

Siemens Ltd

FY10 Annual Report takeaways

Key takeaways from Siemens (SIEM) FY10 annual report are as follows:

Signs of improvement in working capital management: During the year, working capital requirements for SIEM fell on account of improvement in both, its debtor and creditor positions, even as (a) inventories (69 days) were at their highest levels in the last five years, (b) advances from customers declined, despite an increase in order inflows in FY10.

Margins not impacted by provision write-back: Provisions for the year expanded by more than Rs 2bn to Rs 15.6bn, allaying concerns that profit margins were benefitting from write-backs on provisions.

Strong growth in power transmission, industry automation segments: Power transmission segment (~31% of standalone FY10 sales) witnessed a strong sales growth of 18% YoY. Growth in industry automation (7% of standalone FY10 sales) sales stood at 25% YoY during the year, while sales for drive/building technologies were up 18%/15% YoY. Margin improvement in FY10 was driven by the power transmission and mobility verticals with these segments contributing 42.4% and 6.7% to the EBITDA respectively.

Impressive sales growth in industrial turbines, switchgear items: Sales of industrial turbines (7% of total sales) almost doubled in FY10 to Rs 6.7bn (from Rs 3.6bn in F09) and that of switchgear items (11% of total sales) increased by 15% YoY. However, revenues from the railway equipment and maintenance services verticals contracted by 3% and 16% respectively.

Capacity utilisation picks up: Capacity utilisation for power transformers increased to 33% (from 14% last year). Despite an increase in installed capacity for instrument transformers, capacity utilisation was at 61%, significantly up from previous year's 37%. Capacity utilisation for switchgears items and electric motors and generators also increased remarkably to 98% (vs. 75% for FY09) and 102% (vs. 80% for FY09) respectively.

Management commentary across segments: a) For the industrial segment, SIEM plans to set up new facilities and introduce products with local value-addition. b) For the energy segment, SIEM is hopeful that its supercritical capacity addition and high-voltage transmission plans will pick up. c) For the healthcare segment, the company is expecting the market to grow at 12% CAGR in the next five years

Valuation: We believe order inflows growth and earnings upgrades are likely to drive valuations upside for the stock. At our current estimates, SIEM is trading at PE of 30.5x/25.0x for FY11E/FY12E. We reiterate our BUY rating on the stock.

Financial highlights

(Rs mn)	FY10	FY11E	FY12E	FY13E
Revenue	97,430	118,364	146,097	166,364
Growth (%)	4.2	21.5	23.4	13.9
Adj net income	7,578	9,116	11,103	12,546
Growth (%)	36.7	20.3	21.8	13.0
FDEPS (Rs)	22.5	27.0	32.9	37.2
Growth (%)	36.7	20.3	21.8	13.0

Profitability and return ratios

(%)	FY10	FY11E	FY12E	FY13E
EBITDA margin	13.5	12.0	11.8	11.8
EBIT margin	11.8	10.6	10.4	10.3
Adj PAT margin	7.8	7.7	7.6	7.5
ROE	25.0	25.0	24.8	22.9
ROIC	38.0	34.3	33.9	31.2
ROCE	38.0	34.3	33.9	31.2

What's New? Target Rating Estimates

CMP	TARGET	RATING	RISK
Rs 824	Rs 1000	BUY	LOW

BSE	NSE	BLOOMBERG
500550	SIEMENS	SIEM IN

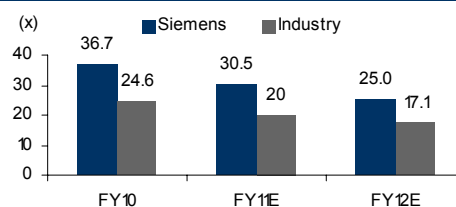
Company data

Market cap (Rs mn / US\$ mn)	277,820/6,129
Outstanding equity shares (mn)	337
Free float (%)	31.3
Dividend yield (%)	0.6
52-week high/low (Rs)	857 / 581
2-month average daily volume	362,796

