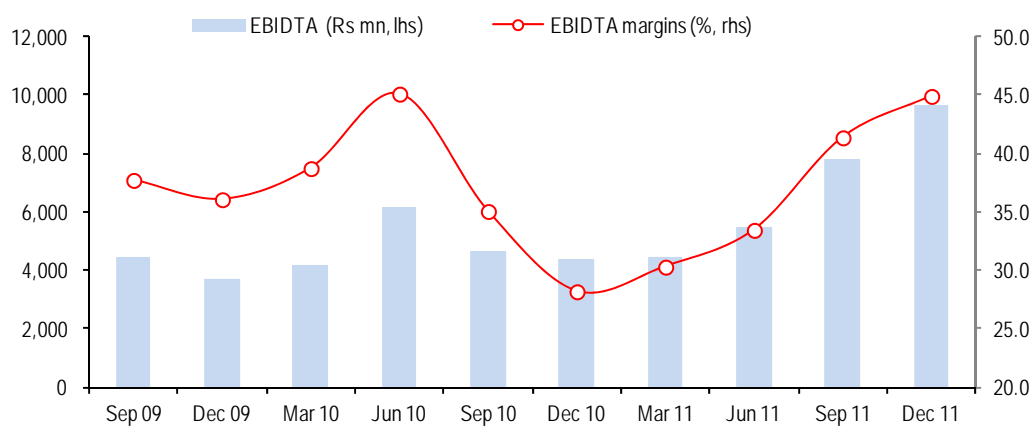
Source: MF Global India Research Estimates

TARO FORMULATIONS TREND



Source: MF Global India Research Estimates

EBIDTA AND MARGIN PROFIT TREND



Source: MF Global India Research Estimates

FINANCIALS

INCOME STATEMENT

Y/E MAR, RS MN	FY2009	FY2010	FY2011	FY2012E	FY2013E
NET SALES	41,905	38,079	57,217	76,927	85,509
GROWTH, %	27	-9	50	34	11
TOTAL INCOME	41,905	38,079	57,217	76,927	85,509
OPERATING EXPENSES	-23,266	-26,434	-37,517	-47,483	-55,178
EBITDA (CORE)	18,640	11,645	19,700	29,444	30,330
GROWTH, %	20.2	(37.5)	69.2	49.5	3.0
MARGIN, %	44.5	30.6	34.4	38.3	35.5
DEPRECIATION	-1,233	-1,533	-2,041	-2,933	-3,194
EBIT	17,407	10,112	17,659	26,511	27,137
GROWTH, %	19.7	(41.9)	74.6	50.1	2.4
MARGIN, %	41.5	26.6	30.9	34.5	31.7
INTEREST PAID	-59	-62	0	-149	-170
OTHER NON-OPERATING INCOME	2,144	1,776	2,323	3,844	4,867
NON-RECURRING ITEMS	0	2,322	376	-1,000	0
PRE-TAX PROFIT	19,492	14,148	20,358	29,207	31,834
TAX PROVIDED	-712	-679	-1,284	-2,629	-2,865
PROFIT AFTER TAX	18,780	13,470	19,074	26,578	28,969
NET PROFIT	18,177	13,511	18,161	22,578	25,969
MF NET PROFIT	18,177	11,189	17,784	23,578	25,969
GROWTH, %	22.2	(38.4)	58.9	32.6	10.1
NET PROFIT (ADJUSTED)	18,177	11,189	17,784	23,578	25,969
EXTRAORDINARY ITEMS: GAINS/(LOSSES)	0	2,322	376	-1,000	0
UNADJ. SHARES (M)	207	207	1,036	1,036	1,036
WTD AVG SHARES (M)	1,036	1,036	1,036	1,036	1,036

