

15/12/2009

MF Global Company Update

Reliance Communications

| De-leveraging initiatives

TELECOM

RCOM IN: **SELL**

RS 181

Media reports have indicated that Reliance Communications has put its Flag Communications assets for sale and plans to raise US\$ 3bn. The management has vehemently denied these reports. If we were to consider that RCOM has serious intentions to sell Flag assets, our first thoughts on the move are:

- » We find the news flow positive from a short-term perspective as the sale of Flag assets will help RCOM in de-leveraging its balance sheet.
- » It is crucial for RCOM to acquire 3G spectrum for the strategic reasons of establishing itself as a serious GSM operator, which can compete on parameters like its suite of products and quality of services. Hence, the company will have to bid aggressively for 3G spectrum.
- » The intent to sell Flag assets is a complete turnaround of its strategic initiatives to establish itself as a global telecom operator. RCOM will be much less diversified after the sale and will not be able to participate in the rising utilisation rates of sub-marine cable assets.
- » Global bandwidth utilisation rates are set to rise on account of rising mobile data usage, making sub-marine assets valuable in the long run.
- » We believe that in the most optimistic scenario, Flag assets, including Yipes and Vanco, will fetch an enterprise value of US\$ 3bn, which will help the company raise US\$ 1.8bn, considering 1:1 debt equity ratio.
- » In a less optimistic scenario, the company will be able to raise US\$ 418mn. In both the situations, the company will be able to de-leverage its balance sheet by US\$ 1.1bn, which is significant.

In the event of media reports being true, although we find these initiatives positive in the short run, there is a complete lack of long-term strategic direction for the company. We believe that RCOM will find it very difficult to get the desired valuations for Flag assets. We maintain our Sell rating.

VALUATION SUMMARY

Y/E MAR, RS MN	FY2008	FY2009	FY2010E	FY2011E	FY2012E
NET SALES	188,274	222,505	234,300	264,062	307,098
GROWTH, %	30.7	18.2	5.3	12.7	16.3
CORE EBIDTA	79,749	86,070	82,073	90,439	107,492
EBIDTA MARGIN, %	42.4	38.7	35.0	34.2	35.0
NET PROFIT	55,261	62,560	31,732	19,899	27,902
EPS, RS	26.8	30.3	15.4	9.6	13.5
EPS GROWTH, %	73.0	13.2	-49.3	-37.3	40.2
PER, X	6.8	6.0	11.8	18.8	13.4
EV/EBIDTA, X	6.4	7.5	8.3	7.8	6.8
EV/NET SALES, X	2.7	2.9	2.9	2.7	2.4
PRICE/BOOK VALUE, X	1.2	0.9	0.8	0.8	0.7
ROIC, %	13.4	8.7	5.4	4.4	5.2
ROE, %	20.3	16.8	7.1	4.3	5.7
DIVIDEND YIELD, %	0.3	0.5	0.5	0.5	0.5

Source: Company, MF Global India Research Estimates

TARGET RS 145 (-20%)

SECTOR RATING

OW	N	UW
	N	

STOCK RATING

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

COMPANY DATA

O/S SHARES :	2064MN
MARKET CAP (RS) :	374BN
MARKET CAP (USD) :	8BN
52 - WK HI/LO (RS) :	359 / 131
AVG. DAILY VOL. (3MTH) :	11.7MN
FACE VALUE (RS) :	5

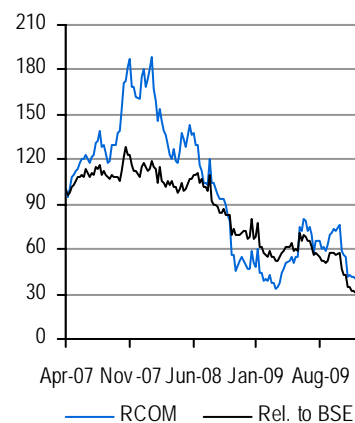
SHARE HOLDING PATTERN, %

PROMOTERS :	67.2
FII / NRI :	10.7
FI / MF :	9.8
NON PROMOTER CORP. HOLDINGS :	2.4
PUBLIC & OTHERS :	10.0

PRICE PERFORMANCE, %

	1MTH	3MTH	1YR
ABS	4.3	-38.0	-27.3
REL TO BSE	2.8	-43.5	-103.7

PRICE VS. SENSEX



Source: Bloomberg, MF Global India Research

Derivation of value for Flag Telecom

Flag Telecom, with Yipes and Vanco in the most optimistic of scenarios, will be able to fetch an enterprise value of US\$ 3bn. The entity, if valued on par with Level 3 communications on EV/Net Fixed Assets (1.3x) will be able to fetch a valuation of US\$ 3bn.