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
SIEM	824	7.7	(1.3)	15.3
BSE CG	15,199	(1.5)	(7.2)	5.2
Sensex	20,301	1.7	(0.5)	16.4

P/E comparison



Valuation matrix

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	36.7	30.5	25.0	22.1
P/E @ Target	44.5	37.0	30.4	26.9
EV/EBITDA @ CMP	19.9	18.5	15.2	13.4





Key takeaways

Signs of improvement in working capital management

During FY10, working capital requirements for SIEM fell on account of improvement in both, its debtor and creditor positions, even as (a) inventories (69 days) were at their highest levels in the last five years, (b) advances from customers declined. In terms of cashflow from working capital, for FY10 it was cash inflow of Rs 239 mn buoyed by debtors, loans & advances and current liabilities.

Fig 1 - Working capital and cashflow from working capital

	2007	2008	2009	2010
INR, mn				
Current Assets, Loans & advances (excluding cash)				
Inventories	7,491	7,621	9,722	15,335
Sundry Debtors	22,243	34,328	34,583	33,023
Loans & Advances	6,618	6,313	10,458	12,449
Current liabilities & Provisions	35,583	49,280	53,281	59,565

Current liabilities	30,299	42,664	39,656	43,892

Sundry Creditors	21,810	21,659	23,527	29,189
Advances from customers & others	8,489	21,004	16,129	14,704

Provisions	5,283	6,616	13,625	15,672

In days				
Current Assets, Loans & advances (excluding cash)				
Inventories	6	7	12	12
Sundry Debtors	105	150	149	128
Loans & Advances	31	28	45	48
Sundry Creditors	113	104	115	131

Cash inflow/(outflow) from working capital, Rs mn				
Dec/(inc) in debtors	(11,145)	(12,085)	(255)	1,560
Dec/(inc) in inventories	(2,648)	(131)	(2,101)	(5,613)
Dec/(inc) in loans and advances	(2,450)	305	(4,145)	(1,991)
Inc/ (dec) in current liabilities	7,892	13,697	4,001	6,284
Total inflow/ (outflow) from WC	(8,351)	1,786	(2,500)	239

Source: Company, RCML research

Margins not impacted by provision write-backs

Provisions for the year expanded by more than Rs 2bn to Rs 15.6bn, allaying concerns that profit margins were benefitting from write-backs on provisions. Provisions for warranty costs increased by Rs 441 mn and that for liquidated damages (related to delay in delivery/commissioning of projects) by Rs 1bn in FY10. Provisions related to contingencies (related to contractual risks, litigation cases pending assessment of taxes, duties) also went up by Rs 657mn during the year. However, during FY10, utilisation rates of provisions were only at 10%/3.8%/0.3% for warranty costs/liquidated damages/contingencies.

Working capital requirements for SIEM fell on account of improvement in both, its debtor and creditor



Fig 2 - Provisions

INR, mn	2007	2008	2009	2010
Pension	167	160	175	166
Leave wages	114	233	241	229
Medical benefits	43	45	71	202
Silver Jubilee	61	69	74	83
Warranty	763	1,249	2,442	2,883
Loss order	149	1,100	892	662
Liquidated damages	1,866	1,574	5,651	6,718
Contingencies	512	1,002	2,107	2,764
Proposed dividend	809	1,011	1,686	1,686
Tax on proposed dividend	138	172	287	280
Total	4,621	6,616	13,625	15,672

Source: Company

Provisions for the year expanded by more than Rs 2bn

Margin improvement for Mobility and Power Transmission segments

Strong growth in power transmission, industry automation segments

Power transmission segment (~31% of standalone FY10 sales) witnessed a strong sales growth of 18% YoY. Growth in industry automation (7% of standalone FY10 sales) sales stood at 25% YoY during the year, while sales for drive/building technologies were up 18%/15% YoY. Margin improvement in FY10 was driven by the power transmission and mobility verticals with these segments contributing 42.4% and 6.7% to the EBITDA respectively. Industrial turbines/switchgear items sales picked by 87%/15% during the year.