CASH FLOW

Y/E MAR, RS MN	FY2009	FY2010	FY2011	FY2012E	FY2013E
PRE-TAX PROFIT	19,492	14,148	20,358	29,207	31,834
DEPRECIATION	1,233	1,533	2,041	2,933	3,194
CHG IN WORKING CAPITAL	1,029	-4,664	-1,425	-8,749	-5,584
TOTAL TAX PAID	-1,482	-890	-4,046	-2,629	-2,865
OTHER OPERATING ACTIVITIES	117	0	3,077	0	0
CASH FLOW FROM OPERATING ACTIVITIES	20,388	10,128	20,005	20,762	26,579
CAPITAL EXPENDITURE	-7,914	-2,920	-16,864	-4,500	-4,000
CHG IN INVESTMENTS	-1,420	518	4,782	0	0
CHG IN MARKETABLE SECURITIES	-9,614	-12,586	3,573	0	0
CASH FLOW FROM INVESTING ACTIVITIES	-18,948	-14,989	-8,510	-4,500	-4,000
FREE CASH FLOW	1,440	-4,861	11,495	16,262	22,579
EQUITY RAISED/(REPAID)	5,572	-2,350	-481	0	0
DEBT RAISED/(REPAID)	353	-77	2,544	0	0
DIVIDEND (INCL. TAX)	-2,545	-3,332	-3,321	-4,213	-4,226
CASH FLOW FROM FINANCING ACTIVITIES	2,862	-5,757	4,369	-8,213	-7,226
NET CHG IN CASH	4,302	-10,618	15,864	8,049	15,352

BALANCE SHEET

AS AT 31ST MAR, RS MN	FY2009	FY2010	FY2011	FY2012E	FY2013E
CASH & BANK	16,690	6,073	21,936	29,986	45,338
MARKETABLE SECURITIES AT COST	13,296	25,882	22,310	22,310	22,310
DEBTORS	8,811	11,748	11,716	15,994	17,787
INVENTORY	9,757	10,739	14,794	17,160	20,022
LOANS & ADVANCES	7,425	8,562	11,726	14,928	16,601
TOTAL CURRENT ASSETS	55,979	63,003	82,482	100,377	122,057
INVESTMENTS	5,299	4,782	0	0	0
GROSS FIXED ASSETS	24,730	27,401	53,240	57,740	61,740
LESS: DEPRECIATION	-6,851	-8,013	-20,286	-23,219	-26,412
ADD: CAPITAL WIP	1,571	1,448	2,706	2,706	2,706
NET FIXED ASSETS	19,450	20,836	35,660	37,227	38,034
TOTAL ASSETS	80,728	88,621	118,142	137,604	160,091
CURRENT LIABILITIES	3,866	4,258	10,020	11,118	11,862
PROVISIONS	3,333	3,322	4,213	4,226	4,226
TOTAL CURRENT LIABILITIES	7,198	7,579	14,234	15,344	16,088
NON-CURRENT LIABILITIES	1,110	821	604	604	604
TOTAL LIABILITIES	8,308	8,400	14,837	15,948	16,692
PAID-UP CAPITAL	1,036	1,036	1,036	1,036	1,036
RESERVES & SURPLUS	69,414	77,254	93,798	112,149	133,892
SHAREHOLDERS' EQUITY	72,420	80,221	103,305	121,657	143,399
TOTAL EQUITY & LIABILITIES	80,728	88,621	118,142	137,604	160,091

PER-SHARE DATA

	FY2009	FY2010	FY2011	FY2012E	FY2013E
MF EPS (INR)	17.6	10.8	17.2	22.8	25.1
GROWTH, %	22.2	(38.4)	58.9	32.6	10.1
BOOK NAV/SHARE (INR)	69.9	77.5	99.8	117.5	138.5
FDEPS (INR)	17.6	10.8	17.2	22.8	25.1
CEPS (INR)	18.7	10.0	18.8	26.6	28.2
CFPS (INR)	17.5	8.1	14.1	16.3	21.0
DPS (INR)	2.8	2.8	3.5	3.5	3.5

FINANCIAL STRUCTURE

	FY2009	FY2010	FY2011	FY2012E	FY2013E
TOTAL DEBT/EQUITY (%)	2.5	2.1	4.1	3.5	3.0
NET DEBT/EQUITY (%)	(20.6)	(5.4)	(17.1)	(21.1)	(28.6)

