

15 April 2010

Rohta India

Order-book grows well, positives priced in; maintain Hold

Rating: Hold

Target Price: Rs240

Share Price: Rs189

- **Good results, retain Hold.** Rohta India's US\$ revenue rose 8.7% qoq, while its margin was flat sequentially even after rupee appreciation. On better revenue, net profit rose 6.9% qoq. In 3Q the orderbook grew 3.6% qoq, to Rs17.7bn.
- **Guidance maintained.** Rohta India maintained FY10 revenue guidance, of Rs15.3bn-15.7bn (11.4%-14.4%). EBIDTA margin for FY10 was expected to be ~37%. We believe this is achievable and forecast EPS of Rs16 and Rs20 for FY10/11, respectively.
- **Key 3Q highlights.** Rohta added 46 employees, taking the total to 4,809. Billing rates rose for the two businesses, EDA and EICT, with qoq increases of 0.8%, and 0.3%, respectively. GIS saw its billing rates slip 0.4% qoq. DSO days for 3Q stood at ~130 (down from 134 in 2Q)
- **Estimates maintained.** We retain our earnings for FY10/11/12, even after factoring the rupee appreciation against the dollar.
- **Valuation.** We maintain our target price of Rs240. This implies a target multiple of 12x FY11e earnings (maintained at 12x). At our target price, the stock would trade at the peer-group valuation of 12x FY11e earnings and at a 30% discount to IT large caps.

Tarun Sisodia

+91 22 6626 6777

tarunsisodia@rathi.com

Naushil Shah

+91 22 6626 6708

naushilshah@rathi.com

Key data	RLTA IN / ROLT.BO
52-week high/low	Rs210/ Rs75
Sensex/Nifty	17639/5274
3-m average volume	US\$8.0m
Market cap	Rs30.5bn/US\$687m
Shares outstanding	161m
Free float	58.1%
Promoters	41.9%
Foreign Institutions	33.4%
Domestic Institutions	2.6%
Public	22.1%

Quarterly results

Year end 30 Jun	3QFY09	3QFY10	% yoy	9MFY09	9MFY10	% yoy
Sales (Rsm)	3,320	3,946	18.8	10,401	11,206	7.7
EBITDA (Rsm)	1,065	1,492	40.1	3,511	4,169	18.8
EBITDA margin (%)	32.1	37.8	574bps	33.8	37.2	345bps
Interest (Rsm)	58	101	74.9	69	299	332.2
Depreciation (Rsm)	498	673	35.2	1,289	1,964	52.3
Other income (Rsm)	81	60	-25.8	326	239	-26.7
PBT (Rsm)	591	778	31.7	2,478	2,146	-13.4
Tax (Rsm)	101	109	7.6	308	291	-5.4
Tax rate (%)	17.1	14.0	-315bps	12.4	13.6	115bps
PAT (Rsm)	489	669	36.7	2,170	1,855	-14.5

Source: Company, Anand Rathi Research

Financials

Year end 30 Jun	FY11e	FY12e
Sales (Rsm)	18,238	21,219
Net profit (Rsm)	3,217	3,807
EPS (Rs)	19.8	23.2
Growth (%)	24.9	17.3
PE (x)	9.6	8.2
PBV (x)	1.6	1.4
RoE (%)	19.9	20.1
RoCE (%)	14.7	16.5
Dividend yield (%)	1.8	2.1
Net gearing (%)	29.9	15.2

Source: Company, Anand Rathi Research

Anand Rathi Financial Services Limited does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Disclosures and analyst certifications are located in Appendix 1

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rsm)