Fig 3 - Break up of business segments

INR mn	Sales including intersegment			EBITDA margin			EBITDA break up (%)		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Industry Automation	6,777	5,430	9,904	12.0	10.8	10.8	5.9%	5.3%	12.8%
Drive Technologies	13,772	11,682	10,108	15.2	15.4	15.2	10.0%	8.1%	11.6%
Building Technologies	5,794	5,043	925	5.3	5.3	8.6	2.1%	2.2%	1.0%
Industry Solutions	11,890	11,497	11,439	9.7	9.5	13.5	8.7%	10.5%	19.4%
Mobility	10,208	10,260	6,952	8.5	-0.7	-2.6	6.7%	-0.7%	-2.3%
Fossil Power Generation	1,295	4,228	1,300	31.6	10.6	-142.6	3.2%	4.3%	-23.8%
Oil & Gas	7,044	5,631	5,115	14.1	15.4	12.4	7.7%	8.4%	8.2%
Power Transmission	29,225	24,719	28,415	19.6	17.5	12.8	42.4%	41.1%	46.4%
Power Distribution	9,506	8,842	7,896	8.2	9.5	13.7	4.4%	6.6%	12.8%
Healthcare	7,537	5,431	6,053	7.4	8.0	5.8	4.3%	4.2%	4.6%
Real Estate	536	653	645	113.3	156.1	114.6	4.7%	9.9%	9.5%
Discontinued Operations	0	0	232	NA	NA	NA	NA	NA	NA
Eliminations	-10,432	-9,528	-6,028	NA	NA	NA	NA	NA	NA
Total	93,152	83,888	82,955	13.9	12.3	9.4	100.0%	100.0%	100.0%

Source: Company, RCML research



Capacity utilisation for transformers pick up: Capacity utilisation for power transformers increased to 33% (from 14% last year). However, installed capacity was constant at 15,000MVA. Despite an increase in installed capacity for instrument transformers, capacity utilisation was at 61%, significantly up from previous year's 37%. Capacity utilisation for switchgears items and electric motors and generators also increased remarkably to 98% (vs. 75% for FY09) and 102% (vs. 80% for FY09) respectively.

Fig 4 - Capacity and Capacity utilization

Class of goods manufactured YE September	Unit	Annual installed capacity				Capacity Utilization			
		2007	2008	2009	2010	2007	2008	2009	2010
Switchgear items	Nos mn	16	16	16	15	48%	92%	75%	98%
Electric motors/ generators	Nos	20,023	20,023	20,023	20,023	90%	94%	80%	102%
Switch boards, control boards and miscellaneous accessories	Nos	8,000	8,000	2,000	2,888	30%	33%	114%	74%
X-ray equipment	Nos	1,283	1,283	1,283	1,283	83%	83%	75%	96%
Electromedical equipment	Nos	209	209	209	209	17%	17%	11%	6%
Rectifier cubicles and miscellaneous equipment	MW	65	65	-	-	0%	0%	NM	NM
Variable speed AC/DC drive systems, motor control modules and programmable control system	Nos	6,248	6,248	6,248	6,248	24%	28%	31%	30%
Data acquisition, logging and control systems	Nos	-	-	-	-	NM	NM	NM	NM
Electronic measurand converter	Nos	-	-	-	-	NM	NM	NM	NM
Instrument Transformers	Nos	-	5,000	1,133	1,740	NM	0%	37%	61%
Static Converter for railways	Nos	610	610	610	610	31%	23%	21%	14%
Audio frequency track circuit	Nos	900	900	900	900	0%	39%	37%	70%
Interlocking relays	Nos mn	0.25	0.25	0.25	0.25	66%	64%	52%	44%
Auxiliary inverter for AR locomotive	Nos	50	120	150	180	168%	100%	87%	58%
Traction converter for diesel locomotive	Nos	72	72	72	72	108%	117%	100%	47%
Electrical control cabinet	Nos	288	288	288	288	50%	66%	48%	24%
Circuit breakers above 1000 volts	Nos	1,000	1,000	2,250	3,500	126%	117%	56%	27%
Power Transformers	MVA	15,000	15,000	15,000	15,000	1%	9%	14%	33%
Single stage/ multi stage turbines	MW	69	69	69	69	55%	65%	48%	57%
Traction Converters for EMU	Nos	180	180	180	180	22%	72%	78%	61%
Auxiliary Converters for EMU	Nos	180	180	180	180	17%	78%	79%	73%
High Frequency Power Supply	Nos	180	600	600	600	151%	23%	0%	0%
Digital Axcel Counter	Nos	NM	NM	NM	300	NM	NM	NM	58%
Medium Voltage Drive	Nos	NM	NM	NM	96	NM	NM	NM	1%
Gears/ Gear couplings/ Spares	Nos	NM	NM	NM	2,500	NM	NM	NM	52%