PROFITABILITY, PRODUCTIVITY, LIQUIDITY AND VALUATION RATIOS

	FY2009	FY2010	FY2011	FY2012E	FY2013E
RETURN ON ASSETS (%)	26.8	16.0	18.4	20.9	19.5
RETURN ON EQUITY (%)	29.3	14.7	19.4	21.0	19.6
RETURN ON INVESTED CAPITAL (%)	43.3	21.6	29.7	34.9	31.9
ROIC/COST OF CAPITAL (X)	5.4	2.7	3.7	4.4	4.0
ROIC - COST OF CAPITAL (%)	35.3	13.6	21.7	27.0	23.9
RETURN ON CAPITAL EMPLOYED (%)	29.7	17.5	20.6	23.6	21.8
COST OF CAPITAL (%)	8.0	8.0	8.0	8.0	8.0
ROCE - COST OF CAPITAL (%)	21.7	9.5	12.6	15.6	13.9
ASSET TURNOVER (X)	1.1	0.9	1.0	1.1	1.1
SALES/TOTAL ASSETS (X)	0.6	0.4	0.6	0.6	0.6
SALES/NET FA (X)	2.6	1.9	2.0	2.1	2.3
WORKING CAPITAL/SALES (X)	0.4	0.6	0.4	0.4	0.4
FIXED CAPITAL/SALES (X)	0.6	0.7	0.9	0.8	0.7
RECEIVABLE DAYS	76.7	112.6	74.7	75.9	75.9
INVENTORY DAYS	85.0	102.9	94.4	81.4	85.5
PAYABLE DAYS	41.5	37.2	47.7	49.0	41.1
CURRENT RATIO (X)	7.8	8.3	5.8	6.5	7.6
QUICK RATIO (X)	6.4	6.9	4.8	5.4	6.3
INTEREST COVER (X)	297.5	164.4		178.0	159.4
DIVIDEND COVER (X)	6.4	3.9	4.9	6.5	7.2
PER (X)	28.7	46.6	32.3	24.3	22.1
PEG (X) - Y-O-Y GROWTH	1.3	(1.2)	0.5	0.7	2.2
PRICE/BOOK (X)	7.2	6.5	5.6	4.7	4.0
YIELD (%)	0.5	0.5	0.6	0.6	0.6
EV/NET SALES (X)	1.8	1.9	9.3	6.8	6.0
EV/EBITDA (X)	4.1	6.4	27.1	17.9	16.8
EV/EBIT (X)	4.4	7.3	30.2	19.8	18.8
EV/NOPLAT (X)	4.2	6.8	29.0	19.6	18.6
EV/CE	1.0	0.9	5.1	4.3	3.5
EV/IC (X)	2.0	1.7	9.6	7.6	6.6

Source: Company, MF Global India Research Estimates

RECOMMENDATION

RECOMMENDATION	TARGET, RS	CMP, RS	DATE
BUY	627	554	14 FEBRUARY 2012
BUY	566	504	15 NOVEMBER 2011
BUY	535	469	10 OCTOBER 2011

VINEET BHATNAGAR	MANAGING DIRECTOR	91-22-2300 2999	VBHATNAGAR@MFGLOBAL.COM
SAJID KHALID	HEAD – INSTITUTIONAL EQUITIES	91-22-6667 9972	SAKHALID@MFGLOBAL.COM
JIGNESH SHAH	HEAD – EQUITY DERIVATIVES	91-22-6667 9735	JSHAH@MFGLOBAL.COM

