ANANDRATHI

India I Equities

Consumer

Company Update

14 June 2010

Emami

Rating: **Buy**
Target Price: Rs845
Share Price: Rs687

Growing core, Zandu adding value; reiterate Buy

- **Maintain Buy.** Given that its top brands are doing well and with lower raw material prices and adspend, we expect Emami to report a 29% CAGR in earnings over FY10-12. We retain our Buy rating, with a target of Rs845.
- **Growth drivers: power brands, new launches.** We expect the launch of variants and its sub-segmentation strategy to grow its power brands rapidly. A stronger distribution network and larger investment in brands would also grow Zandu's ethical portfolio. Launches, which grew ~100% last year, are key revenue drivers.
- **Project Swadesh for rural distribution.** Project Swadesh's aim is to increase rural penetration. The model being implemented is to have super stockists, who will cover large areas using vehicles. We thus expect lower costs, as it reduces dependence on wholesalers.
- **Lower raw material prices.** With an almost 20% fall in the price of crude from its peak, prices of most of Emami's raw materials (liquid paraffin, wax and packaging material) are expected to drop. With lower raw material prices and a 70bp lower adspend-to sales ratio, we expect the EBITDA margin to improve 110bp in FY11.
- **Valuation.** We retain our Buy rating, with a target of Rs845, at a target PE of 21x FY12e earnings. Our target PE is at a 10% discount to domestic consumer peer Dabur.
- **Risks.** Higher raw material prices, keener competition.

Key data

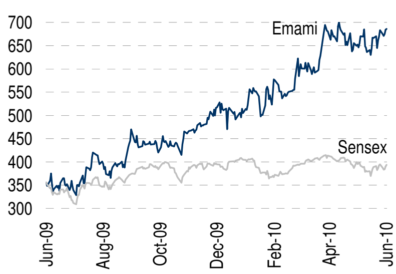
Key data	HMN IN/EMAM.BO
52-week high/low	Rs750/Rs307
Sensex/Nifty	17065/5034
3-m average volume	US$1.7m
Market cap	Rs52bn/US$1.1bn
Shares outstanding	75.6m
Free float	27.3%
Promoters	72.7%
Foreign Institutions	12.9%
Domestic Institutions	5.1%
Public	9.3%

Key financials

YE 31 Mar	FY08	FY09e	FY10e	FY11e	FY12e
Sales (Rsm)	5,519	8,102	10,380	12,323	14,527
Net profit (Rsm)	927	966	1,819	2,539	3,046
EPS (Rs)	14.9	15.5	24.0	33.6	40.3
Growth (%)	40.1	4.1	54.7	39.6	20.0
PE (x)	46.0	44.2	28.6	20.5	17.1
PBV (x)	81.3	12.1	8.2	6.2	4.8
RoE (%)	65.2	42.9	34.4	34.5	31.6
RoCE (%)	49.2	27.3	24.9	32.5	33.7
Dividend yield (%)	0.6	0.6	0.7	0.9	0.9
Net gearing (%)	(19.8)	154.0	5.7	(18.1)	(35.8)

Source: Company, Anand Rathi Research

Relative price performance



Source: Bloomberg

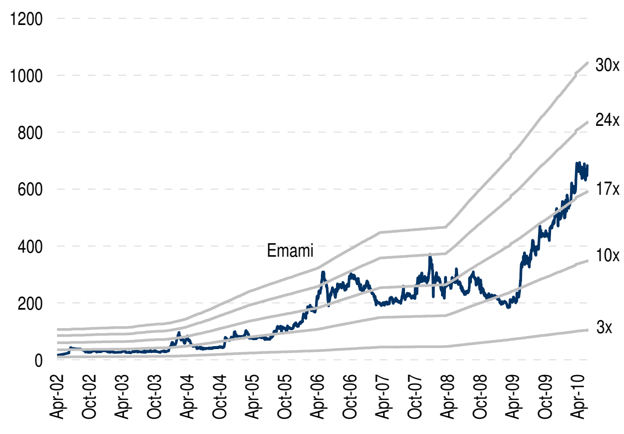
Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rsm)

Year-end 31 Mar	FY08	FY09e	FY10e	FY11e	FY12e
Net sales	5,519	8,102	10,380	12,323	14,527
Sales growth (%)	13.8	46.8	28.1	18.7	17.9
- Op. expenses	4,559	6,558	7,912	9,257	10,912
EBIDTA	960	1,544	2,468	3,066	3,614
EBITDA margins (%)	17.4	19.1	23.8	24.9	24.9
- Interest	54	267	210	64	24
- Depreciation	73	97	154	154	161
+ Other income	216	100	70	248	286
- Tax	122	234	355	557	669
PAT	927	1,047	1,819	2,539	3,046
PAT growth (%)	40.1	12.9	73.8	39.6	20.0
Consolidated PAT	927	966	1,819	2,539	3,046
FDEPS (Rs/share)	14.9	15.5	24.0	33.6	40.3
CEPS (Rs/share)	16.1	18.4	26.1	35.6	42.4
DPS (Rs/share)	4.0	4.5	4.5	6.0	6.0