Source: Company, RCML research



Fig 5 - Sales, class of goods manufactured

	Sales and Services, Rs mn				Break up of sales				Sales growth, yoy			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
Switchgear items	7,786	9,195	8,739	10,091	10%	11%	10%	11%	29%	18%	-5%	15%
Electric motors/ generators	3,151	3,336	2,389	3,057	4%	4%	3%	3%	22%	6%	-28%	28%
Switchboards, control boards and miscellaneous accessories	4,327	5,052	4,111	4,139	6%	6%	5%	4%	30%	17%	-19%	1%
X-ray equipment	343	347	230	305	0%	0%	0%	0%	13%	1%	-34%	32%
Railway equipment	3,467	6,709	9,647	9,398	4%	8%	12%	10%	40%	93%	44%	-3%
Variable speed AC/DC drive systems, motor control modules and programmable control systems	3,881	4,942	5,041	6,177	5%	6%	6%	7%	33%	27%	2%	23%
Protection systems	974	420	926	1,150	1%	1%	1%	1%	87%	-57%	120%	24%
Data acquisition, logging and control systems	133	0	982	262	0%	0%	1%	0%	-51%	-100%	NM	-73%
Medical electronic diagnostic equipment	4,808	5,534	4,202	6,264	6%	7%	5%	7%	27%	15%	-24%	49%
Other engineering project goods	38,800	40,262	33,754	34,800	50%	49%	40%	37%	159%	4%	-16%	3%
Maintenance, repairs and other services	1,095	1,303	8,510	7,173	1%	2%	10%	8%	16%	19%	553%	-16%
Industrial turbines	4,056	4,068	3,572	6,675	5%	5%	4%	7%	39%	0%	-12%	87%
Rental Income	363	464	463	536	0%	1%	1%	1%	-14%	28%	0%	16%
Automotive - Traded goods	173	232	0	0	0%	0%	0%	0%	305%	34%	-100%	NM
Transformer	31	639	800	912	0%	1%	1%	1%	NM	1995%	25%	14%
EPABX / EPAX / Intercom and key telephone systems	1,414	0	0	0	2%	0%	0%	0%	10%	-100%	NM	NM
Integrated building management systems	947	0	0	0	1%	0%	0%	0%	38%	-100%	NM	NM
Automotive- Manufactured goods	1,030	0	0	0	1%	0%	0%	0%	-14%	-100%	NM	NM
Geared Motors/ Geared Boxes			0	1,767			0%	2%				
Sub total	76,778	82,504	83,367	92,707	99%	99%	99%	100%	72%	7%	1%	11%
Commission income	490	452	520	446	1%	1%	1%	0%	20%	-8%	15%	-14%
Total sales	77,268	82,955	83,888	93,152	100%	100%	100%	100%	71%	7%	1%	11%

Source: Company, RCML research

Performance of subsidiaries: Siemens Rolling Stock increased its total asset base to Rs 1.4bn at FY10-end from Rs. 0.8bn at FY09-end. Sales for FY10 also increased to Rs 108mn (from Rs 29mn in FY09). However, PAT remained in negative territory as the subsidiary is still in a ramping-up phase. Also, Siemens Building Technologies reported a 40% YoY increase in sales to Rs 2.5bn. At the PBT and PAT level, margins were 10.4% and 3.2% respectively.