BLUE SKIES SCENARIO- HIGHLY OPTIMISTIC

FLAG TELECOM	ASSETS (RS MN)	LEVEL 3	
FLAG TELECOM ASIA LIMITED	872	EV	8,073
FLAG TELECOM JAPAN LIMITED	706	NET FIXED ASSETS	6,159
FLAG TELECOM SINGAPORE	170	EV/NET FIXED ASSETS	1.3
FLAG TELECOM TAIWAN SERVICES	38		
FLAG HOLDINGS (TAIWAN) LTD	950		
FLAG TELECOM (TAIWAN) LTD	1,846		
FLAG ACCESS INDIA PVT LIMITED	5		
FLAG TELECOM DEUTSCHLAND	1		
FALG TELECOM NETWORK SRVCS LTD	44		
RELIANCE FLAG TELECOM IRELAND LTD	8,572		
FLAG TELECOM IRELAND NETWORK LTD	988		
FLAG TELECOM SERVIZI ITALIA SPA	647		
FLAG ATLANTIC UK LIMITED	882		
RELIANCE FLAG ATLANTIC FRANCE SAS	4,271		
FLAG TELECOM NEDERLAND	5.0		
FLAG TELECOM HELLAS AE	4.5		
FLAGWEB LIMITED	0.6		
FLAG TELECOM ESPANA NTKW SAU	41.1		
FLAG TELECOM BELGIUM NTKW SA	0.5		
FLAG TELECOM DEVELOPMENT SERVICES	11.1		
RELIANCE FLAG PACIFIC HOLDINGS LTD	27,742		
FLAG PACIFIC LIMITED	13,434		
FLAG TELECOM NETWORK USA LTD	1,330		
FLAG TELECOM GROUP SERVICES LTD	23,409		
RELIANCE GLOBALCOM	14,717.187		
FLAG TOTAL	87,267		
YIPES	15,833		
VANCO	3,614		
TOTAL GLOBAL ASSETS (IN RS MN)	106,714		
TOTAL GLOBAL ASSETS (IN US\$ MN)	2,271		
EV AT 1.3X FIXED ASSETS (IN US \$)	2,976		
EV AT 1.3X FIXED ASSETS (IN RS MN)	139,874		
DEBT: EQUITY	1		
DEBT	53,357		
EQUITY VALUE (IN RS MN)	86,517		
EQUITY VALUE (IN US\$ MN)	1,861		

CONSIDERING OPTIMISTIC SALES MULTIPLES, LEVEL 3 TRADES AT 0.63X CY09E SALES.

SALES FY10E	72,809	72,809
EV/SALES MULTIPLE	1X	0.7X
EV	72,809	50,966
DEBT	53,357	53,357
EQUITY VALUE (IN RS MN)	19,452	(2,391)
EQUITY VALUE (IN US\$ MN)	418	(51)

Source: Company, MF Global India Research

RECOMMENDATION HISTORY

RECOMMENDATION	TARGET, RS	CMP, RS	DATE
SELL	145	175	3-NOV-09
NEUTRAL	240	268	7-OCT-09
NEUTRAL	315	307	23-SEP-09
BUY	325	276	3-SEP-09
BUY	325	265	31-AUG-09
BUY	325	275	3-AUG-09
BUY	240	214	4-MAY-09
BUY	205	132	12-MAR-09
BUY	205	154	26-FEB-09
BUY	205	160	27-JAN-09
NEUTRAL	250	220	3-NOV-08
SELL	510	500	1-AUG-08
NEUTRAL	630	604	22-MAY-08