Source: Company, Anand Rathi Research

Fig 4 – PE Band



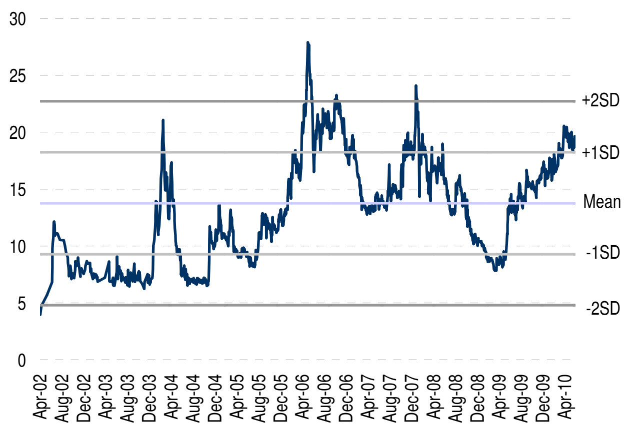
Source: Bloomberg, Anand Rathi Research

Fig 2 – Balance sheet (Rsm)

Year-end 31 Mar	FY08	FY09e	FY10e	FY11e	FY12e
Share capital	124	124	151	151	151
Reserves & surplus	2,787	3,410	6,186	8,226	10,773
Shareholders' fund	2,911	3,534	6,338	8,377	10,924
Debt	383	5,776	2,591	591	591
Minority interests	-	368	-	-	-
Capital employed	3,294	9,678	8,928	8,968	11,515
Fixed assets	913	1,797	5,673	5,834	5,987
Investments	1,677	7,100	616	1,116	2,616
Working capital	676	632	1,025	1,028	1,021
Cash	28	149	1,614	990	1,890
Capital deployed	3,294	9,678	8,928	8,968	11,515
No. of shares (m)	62.1	62.1	75.7	75.7	75.7
Net Debt/Equity (%)	(19.8)	154.0	5.7	(18.1)	(35.8)
W C turn (days)	12.2	7.8	9.9	8.3	7.0

Source: Company, Anand Rathi Research

Fig 5 – Mean PE(x) and standard deviations



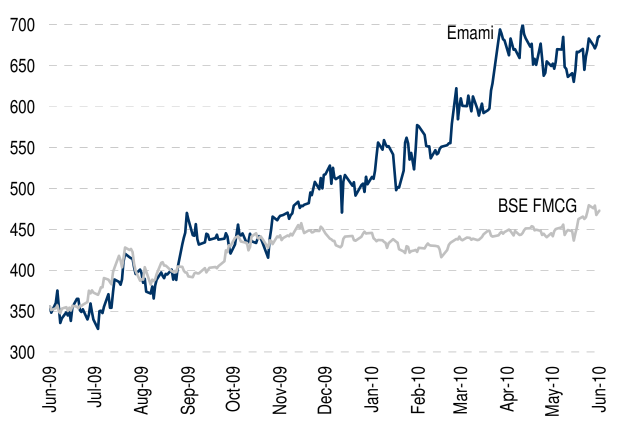
Source: Bloomberg, Anand Rathi Research

Fig 3 – Cash-flow statement (Rsm)

Year-end 31 Mar	FY08	FY09e	FY10e	FY11e	FY12e
Consolidated PAT	927	966	1,819	2,539	3,046
+ Depreciation	73	97	154	154	161
Cash profit	1,000	967	1,852	2,693	3,208
- Incr/(Decr) in WC	(734)	43	(392)	(3)	7
Operating cash flow	216	1,506	1,091	2,690	3,214
- Capex	(186)	(1,476)	(4,030)	(315)	(315)
Free cash flow	29	30	(2,939)	2,375	2,899
- Dividend	(92)	-	(374)	(499)	(499)
+ Equity raised	-	-	3,100	-	-
+ Debt raised	128	5,393	(3,185)	(2,000)	-
- Investments	(248)	(5,423)	6,484	(500)	(1,500)
- Misc. items	6	121	(1,619)	-	-
Net cash flow	(156)	121	1,466	(624)	900
+ Opening cash	184	28	149	1,614	990
Closing cash	28	149	1,614	990	1,890

Source: Company, Anand Rathi Research

Fig 6 – Emami vs BSE FMCG



Source: Bloomberg

Investment Argument and Valuation

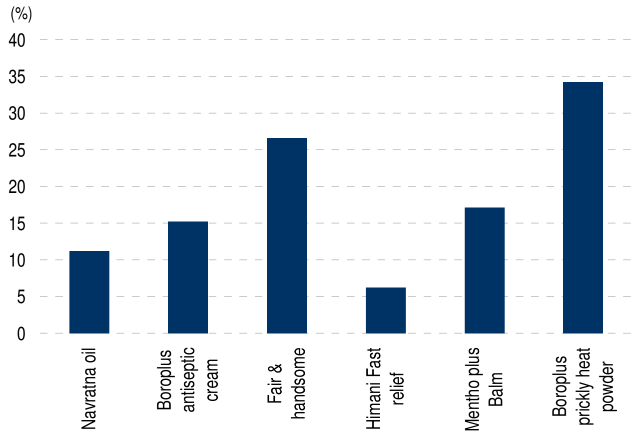
With most of its brands doing well and with lower raw material prices and adspend, we expect Emami to report a 29% CAGR in earnings over FY10-12. We retain our Buy rating, with a target price of Rs845.