Fig 6 - Performance of subsidiaries

INR mn	Siemens Rolling Stock Pvt Ltd.		Siemens Building Technologies Pvt Ltd	
	2010	2009	2010	2009
Capital	250	250	37	37
Reserves	0	0	577	572
Loans	1,150	600	674	853
Total Assets	1,400	850	1,288	1,462
Total liabilities	1,400	850	1,288	1,462
Turnover	108	29	2,490	1,773
PBT	-213	-135	259	-142
PAT	-213	-135	81	-147

Source: Company

Siemens Building Technologies turned profitable in FY10.



Outlook: As per the management discussion and analysis, the following key points emerged for various sectors: (a) For the industrial segment, SIEM plans to set up new facilities and introduce products with local value-addition. b) For the energy segment, SIEM is hopeful that supercritical capacity addition and high-voltage transmission plans will pick up. c) For the healthcare segment, the company is expecting the market to grow at 12% CAGR in the next five years.

Fig 7 - Management commentary

Sector	Management comment
Industry Sector	"Siemens also plans to set up new facilities and introduce numerous products with local value additions to tap the growth opportunities from existing and new market segments (mid and low end)."
Energy Sector	"The substantial capacity addition in power generation with a focus on supercritical units will generate a market for Siemens products. The expected rebound of growth in the industrial sector should drive business in industrial turbines and the Oil & Gas divisions. The expansion plans by Power Grid in inter-regional and high voltage transmission networks will also be of special interest."
Healthcare Sector	"The overall Healthcare market is expected to grow at a CAGR of 12% during the next 5 years. This will be supported by development in the health insurance segment, which is expected to grow at a CAGR of 25% in the coming years. "

Source: Company.



Consolidated financials

Profit and Loss statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Revenues	97,430	118,364	146,097	166,364
Growth (%)	4.2	21.5	23.4	13.9
EBITDA	13,200	14,195	17,305	19,705
Growth (%)	25.5	7.5	21.9	13.9
Depreciation & amortisation	1,687	1,691	2,113	2,588
EBIT	11,513	12,504	15,192	17,117
Growth (%)	31.1	8.6	21.5	12.7
Interest				
Other income	577	958	1,205	1,412
EBT	12,090	13,462	16,396	18,529
Income taxes	4,501	4,446	5,414	6,119
Effective tax rate (%)	37.2	33.0	33.0	33.0
Extraordinary items	-	-	-	-
Min into / inc from associates	12	(99)	(121)	(136)
Reported net income	7,578	9,116	11,103	12,546
Adjustments	-	-	-	-
Adjusted net income	7,578	9,116	11,103	12,546
Growth (%)	36.7	20.3	21.8	13.0
Shares outstanding (mn)	337.2	337.2	337.2	337.2
FDEPS (Rs) (adj)	22.5	27.0	32.9	37.2
Growth (%)	36.7	20.3	21.8	13.0
DPS (Rs)	5.0	5.0	5.0	5.0

Cash flow statement

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Net income + Depreciation	9,265	10,806	13,216	15,135
Non-cash adjustments	(231)	-	-	-
Changes in working capital	873	2,492	(1,114)	289
Cash flow from operations	9,906	13,299	12,102	15,423
Capital expenditure	(3,204)	(3,509)	(2,905)	(5,532)
Change in investments	0	-	-	-
Other investing cash flow	-	-	-	-
Cash flow from investing	(3,204)	(3,509)	(2,905)	(5,532)
Issue of equity	-	-	-	-
Issue/repay debt	(4)	3	-	-
Dividends paid	(11,025)	(12,170)	(14,461)	(12,360)
Other financing cash flow	8,375	10,399	12,670	10,558
Change in cash & cash eq	4,049	8,021	7,406	8,089
Closing cash & cash eq	18,795	26,816	34,222	42,311