Year end 30 Jun	FY08	FY09	FY10e	FY11e	FY12e
Net sales	10,722	13,728	15,274	18,238	21,219
Sales growth (%)	50.7	28.0	11.3	19.4	16.3
- Op. expenses	6,825	9,093	9,574	11,417	13,318
EBIDTA	3,897	4,635	5,700	6,820	7,901
EBITDA margins (%)	36.3	33.8	37.3	37.4	37.2
- Interest	-	126	401	414	414
- Depreciation	1,383	1,867	2,641	2,827	2,954
+ Other income	170	690	299	316	348
- Tax	388	402	405	678	1,074
PAT	2,297	2,931	2,552	3,217	3,807
PAT growth (%)	33.0	27.6	(12.9)	26.0	18.4
Consolidated PAT	2,306	2,938	2,559	3,224	3,814
FDEPS (Rs/share)	14.3	18.2	15.8	19.8	23.2
CEPS (Rs/share)	22.9	29.8	32.2	37.2	41.2
DPS (Rs/share)	3.0	3.0	3.0	3.5	4.0

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rsm)

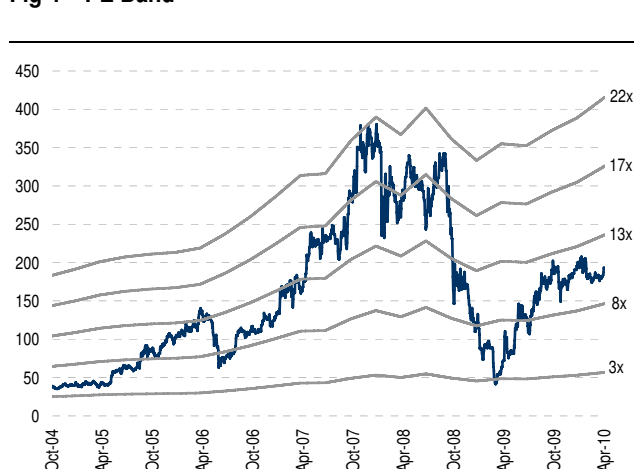
Year end 30 Jun	FY08	FY09	FY10e	FY11e	FY12e
Share capital	1,609	1,610	1,615	1,629	1,642
Reserves & surplus	10,628	13,038	15,202	17,759	20,805
Shareholders' fund	12,237	14,648	16,817	19,387	22,447
Debt	6,938	9,967	11,840	11,840	11,840
Minority interests	15	8	5	5	5
Capital employed	19,190	24,624	28,662	31,232	34,292
Fixed assets	8,222	15,264	15,622	15,796	15,841
Investments	4,816	3,364	3,364	3,364	3,364
Working capital	3,553	4,620	5,053	5,858	6,579
Cash	2,598	1,376	4,623	6,215	8,507
Capital deployed	19,190	24,624	28,662	31,232	34,292
No. of shares (m)	161	161	162	163	164
Net Debt/Equity (%)	12.9	57.8	44.4	29.9	15.2
W C turn (days)	121.0	122.8	120.7	117.2	113.2

Source: Company, Anand Rathi Research

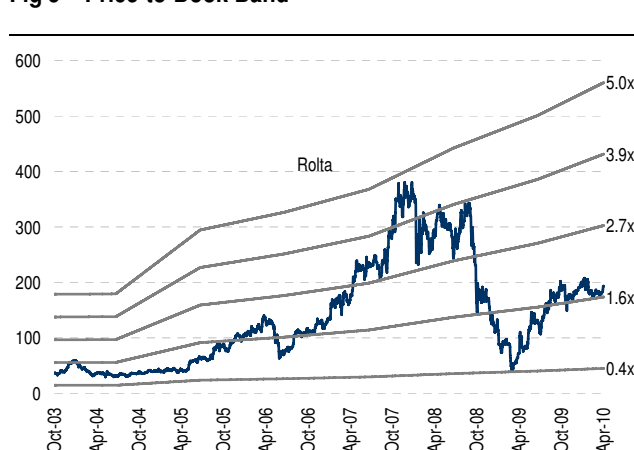
Fig 3 – Cash flow statement (Rsm)