Power brands continue to grow rapidly

Most of Emami's power brands have continued to do well. Most of the established brands (Navratna oil, Boroplus antiseptic cream, Mentho plus balm, Zandu balm, and Fair and Handsome) continue to shine. With volumes growing almost 18% in FY10, we expect the revenue growth momentum to continue as well. The company has barely increased prices last year. Lack of any price hike helped it retain its pricing power. On the success of its major brands, the brand extensions and variants have also started doing well. The sub-segmentation strategy with the new brands has also helped the performance.

Expect all the power brands and new launches to drive growth in the coming quarters

Fig 7 – Revenue growth of power brands in FY10



Source: Company, Anand Rathi Research

Sub-segmentation strategy for the power brands

The sub-segmentation strategy for the power brands is expected to endorse the brands in various segments. It is also expected to reduce the burden on any one segment. The company has identified Navratna and Boroplus as power brands. It has launched variants of cooling oil (and cooling talcum powder) under Navratna. In talcum powder, it has launched Boroplus prickly heat powder and lotions, extending the brand equity from antiseptic cream.

Fig 8 – Sub-segmentation strategy of major brands

Source: Company, Anand Rathi Research

Further investment in the international business

The company has identified opportunities in West Asia (the Mid-East) and North Africa, and continues to expand its footprint there. It is also in the process of expanding its distribution network there. Besides, it is acquiring a manufacturing unit in Egypt, expected to be operational by 4QFY11. With greater investments in its international business and the swelling population of India expats, we expect the company to do quite well. Lower direct and indirect tax rates in these regions and Emami's understanding of doing business in developing economies have also proved beneficial.

Sharper focus on Zandu's business

On the commencement of the new plant at Pantnagar, Emami restructured Zandu's business model: VRS ("voluntary" retirement) for some employees, improved packaging, restructuring of the distribution network and launching new SKUs. We reckon that Emami would, in FY11, focus more on expanding the Zandu franchise.

It would roll out a new SKU of Zandu Balm at Rs2, and expand the ethical *ayurved* range. We expect a rollout of products through the wider distribution network, with the relaunching of key SKUs providing support. We reckon that, with better branding, the following products have good growth prospects.

Fig 9 – Zandu's range of ethical products

Product	Segments
Nityam Churna laxatives	Laxatives
Dashamularishta tonics	Tonics
Sitopaladi Churna cough medicines	Cough medicine
Triphala Churna laxatives	Laxatives
Zandu Honey	Honey
Rumasil	Rubifacients
Drakshasava	Tonics
Satavarex	HFD based tonics

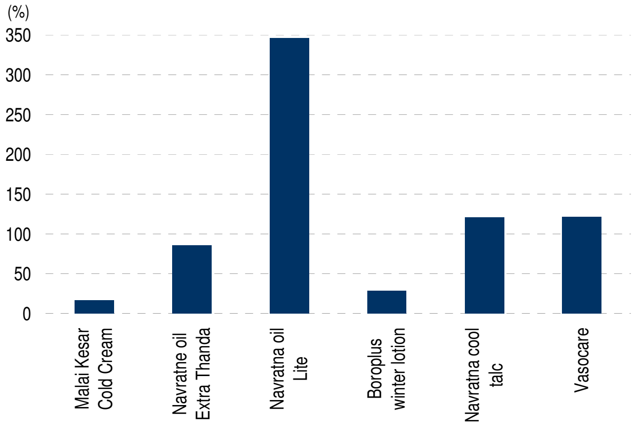
Source: Company, Anand Rathi Research

New launches and strategy to expand rural distribution

New launches doing well

In the last 18 months, the company has launched various new products – and they are doing well. The major ones are "winter" products, such as Malai Kesar cold cream, Malai Kesar moisturising soap, Pure-skin glycerine soap, Boroplus lotions, baby-care range and various hair-care products. The response to all these new products has been good. With Emami's strong "winter business", it is in good position to more quickly expand its winter-care range. We expect the success of the new products and a healthy pipeline of new products to continue to drive growth in the medium to long term.

Fig 10 – New launches doing well (FY10 revenue growth)