Economic Value Added (EVA) analysis

Y/E March	FY10	FY11E	FY12E	FY13E
WACC (%)	12.1	12.1	12.1	12.1
ROIC (%)	38.0	34.3	33.9	31.2
Invested capital (Rs mn)	32,800	40,147	49,460	60,204
EVA (Rs mn)	847,966	890,663	1,078,688	1,151,071
EVA spread (%)	25.85	22.18	21.81	19.12

Balance sheet

Y/E March (Rs mn)	FY10	FY11E	FY12E	FY13E
Cash and cash eq	18,795	26,816	34,222	42,311
Accounts receivable	34,104	41,572	51,224	58,236
Inventories	15,716	19,686	24,312	27,652
Other current assets	10,798	14,134	17,714	20,304
Investments	0	0	0	0
Gross fixed assets	18,262	22,663	25,221	30,342
Net fixed assets	9,850	14,220	15,012	17,956
CWIP	2,552	-	-	-
Intangible assets				
Deferred tax assets, net	1,427	1,427	1,427	1,427
Other assets	-	(0)	(0)	(0)
Total assets	93,242	117,855	143,911	167,886
Accounts payable	44,682	55,840	67,422	76,950
Other current liabilities				
Provisions	15,760	21,868	27,029	30,733
Debt funds	3	5	5	5
Other liabilities	-	14	30	50
Equity capital	674	674	674	674
Reserves & surplus	32,123	39,454	48,750	59,474
Shareholder's funds	32,797	40,128	49,424	60,148
Total liabilities	93,242	117,855	143,911	167,886
BVPS (Rs)	97.3	119.0	146.6	178.4

Financial ratios

Y/E March	FY10	FY11E	FY12E	FY13E
Profitability & Return ratios (%)				
EBITDA margin	13.5	12.0	11.8	11.8
EBIT margin	11.8	10.6	10.4	10.3
Net profit margin	7.8	7.7	7.6	7.5
ROE	25.0	25.0	24.8	22.9
ROCE	38.0	34.3	33.9	31.2
Working Capital & Liquidity ratios				
Receivables (days)	132	117	116	120
Inventory (days)	68	76	76	79
Payables (days)	225	216	213	220
Current ratio (x)	1.3	1.3	1.3	1.4
Quick ratio (x)	1.1	1.1	1.1	1.1
Turnover & Leverage ratios (x)				
Gross asset turnover	5.6	5.8	6.1	6.0
Total asset turnover	3.2	3.2	3.3	3.0
Interest coverage ratio	19.9	13.4	12.9	12.3
Adjusted debt/equity	0.0	0.0	0.0	0.0
Valuation ratios (x)				
EV/Sales	2.7	2.2	1.8	1.6
EV/EBITDA	19.9	18.5	15.2	13.4
P/E	36.7	30.5	25.0	22.1
P/BV	8.5	6.9	5.6	4.6



Quarterly trend

Particulars	Q4FY09	Q1FY10	Q2FY10	Q3FY10	Q4FY10
Revenue (Rs mn)	25,180	18,666	22,261	22,464	30,610
YoY growth (%)	53.5	(21.7)	16.1	(10.8)	64.0
QoQ growth (%)	31.3	(25.9)	19.3	0.9	36.3
EBIT (Rs mn)	2,255	3,421	2,624	2,170	3,703
EBIT margin (%)	9.0	18.3	11.8	9.7	12.1
Adj net income (Rs mn)	1,363	2,364	1,811	1,561	2,536
YoY growth (%)	(39.5)	90.5	(19.7)	(7.1)	86.1
QoQ growth (%)	(18.9)	73.5	(23.4)	(13.8)	62.4