Financials

INCOME STATEMENT

Y/E MAR, RS MN	FY2008	FY2009	FY2010E	FY2011E	FY2012E
NET SALES	188,274	222,505	234,300	264,062	307,098
<i>GROWTH, %</i>	<i>31</i>	<i>18</i>	<i>5</i>	<i>13</i>	<i>16</i>
OPERATING EXPENSES	-108,525	-136,435	-152,226	-173,623	-199,607
EBITDA	79,749	86,070	82,073	90,439	107,492
<i>GROWTH, %</i>	<i>41</i>	<i>8</i>	<i>-5</i>	<i>10</i>	<i>19</i>
<i>MARGIN, %</i>	<i>42</i>	<i>39</i>	<i>35</i>	<i>34</i>	<i>35</i>
DEPRECIATION	-28,053	-36,077	-41,693	-45,551	-48,940
EBIT	51,696	49,993	40,381	44,888	58,551
<i>GROWTH, %</i>	<i>62</i>	<i>-3</i>	<i>-19</i>	<i>11</i>	<i>30</i>
<i>MARGIN, %</i>	<i>27</i>	<i>22</i>	<i>17</i>	<i>17</i>	<i>19</i>
NET INTEREST AND OTHERS	6,401	12,049	-8,409	-19,749	-22,314
PRE-TAX PROFIT	58,097	62,042	31,972	25,139	36,238
TAX PROVIDED	-2,836	518	-240	-5,240	-8,336
PROFIT AFTER TAX	55,261	62,560	31,732	19,899	27,902
MF NET PROFIT	55,261	62,560	31,732	19,899	27,902
<i>GROWTH, %</i>	<i>73</i>	<i>13</i>	<i>-49</i>	<i>-37</i>	<i>40</i>
UNADJ. SHARES (M)	2,064	2,064	2,064	2,064	2,064
WTD AVG SHARES (M)	2,064	2,064	2,064	2,064	2,064

CASH FLOW

Y/E MAR, RS MN	FY2008	FY2009	FY2010E	FY2011E	FY2012E
PRE-TAX PROFIT	70,763	62,042	31,972	25,139	36,238
DEPRECIATION	28,053	36,077	41,693	45,551	48,940
CHG IN WORKING CAPITAL	-492	-33,490	38,029	31,845	23,346
TOTAL TAX PAID	-576	-102	-240	-2,158	-5,240
OTHER OPERATING ACTIVITIES	-615	0	0	0	0
CASH FLOW FROM OPERATING ACTIVITIES	97,133	64,527	111,453	100,377	103,284
CAPITAL EXPENDITURE	-173,931	-122,583	-142,514	-123,199	-123,197
CHG IN INVESTMENTS	0	0	0	0	0
CHG IN MARKETABLE SECURITIES	-32,882	14,339	47,829	47,829	0
OTHER INVESTING ACTIVITIES	0	0	0	0	1
CASH FLOW FROM INVESTING ACTIVITIES	-206,813	-108,244	-94,685	-75,370	-123,197
FREE CASH FLOW	-109,680	-43,717	16,768	25,007	-19,913
EQUITY RAISED/(REPAID)	0	97	0	0	0
DEBT RAISED/(REPAID)	83,834	133,406	7,000	30,000	-70,835
DIVIDEND (INCL. TAX)	-581	-1,690	-1,932	-1,932	-1,932
OTHER FINANCING ACTIVITIES	24,253	-17,760	0	0	0
CASH FLOW FROM FINANCING ACTIVITIES	107,506	114,052	5,068	28,068	-72,767
NET CHG IN CASH	-2,174	70,335	21,836	53,075	-92,680