Source: Company, Anand Rathi Research

Project 'Swadesh' to drive rural penetration

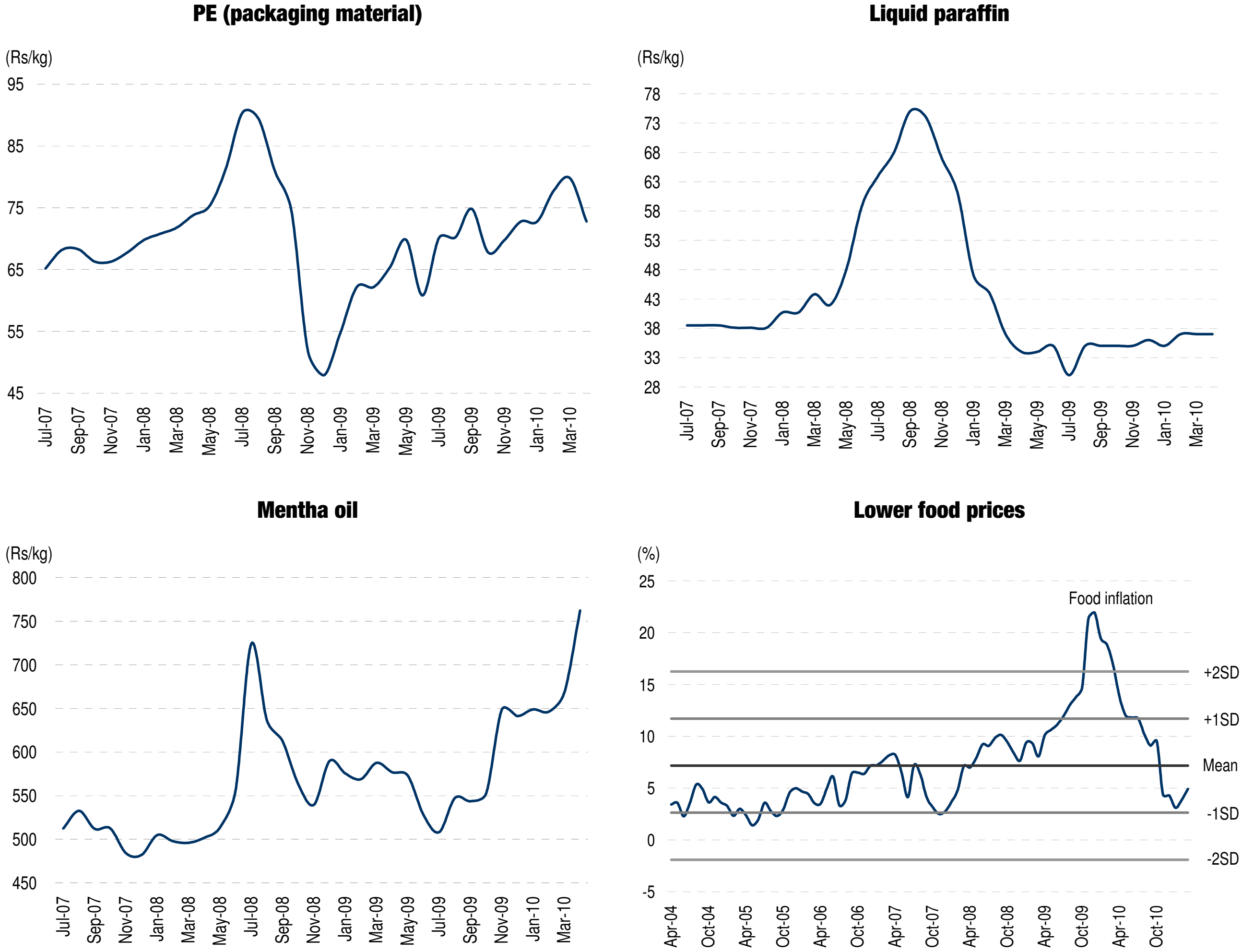
Emami is setting up a team to drive rural penetration and growth through project 'Swadesh'. It would add super-stockists in rural areas, and create visibility through vans, which would be utilised to distribute the products.

Lower raw material prices driving margins

Three of the raw materials—liquid paraffin, wax and HDPE (packaging material)—are crude oil derivatives. With the almost 20% fall in the price of crude, we expect most of the raw material prices to trend downwards. And lower raw material prices would avoid the need to hike selling prices.

Falling prices of food grain and lower inflation overall would lead to a greater "share of wallet" for consumer products. Easing inflation would increase off-take.

Fig 11 – Major raw material prices and lower food prices



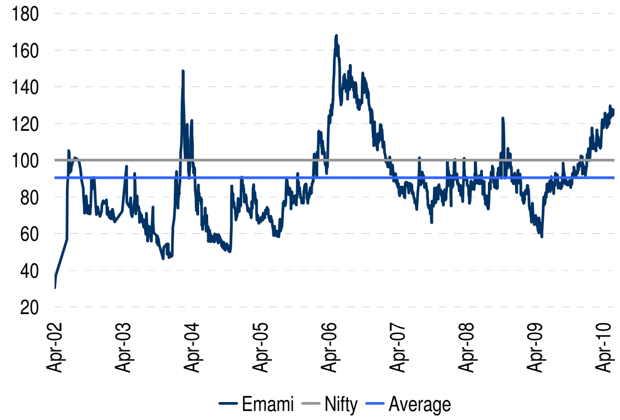
Source: RIL, Bloomberg, Company, Anand Rathi Research

Valuation

We retain our Buy on Emami, with a target price of Rs845, at a target PE of 21x FY12e earnings. Our target PE is at a 10% discount to the largest domestic consumer company, Dabur.

In the past eight years, the stock has traded at a 10% discount to the Nifty. However, with the Zandu acquisition, better margins and return ratios, and strong growth prospects, we expect it to trade at about a 30% premium. At present, the premium is 25%.