DuPont analysis

(%)	FY09	FY10E	FY11E	FY12E	FY13E
Tax burden (Net income/PBT)	59.1	62.7	67.7	67.7	67.7
Interest burden (PBT/EBIT)	106.8	105.0	107.7	107.9	108.3
EBIT margin (EBIT/Revenues)	9.4	11.8	10.6	10.4	10.3
Asset turnover (Revenues/Avg TA)	367.3	321.2	324.5	326.1	303.4
Leverage (Avg TA/Avg equity)	100.6	100.1	100.0	100.1	100.1
Return on equity	21.9	25.0	25.0	24.8	22.9

Company profile

Siemens India Ltd. has its operations in various areas: in the transportation sector it delivers high speed trains, in the lighting sector it manufactures small light bulbs. In the healthcare sector Siemens executes complete solutions for hospitals, for the industry sector it builds airports as well as produces contracts & for the communication segment it provides public network to mobiles.

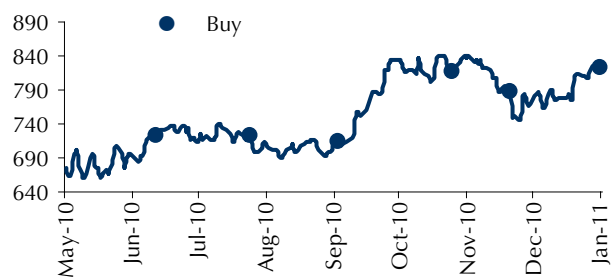
Shareholding pattern

(%)	Mar-10	Jun-10	Sep-10
Promoters	55.2	55.2	55.2
FIIIs	4.0	4.0	4.5
Banks & FIs	23.2	23.4	23.1
Public	17.6	17.4	17.2

Recommendation history

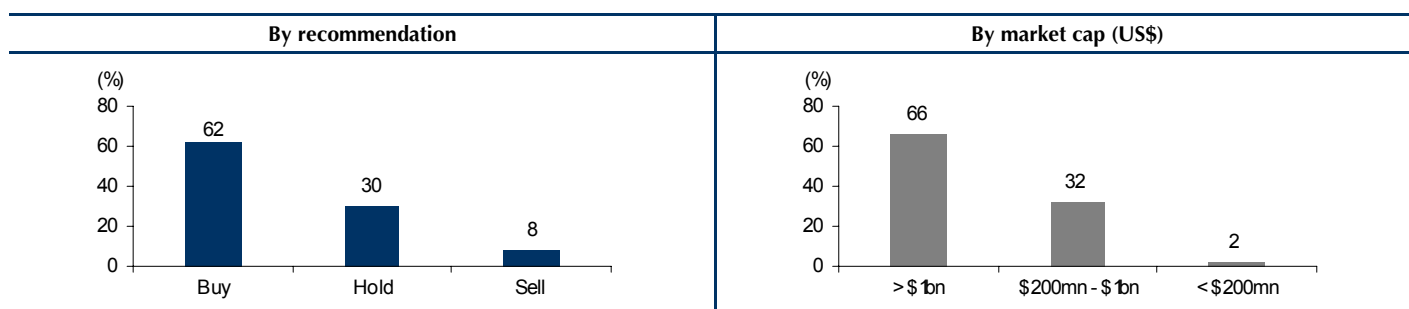
Date	Event	Reco price	Tgt price	Reco
21-Jun-10	Initiating Coverage	731	925	Buy
29-Jul-10	Results Review	721	925	Buy
9-Sep-10	Company Update	707	925	Buy
31-Oct-10	Company Update	818	1,000	Buy
24-Nov-10	Results Review	787	1,000	Buy
5-Jan-11	Company Update	824	1,000	Buy

Stock performance





Coverage Profile



Recommendation interpretation

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

Recommendation structure changed with effect from March 1, 2009

Expected absolute returns are based on 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.

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