EQUITY RESEARCH

MANISH AGARWALLA	VP - BANKING	91-22-6667 9962	MAGARWALLA@MFGLOBAL.COM
AARTHISUNDARI JAYAKUMAR	PHARMACEUTICALS	91-22-6667 9950	AJAYAKUMAR@MFGLOBAL.COM
ABHISHEK RANGANATHAN, CFA	RETAIL, REAL ESTATE	91-22-6667 9952	ABHISHEKR@MFGLOBAL.COM
ANJALI VERMA	ECONOMIST	91-22-6667 9969	ANVERMA@MFGLOBAL.COM
ANKUR SHARMA	ENGINEERING, CAPITAL GOODS	91-22-6667 9759	ASHARMA@MFGLOBAL.COM
DEEPAK JAIN	AUTOMOBILES & AUTO ANCILLARIES	91-22-6667 9758	DJAIN@MFGLOBAL.COM
DHAWAL DOSHI	METALS, POWER	91-22-6667 9769	DDOSHI@MFGLOBAL.COM
DIPESH SOHANI	REAL ESTATE, MIDCAP	91-22-6667 9756	DSOHANI@MFGLOBAL.COM
ENNETTE FERNANDES	FMCG	91-22-6667 9764	EFERNANDES@MFGLOBAL.COM
GAURI ANAND	OIL & GAS, FERTILISER	91-22-6667 9943	GANAND@MFGLOBAL.COM
KAPIL BAGARIA	MIDCAP, SUGAR	91-22-6667 9965	KBAGARIA@MFGLOBAL.COM
NAVEEN KULKARNI, CFA, FRM	TELECOM, FMCG, MEDIA	91-22-6667 9947	NKULKARNI@MFGLOBAL.COM
SACHIT MOTWANI	BANKING	91-22-6667 9953	SMOTWANI@MFGLOBAL.COM
VAIBHAV AGARWAL	CEMENT	91-22-6667 9967	VAGARWAL@MFGLOBAL.COM
VIBHOR SINGHAL	INFRASTRUCTURE	91-22-6667 9949	VSINGHAL@MFGLOBAL.COM
VIHANG NAIK, CFA	IT SERVICES, MIDCAP	91-22-6667 9768	VNAIK@MFGLOBAL.COM
VIVEKANAND SUBBARAMAN	TELECOM, MEDIA	91-22-6667 9766	VSUBBARAMAN@MFGLOBAL.COM
DHARMESH SHAH	RESEARCH ASSOCIATE	91-22-6667 9974	DHSHAH@MFGLOBAL.COM
JISHAR THOOMBATH	RESEARCH ASSOCIATE	91-22-6667 9986	JTHOOMBATH@MFGLOBAL.COM
NEHA GARG	RESEARCH ASSOCIATE	91-22-6667 9996	NGARG@MFGLOBAL.COM
SAURABH RATHI	RESEARCH ASSOCIATE	91-22-6667 9951	SRATHI@MFGLOBAL.COM
VARUN VIJAYAN	RESEARCH ASSOCIATE	91-22-6667 9992	VVIJAYAN@MFGLOBAL.COM
GANESH DEORUKHKAR	PRODUCTION	91-22-6667 9966	GDEORUKHKAR@MFGLOBAL.COM
ROSHNI KALLOOR	RESEARCH COMPLIANCE OFFICER	91-22-6667 9762	RKALLOOR@MFGLOBAL.COM

TECHNICAL & QUANT RESEARCH

NEPPOLIAN PILLAI	CHIEF TECHNICAL STRATEGIST	91-22-6667 9989	PNEPPOLIAN@MFGLOBAL.COM
SHIKHA KHURANA	QUANT ANALYST	91-22-6667 9948	SKHURANA@MFGLOBAL.COM

INSTITUTIONAL CASH EQUITY SALES

SUDHIR PADIYAR	VP - EQUITY SALES (ASIAPAC)	91-22-6667 9991	SPADIYAR@MFGLOBAL.COM
KINSHUK TIWARI	EQUITY SALES	91-22-6667 9946	KTIWARI@MFGLOBAL.COM
KSHITIJ SHAH	EQUITY SALES (EUROPE)	91-22-6667 9944	KSSHSHAH@MFGLOBAL.COM
PAWAN KAKUMANU	EQUITY SALES	91-22-6667 9934	PKAKUMANU@MFGLOBAL.COM
SHUBHANGI AGRAWAL	EQUITY SALES	91-22-6667 9964	SAGRAWAL@MFGLOBAL.COM
ROSIE FERNS	SR. EXEC. – EQUITIES SALES SUPPORT	91-22-6667 9971	RFERNS@MFGLOBAL.COM