Fig 12 – Premium/discount to 12-month forward Nifty PE



Source: Bloomberg, Anand Rathi Research

Relative Valuation

Fig 13 – India consumer, relative valuation matrix

Company	Price (Rs)	M.Cap (US$m)	RoE (%) FY12e	RoCE (%) FY12e	Revenue CAGR FY10-12(%)	EPS CAGR FY10-12 (%)	PE (x) FY10e	PE (x) FY11e	PE (x) FY12e	Div Yield FY11e (%)
Emami	685	1,126	31.6	33.7	18.3	29.4	28.5	20.4	17.0	0.9
ITC	281	23,183	26.7	36.5	9.0	7.2	25.7	27.1	22.4	2.1
HUL	253	11,996	71.7	72.8	8.0	3.2	26.2	25.8	24.6	2.6
Nestle*	2,898	6,074	111.8	145.3	17.7	16.6	40.8	35.0	30.0	2.1
Asian Paints	2,288	4,770	40.9	50.8	18.4	19.6	28.6	24.9	20.0	1.3
Dabur	191	3,595	44.1	45.5	18.4	23.0	32.9	26.0	21.8	1.3
Colgate	815	2,410	108.7	111.2	17.0	13.9	26.2	23.7	20.2	2.5
Marico	113	1,496	40.0	37.3	17.1	27.6	26.8	20.4	16.4	0.6
GCPL	349	2,337	24.0	27.9	18.6	15.2	31.7	27.3	23.9	1.3
GSKCH*	1,680	1,538	30.1	31.9	18.2	27.1	30.4	22.2	18.8	1.2

*Source: Bloomberg, Anand Rathi Research. * Year-ending Dec. Prices of 11th June 2010*

Risks to our valuation

Higher raw material prices and keener competition may whittle margins and earnings.

Financials

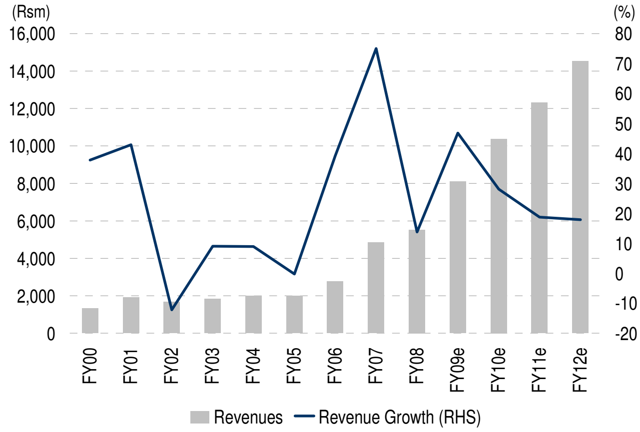
We expect Emami to report an 18% CAGR in revenue over FY10-12. We expect the EBITDA margin to expand 110bp because of lower raw material costs and adspend. We expect a 29% CAGR in net profit, despite the expected higher income-tax rate.

Steady revenue growth

All power brands and new launches are expected to drive revenue growth

We expect Emami to report an 18% CAGR in revenue over FY10-12. We expect volumes to contribute 14 percentage points, with 4ppt coming from price hikes. Most of the growth would be driven by the power brands as well as by the new launches. We also expect a 17% CAGR in revenue from exports over FY10-12.

Fig 14 – Revenues and revenue growth

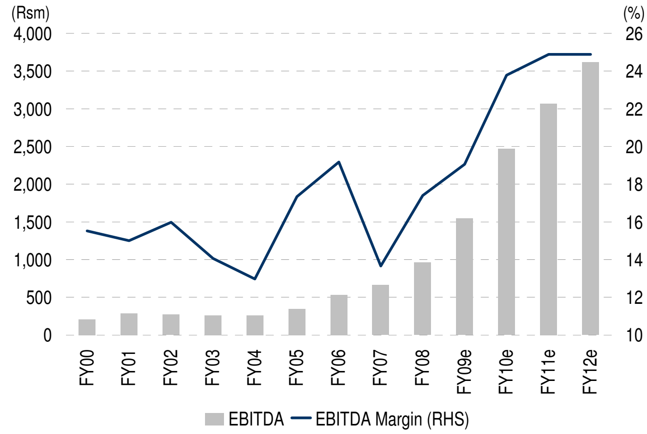


Source: Company, Anand Rathi Research

Widening EBITDA margins

We expect the EBITDA margin to move up 110bp in FY11 (over FY10). With lower adspend to sales, we expect the margin to improve. And with major brands doing well and with Emami's more aggressive adspend-to-sales proportion than its consumer peers, we expect that adspend-to-sales ratio to come down 70bp. We also expect in FY11 synergies from the Zandu acquisition to come in by way of margin expansion.