BALANCE SHEET

AS AT 31ST MAR, RS MN	FY2008	FY2009	FY2010E	FY2011E	FY2012E
CASH & BANK	8,782	16,829	38,637	91,712	964
MARKETABLE SECURITIES AT COST	109,996	95,657	47,829	0	0
DEBTORS	27,224	39,618	34,246	34,726	38,703
INVENTORY	4,059	5,427	4,493	5,064	3,365
LOANS & ADVANCES	42,695	67,557	51,152	52,812	61,420
OTHER CURRENT ASSETS	23,058	17,714	28,116	1,320	1,535
TOTAL CURRENT ASSETS	215,814	242,802	204,473	185,635	105,988
GROSS FIXED ASSETS	463,388	755,101	897,601	1,020,803	1,144,004
LESS: DEPRECIATION	-89,561	-141,144	-182,823	-228,378	-277,322
ADD: CAPITAL WIP	149,299	113,096	113,096	113,096	113,096
NET FIXED ASSETS	523,126	727,053	827,874	905,521	979,778
OTHER NON-CURRENT ASSETS	35,654	52,215	52,215	52,215	52,215
TOTAL ASSETS	774,593	1,022,070	1,084,561	1,143,371	1,137,981
PROVISIONS	40,721	37,006	59,397	60,734	67,562
TOTAL CURRENT LIABILITIES	160,055	163,808	167,137	176,642	207,358
NON-CURRENT LIABILITIES	259,245	391,904	398,904	428,904	358,068
TOTAL LIABILITIES	460,021	592,718	625,438	666,280	632,988
PAID-UP CAPITAL	10,320	10,320	10,320	10,320	10,320
RESERVES & SURPLUS	304,253	419,032	448,804	466,771	494,673
SHAREHOLDERS' EQUITY	314,573	429,352	459,124	477,091	504,993
TOTAL EQUITY & LIABILITIES	774,593	1,022,070	1,084,561	1,143,371	1,137,981

PER-SHARE DATA

	FY2008	FY2009	FY2010E	FY2011E	FY2012E
MF EPS (INR)	26.8	30.3	15.4	9.6	13.5
GROWTH, %	73.0	13.2	-49.3	-37.3	40.2
BOOK NAV/SHARE (INR)	152.4	208.0	222.4	231.1	244.7
FDEPS (INR)	26.8	30.3	15.4	9.6	13.5
CEPS (INR)	34.2	47.8	35.6	31.7	37.2
CFPS (INR)	46.2	27.9	54.0	48.6	50.0
DPS (INR)	0.6	0.9	0.9	0.9	0.9

FINANCIAL STRUCTURE

	FY2008	FY2009	FY2010E	FY2011E	FY2012E
TOTAL DEBT/EQUITY (%)	0.8	0.9	0.9	0.9	0.7
NET DEBT/EQUITY (%)	0.8	0.9	0.8	0.7	0.7

PROFITABILITY, PRODUCTIVITY, LIQUIDITY AND VALUATION RATIOS

	FY2008	FY2009	FY2010E	FY2011E	FY2012E
RETURN ON ASSETS (%)	9.8	6.6	3.5	2.9	3.7
RETURN ON EQUITY (%)	20.3	16.8	7.1	4.3	5.7
RETURN ON INVESTED CAPITAL (%)	13.4	8.7	5.4	4.4	5.2
ROIC/COST OF CAPITAL (X)	13.4	8.7	5.4	4.4	5.2
ROIC - COST OF CAPITAL (%)	1.3	-3.3	-6.6	-7.6	-7.0
RETURN ON CAPITAL EMPLOYED (%)	12.3	8.1	4.2	3.5	4.4
COST OF CAPITAL (%)	12.1	12.0	12.1	12.0	12.2
ROCE - COST OF CAPITAL (%)	0.2	-4.0	-7.9	-8.6	-7.8
ASSET TURNOVER (X)	0.5	0.4	0.3	0.3	0.4
SALES/TOTAL ASSETS (X)	0.3	0.2	0.2	0.2	0.3
SALES/NET FA (X)	0.4	0.4	0.3	0.3	0.3
WORKING CAPITAL/SALES (X)	-0.3	-0.2	-0.2	-0.3	-0.3
FIXED CAPITAL/SALES (X)	0.0	0.0	0.0	0.0	0.0
RECEIVABLE DAYS	52.8	65.0	53.3	48.0	46.0
INVENTORY DAYS	7.9	8.9	7.0	7.0	4.0
PAYABLE DAYS	525.4	427.3	390.9	106.5	107.7
CURRENT RATIO (X)	1.3	1.5	1.2	1.1	0.5
QUICK RATIO (X)	1.3	1.4	1.2	1.0	0.5
INTEREST COVER (X)	N/A	N/A	4.8	2.3	2.6
PER (X)	6.8	6.0	11.8	18.8	13.4
PEG (X) - Y-O-Y GROWTH	0.1	0.5	-0.2	-0.5	0.3
PRICE/BOOK (X)	1.2	0.9	0.8	0.8	0.7
YIELD (%)	0.3	0.5	0.5	0.5	0.5
EV/NET SALES (X)	2.7	2.9	2.9	2.7	2.4
EV/EBITDA (X)	6.4	7.5	8.3	7.8	6.8
EV/EBIT (X)	9.9	13.0	16.9	15.8	12.4
EV/NOPLAT (X)	10.3	12.9	17.0	19.9	16.1
EV/CE	0.8	0.8	0.7	0.7	0.8
EV/IC (X)	1.4	1.1	0.9	0.9	0.8