INSTITUTIONAL CASH EQUITY SALES TRADING

SUNIL KAMATH	VP - SALES TRADER	91-22-6667 9747	SKAMATH@MFGLOBAL.COM
CHETAN SAVLA	SALES TRADER	91-22-6667 9749	CSAVLA@MFGLOBAL.COM
RAJESH ASHAR	SALES TRADER	91-22-6667 9746	RASHAR@MFGLOBAL.COM

INSTITUTIONAL CASH EQUITY DEALING

MAYUR SHAH	DEALER	91-22-6677 9945	MASHAH@MFGLOBAL.COM
GURUDATT UCHIL	DEALER	91-22-6667 9750	GUUCHIL@MFGLOBAL.COM

Rating Rationale

BUY and SELL recommendations are used to draw attention to stocks, which we believe are under-priced or over-priced by circa 15%, that is, price differential of +/- 15% between our price target and the market price. Stocks which do not achieve this price differential are NEUTRAL. Price targets are established in the context of a flat market.

Disclosures and Disclaimers

MF Global Sify Securities India Pvt. Ltd. has three independent equity research groups: Institutional Equities, Institutional Equities Derivatives and Private Client Group. This report has been prepared by Institutional Equities Research. The views and opinions expressed in this document may or may not match or may be contrary at times with the views, estimates, rating, target price of the other equity research groups of MF Global Sify Securities India Pvt. Ltd.

This report is issued by MF Global Sify Securities India Pvt. Limited which is regulated by SEBI. MF Global Sify Securities India Pvt. Ltd. is a subsidiary of MF Global Overseas Ltd. References to "MFGSSIPL" or "Firm" in this report shall mean MF Global Sify Securities India Pvt. Limited unless otherwise stated. This report is prepared and distributed by MFGSSIPL for information purposes only and neither the information contained herein nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment or derivatives. The information and opinions contained in the Report were considered by MFGSSIPL to be valid when published. The report also contains information provided to MFGSSIPL by third parties. The source of such information will usually be disclosed in the report. Whilst MFGSSIPL has taken all reasonable steps to ensure that this information is correct, MFGSSIPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and MFGSSIPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily a guide to future performance.

This report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax and financial advisors and reach their own regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. In no circumstances it be used or considered as an offer to sell or a solicitation of any offer to buy or sell the Securities mentioned in it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which we believe are reliable. MF Global Sify Securities India Pvt. Ltd. or any of its group companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions expressed reflect judgments at this date and are subject to change without notice. Important: These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

Certifications: The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst have no known conflict of interest and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific views or recommendations contained in this research report. The Research Analyst certifies that he /she or his / her family members does not own the stock(s) covered in this research report.

Independence: MF Global Sify Securities India P. Ltd. has not had an investment banking relationship with, and has not received any compensation for investment banking services from, the subject issuers in the past twelve (12) months, and the Firm does not anticipate receiving or intend to seek compensation for investment banking services from the subject issuers in the next three (3) months. The Firm is not a market maker in the securities mentioned in this research report, although it or its affiliates may hold either long or short positions in such securities. The Firm does not hold more than 1% of the shares of the company(ies) covered in this report.

Suitability and Risks: This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic or political factors. Past performance is not necessarily indicative of future performance or results.

Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that the Firm and the research analyst believe to be reliable, but neither the Firm nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice.

Furthermore, the Firm is under no obligation to update or keep the information current.

Copyright: The copyright in this research report belongs exclusively to the Firm. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the Firm's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

Caution: Risk of loss in trading in can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

MF Global Sify Securities India Pvt. Limited, 2nd Floor, C-Block, Modern Centre, Mahalaxmi, Mumbai-400 011

**MF Global Sify Securities
India Pvt. Limited**
2nd Floor, C-Block, Modern Centre
Mahalaxmi, Mumbai
400 011

mfglobal.com