Fig 15 – EBITDA and EBITDA margins

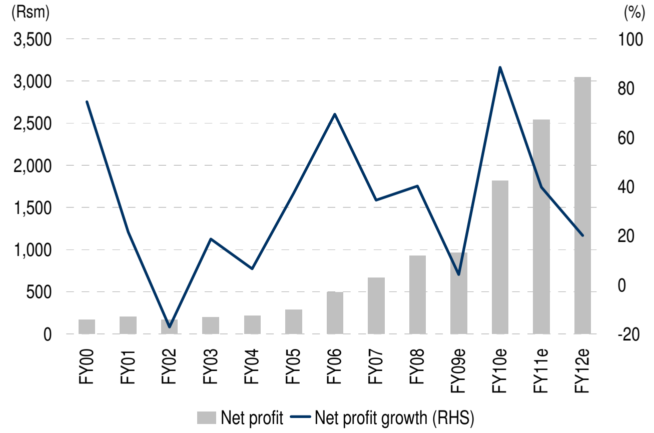


Source: Company, Anand Rathi Research

Net profit growth

We expect a 29% CAGR in net profit over FY10-12, as strong revenue growth and margin expansion are expected to drive earnings. With the increase in MAT (minimum alternative tax) rates, we expect the tax rate to move up to 18%.

Fig 16 – Net profit and net profit growth

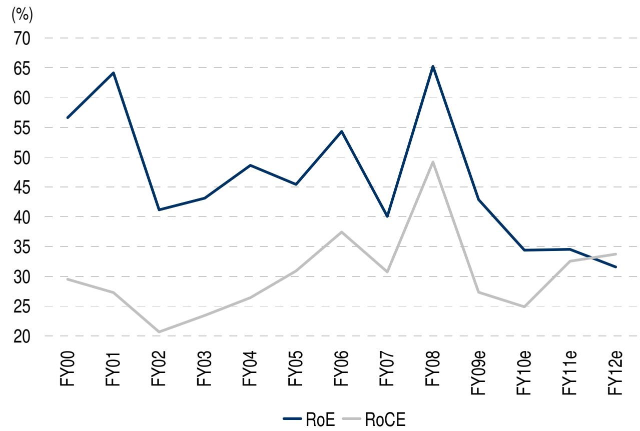


Source: Company, Anand Rathi Research

Strong return ratios

With limited investments in capex and working capital, Emami is expected to continue to generate healthy free-cash. And as dividend-per-share rises, we expect the ratios to remain high. For FY11 we expect an RoE and RoCE of, respectively, 34.5% and 32.5%.

Fig 17 – Strong return ratios

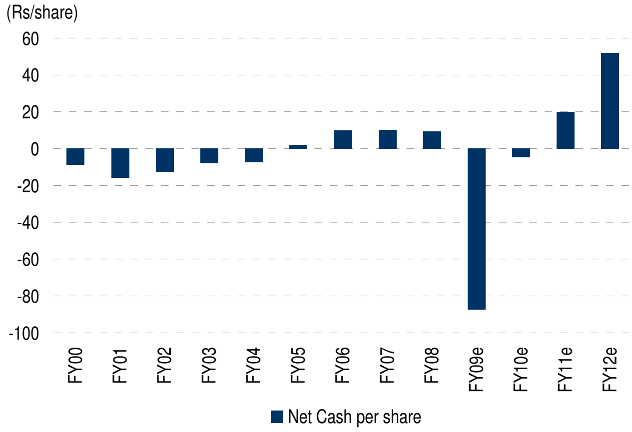


Source: Company, Anand Rathi Research

Rising cash-per-share

To fund the Zandu Balm acquisition, Emami had resorted to debt financing and internal accruals. With the Qualified Institutional Placements and rising internal accruals, Emami has repaid most debt and is now a net cash company. We expect cash-per-share of Rs50 on the FY11 balance sheet.

Fig 18 – Rising cash-per-share



Source: Company, Anand Rathi Research

Fig 19 – Income statement (Rsm)

Year-end 31 March	FY08	FY09e	FY10e	FY11e	FY12e
Gross Sales	5,859	8,625	11,027	13,091	15,432
Less: Excise Duty	22	232	208	247	291
Less: Sales Tax	318	291	439	521	614
Net Sales	**5,519**	**8,102**	**10,380**	**12,323**	**14,527**
Growth (%)	13.8	46.8	28.1	18.7	17.9
Expenditure					
Cost of Goods Sold	2,484	3,456	3,802	4,525	5,334
Staff Cost	312	578	579	678	799
Advertising & Sales Promotion	1,029	1,332	1,944	2,218	2,615
Commission & Discount	65	59	150	173	203
Freight & Forwarding	149	173	337	370	436
Other Expenses	520	960	1,100	1,294	1,525
EBITDA	**960**	**1,544**	**2,468**	**3,066**	**3,614**
Growth (%)	44.9	60.8	59.9	24.2	17.9
EBITDA Margin (%)	17.4	19.1	23.8	24.9	24.9
Depreciation	73	97	154	154	161
EBIT	887	1,447	2,313	2,912	3,453
Interest Expense	54	267	210	64	24
Other Income	216	100	70	248	286
Profit-Before-Tax	**1,049**	**1,281**	**2,174**	**3,096**	**3,715**
Income Taxes	122	234	355	557	669
Income-tax rate (%)	11.6	18.3	16.3	18.0	18.0
Profit-After-Tax	**927**	**1,047**	**1,819**	**2,539**	**3,046**
Minority Interest	-	81	-	-	-
Profit Before Extraordinaries	927	966	1,819	2,539	3,046
Growth (%)	40.1	4.1	88.4	39.6	20.0
Extraordinary Items	-	(95)	(121)	-	-
Profit for Shareholders	927	870	1,697	2,539	3,046
Number of Shares (m)	62	62	76	76	76
Earnings-Per-Share before X/O (Rs)	**14.9**	**15.5**	**24.0**	**33.6**	**40.3**
Earnings-Per-Share after X/O (Rs)	**14.9**	**14.0**	**22.4**	**33.6**	**40.3**