Source: Company, MF Global India Research Estimates

VINEET BHATNAGAR	MANAGING DIRECTOR		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

AMBRISH MISHRA	VP - AUTOMOBILES, AUTO COMPONENT	91-22-6667 9758	AMISHRA@MFGLOBAL.COM
MANISH AGARWALLA	VP - BANKING	91-22-6667 9962	MAGARWALLA@MFGLOBAL.COM
ALOK DALAL	PHARMACEUTICALS	91-22-6667 9950	ALDALAL@MFGLOBAL.COM
AMIT MAHAWAR	ENGINEERING, CAPITAL GOODS	91-22-6667 9759	AMAHAWAR@MFGLOBAL.COM
ANJALI VERMA	ECONOMIST	91-22-6667 9969	ANVERMA@MFGLOBAL.COM
DEEPALI GAUTAM	POWER	91-22-6667 9974	DGAUTAM@MFGLOBAL.COM
DHAWAL DOSHI	METALS, POWER	91-22-6667 9769	DDOSHI@MFGLOBAL.COM
DIPESH SOHANI	REAL ESTATE	91-22-6667 9756	DSOHANI@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, FRM	TELECOM, FMCG	91-22-6667 9947	NKULKARNI@MFGLOBAL.COM
NIMESH MISTRY	IT SERVICES	91-22-6667 9768	NMISTRY@MFGLOBAL.COM
RITWIK RAI	MEDIA, FMCG	91-22-6667 9987	RRAI@MFGLOBAL.COM
VAIBHAV AGARWAL	CEMENT	91-22-6667 9967	VAGARWAL@MFGLOBAL.COM
ENNETTE FERNANDES	RESEARCH ASSOCIATE	91-22-6667 9764	EFERNANDES@MFGLOBAL.COM
SAPNA SHAH	RESEARCH ASSOCIATE	91-22-6667 9996	SAPSHAH@MFGLOBAL.COM
SAURABH RATHI	RESEARCH ASSOCIATE	91-22-6667 9951	SRATHI@MFGLOBAL.COM
SHUBHANGI AGRAWAL	RESEARCH ASSOCIATE	91-22-6667 9964	SAGRAWAL@MFGLOBAL.COM
GANESH DEORUKHKAR	PRODUCTION	91-22-6667 9966	GDEORUKHKAR@MFGLOBAL.COM
ROSHNI KALLOOR	EDITOR	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
KARTIK BROKER	EQUITY SALES	91-22-6667 9934	KBROKER@MFGLOBAL.COM
KINSHUK TIWARI	EQUITY SALES	91-22-6667 9946	KTIWARI@MFGLOBAL.COM
NASIR MOHAMED	EQUITY SALES (UAE)	91-22-6667 9973	NMOHAMED@MFGLOBAL.COM
SHEETAL GANDHI	EQUITY SALES (US)	91-22-6667 9944	SGANDHI@MFGLOBAL.COM
PAYAL PANCHAL	ASSOCIATE SALES (DMA)	91-22-6667 9949	PPANCHAL@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

CHETAN BABARIA	DEALER	91-22-6667 9945	CBABARIA@MFGLOBAL.COM
MAYUR SHAH	DEALER	91-22-6677 9945	MSHAH@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