Source: Company, Anand Rathi Research

Fig 20 – Balance sheet (Rsm)

Year-end 31 March	FY08	FY09e	FY10e	FY11e	FY12e
Sources of Funds					
Share Capital	124	124	151	151	151
Reserves and Surplus	2,766	3,351	6,103	8,143	10,690
Deferred Tax Liability/Misc Expenses	21	59	83	83	83
Net Worth	**2,911**	**3,534**	**6,338**	**8,377**	**10,924**
Net Worth, Net of Revenue Reserve	525	3,534	6,338	8,377	10,924
Minority Interest	-	368	-	-	-
Secured Loans	352	3,774	2,591	591	591
Unsecured Loans	31	2,002	-	-	-
Total Loans	**383**	**5,776**	**2,591**	**591**	**591**
Total	**3,294**	**9,678**	**8,928**	**8,968**	**11,515**
Application of Funds					
Fixed Assets					
Gross Block	1,057	2,312	6,698	7,013	7,328
Less: Depreciation	279	871	1,025	1,179	1,341
Net Block	778	1,441	5,673	5,834	5,987
Capital WIP	135	356	-	-	-
Real Estate Project Investment	745	98	-	-	-
Investment in Zandu/Goodwill	-	6,383	-	-	-
Liquid Investments	932	552	616	1,116	2,616
Other Investments	-	67	-	-	-
Current Assets					
Inventories	401	740	827	986	1,162
Sundry Debtors	340	632	755	900	1,060
Cash & Bank Balances	28	149	1,614	990	1,890
Loans & Advances	879	660	1,065	1,065	1,065
Total	1,649	2,181	4,260	3,940	5,177
Current Liabilities					
Liabilities	945	1,400	1,621	1,922	2,266
Total	945	1,400	1,621	1,922	2,266
Net Current Assets	**704**	**781**	**2,639**	**2,018**	**2,911**
Total	**3,294**	**9,678**	**8,928**	**8,968**	**11,515**

Source: Company, Anand Rathi Research

Fig 21 – Cash-flow statement (Rsm)

Year-end 31 March	FY08	FY09e	FY10e	FY11e	FY12e
OCF before W/C changes	949	1,462	1,484	2,693	3,208
W/C Changes	(734)	43	(392)	(3)	7
OCF After W/C Changes	216	1,506	1,091	2,690	3,214
Cash Flow from Investing					
Capital Expenditure	(186)	(1,476)	(4,030)	(315)	(315)
Disposal	21	-	-	-	-
Investments	(248)	(5,423)	6,484	(500)	(1,500)
Net Cash used in Investing	(413)	(6,898)	2,453	(815)	(1,815)
Cash Flow from Financing					
Changes in Share Capital	-	-	3,100	-	-
Changes in Loans	128	5,393	(3,185)	(2,000)	-
Dividends	(92)	-	(374)	(499)	(499)
Net Cash used in Financing	36	5,393	(460)	(2,499)	(499)
Extraordinary Items	6	121	(1,619)	-	-
Changes in Cash & Equivalents	(156)	121	1,466	(624)	900
Opening Cash & Equivalents	184	28	149	1,614	990
Closing Cash & Equivalents	28	149	1,614	990	1,890

Source: Company, Anand Rathi Research

Fig 22 – Ratio analysis

Year-end 31 March	FY08	FY09e	FY10e	FY11e	FY12e
Profitability Ratios %					
EBITDA Margin	17.4	19.1	23.8	24.9	24.9
EBITDA + 'Other Income' Margin	21.3	20.3	24.4	26.9	26.8
EBIT Margin	16.1	17.9	22.3	23.6	23.8
PBT Margin	19.0	15.8	20.9	25.1	25.6
PAT Margin	16.8	12.9	17.5	20.6	21.0
Income Tax Rate	11.6	18.3	16.3	18.0	18.0
Excise Duty Rate	0.4	2.9	2.0	2.0	2.0
Sales Tax Rate	5.8	3.6	4.2	4.2	4.2
RoE	65.2	42.9	34.4	34.5	31.6
RoCE	49.2	27.3	24.9	32.5	33.7
Major Costs (as % of net sales)					
Cost of Goods Sold	45.0	42.7	36.6	36.7	36.7
Staff Cost	5.6	7.1	5.6	5.5	5.5
Advertising & Sales Promotion	18.6	16.4	18.7	18.0	18.0
Commission & Discount	1.2	0.7	1.4	1.4	1.4
Freight & Forwarding	2.7	2.1	3.2	3.0	3.0
Other Expenses	9.4	11.9	10.6	10.5	10.5
Per-Share Data (Rs)					
Earnings-Per-Share	14.9	15.5	24.0	33.6	40.3
Growth (%)	40.1	4.1	54.7	39.6	20.0
Book Value per Share	8.5	56.9	83.8	110.7	144.4
Growth (%)	(77.3)	572.6	47.3	32.2	30.4
Dividend Per Share	4.0	-	4.5	6.0	6.0
Growth (%)	-	nmf	nmf	nmf	nmf
Sales Per Share	88.8	130.4	137.2	162.9	192.0
Growth (%)	13.8	46.8	5.2	18.7	17.9
Other Ratios					
Net debt/equity (%)	(109.8)	154.0	5.7	(18.1)	(35.8)
Current Ratio (x)	1.7	1.6	2.6	2.0	2.3
FCF/EPS (%)	5.4	2.8	(161.6)	93.5	95.2
OCF/sales (%)	3.9	18.6	10.5	21.8	22.1

Source: Company, Anand Rathi Research

Company Background & Management

The flagship company of the eponymous group, Emami focuses on consumer products in the health, beauty and wellness sub segments. The Emami Group is one of the largest business groups in eastern India, with interests in various business verticals.

Background

Promoted by R. S. Goenka and R. S. Agarwal, Emami is the flagship company of the eponymous group, with the promoters holding a 76% stake. It focuses on consumer goods. Its successful brands are *Navratna Tel*, Boroplus, Fair and Handsome, *Sona Chandi Chyawanprash*, Mentho-plus Balm and Fast Relief.

Headquartered in Kolkata, the group has interests in various business activities – construction, real estate, arts, newsprint paper, cement, edible oil, hospital, retail chain and consumer products. It is one of the largest business groups in eastern India.

Management

A strong team of promoters as well as professionals at the helm of affairs

Though the promoters take an active interest in the business, the second generation of the families has successfully taken charge. Emami has also inducted professionals at various levels. CEO N. Venkat (MBA, IIM-A) joined in Jun '07 after seven years as president of Cavincare. Naresh Bhansali, CFO, is a chartered accountant and an all-India LLB topper. He has wide experience in finance, taxation and business strategy, serving previously with Godrej & Boyce and Reliance Industries.

Fig 23 – Key managerial personnel

Person	Designation	Key areas of operations
N. Venkat	CEO	Looks after the consumer business
Naresh Bhansali	CFO	Looks after the consumer business
Aditya Agarwal	Director	Overall operations
Harsh Agarwal	Director	Marketing
Mohan Goenka	Director	Marketing

Source: Company, Anand Rathi Research

Annexure I – Major brands

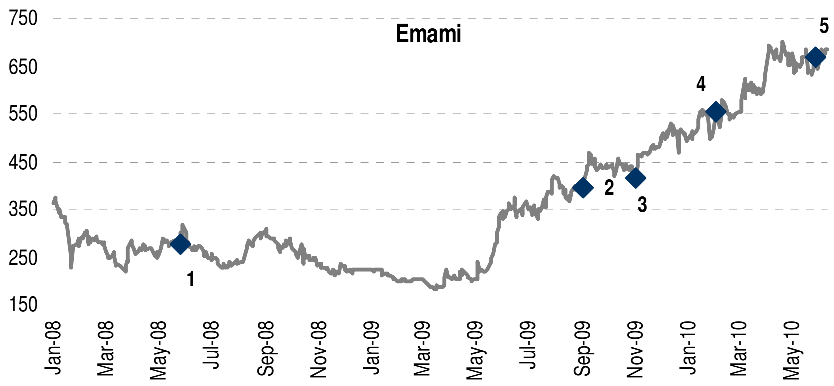
Brand	Market Share (%)	Revenue CAGR FY07-FY10 (%)	Key Details
Boroplus 	74	15.1	▪ No.1 in antiseptic creams ▪ No MNC has introduced antiseptic cream ▪ Introduced lotions and prickly heat powder ▪ Major raw materials: boric powder, wax
Navratna 	49	7.5	▪ No.1 in cooling oils ▪ Hair oil majors Dabur and Marico have failed to gain market share ▪ Introduced variants: Extra *Thanda* and Lite. Launched Cool Talc ▪ Major raw materials: *teel* oil, menthol
Zandu Balm 	48	20.8	▪ No.1 in the headache balm sub-segment ▪ Maintained leadership despite limited marketing efforts and lack of small SKUs ▪ Well-established in western India ▪ Major raw materials: wax, various herbs
Fair and Handsome 	56	29.3	▪ No.1 in men's fairness cream segment ▪ Strong investment in the brand with ShahRukh Khan as brand ambassador since the launch ▪ Despite entry of MNCs, maintains market leadership ▪ Well-established in southern India

Source: Company, Anand Rathi Research

Appendix 1

Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report.

Important Disclosures on subject companies
Rating and Target Price History (as of 11 June 2010)



	Date	Rating	TP (Rs)	Share Price
1	27-May-08	Buy	398	280
2	2-Sep-09	Buy	468	394
3	3-Nov-09	Buy	596	412
4	2-Feb-10	Buy	660	556
5	1-Jun-10	Buy	845	668

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Ratings Guide

	Buy	Hold	Sell
Large Caps (>US$1bn)	>20%	5-20%	<5%
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