Year end 30 Jun	FY08	FY09	FY10e	FY11e	FY12e
Consolidated PAT	2,306	2,938	2,559	3,224	3,814
+ Depreciation	1,432	1,879	2,812	2,827	2,954
Cash profit	3,738	4,817	5,372	6,051	6,769
- Incr/(Decr) in WC	117	1,067	432	805	721
Operating cash flow	3,621	3,750	4,939	5,246	6,048
- Capex	3,477	8,909	3,000	3,000	3,000
Free cash flow	143	(5,159)	1,939	2,246	3,048
- Dividend	569	569	567	667	768
+ Equity raised	(346)	24	2	13	13
+ Debt raised	761	3,029	1,873	-	-
- Investments	3,780	(1,452)	-	-	-
- Misc. items	-	-	-	-	-
Net cash flow	(3,791)	(1,223)	3,247	1,592	2,293
+ Opening cash	6,390	2,598	1,376	4,623	6,215
Closing cash	2,598	1,376	4,623	6,215	8,507

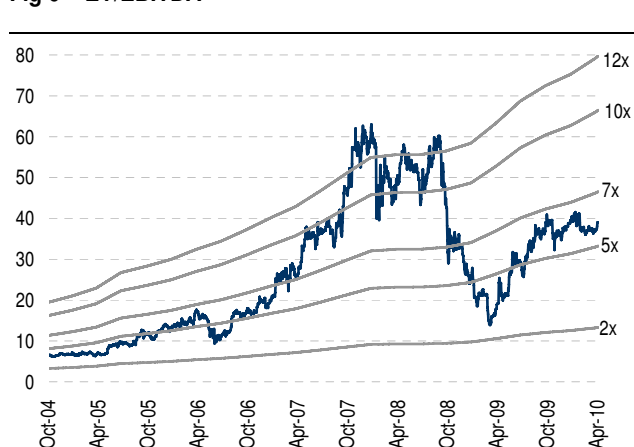
Source: Company, Anand Rathi Research

Fig 4 – PE Band


Source: Anand Rathi Research

Fig 5 – Price-to-Book Band


Source: Anand Rathi Research

Fig 6 – EV/EBITDA


Source: Anand Rathi Research

Results Review

Rolta India's 3QFY10 revenue grew 5.1% qoq (rupee) and 8.7% (US\$). The margins were flattish sequentially. Net profit increased 6.9% qoq, better than expected.

Revenue analysis

Revenue for 3QFY10 stood at Rs3,946m, 1.1% better than our estimates in rupee terms. The average Rs/US\$ rate realized for 3QFY10 was 45.1 vis-à-vis our assumed 45.5.

In dollar terms, revenue stood at US\$87.4m, an 8.7% qoq increase and 1.9% higher than our estimates.

GeoSpatial Information Systems (GIS) was as we expected. Revenue for this vertical stood at Rs1,967m, 0.9% over our estimate in rupee terms. GIS had 2,188 employees in 3QFY10 (against our expected 2,272). Utilisation stood at 79.3% vs our expectation of 83%.

Engineering Design (EDA) did better than we expected. Revenue for this vertical stood at Rs1,017m, 2.9% over our estimate in rupee terms. EDA had 1,174 employees in 3QFY10 (against our expected 1,206). Utilisation stood at 78.4% vs our expectation of 78%.

Enterprise Information and Communications (EICT) was as we expected. Revenue for this vertical stood at Rs961m, 0.2% below our estimate in rupee terms. EICT had 846 employees in 3QFY10 (against our expected 893). Utilisation was 71.2% vs our expected 72%.

Fig 7 – Quarterly details

(Rsm)	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
GIS	1,425	1,490	1,549	1,562	1,595	1,710	1,868	1,967
Growth % (yoy)	27.5	23.7	18.6	14.0	11.9	14.8	20.6	25.9
Growth % (qoq)	4.0	4.5	4.0	0.9	2.1	7.2	9.2	5.3
% of revenue	44.4	43.0	42.8	47.1	47.9	48.8	49.7	49.9
EDA	987	1,060	1,094	900	861	882	951	1,017
Growth % (yoy)	48.5	42.4	31.9	(1.7)	(12.8)	(16.8)	(13.1)	13.0
Growth % (qoq)	7.8	7.4	3.2	(17.7)	(4.3)	2.4	7.7	7.0
% of revenue	30.7	30.6	30.2	27.1	25.9	25.2	25.3	25.8
EICT	798	912	977	858	871	913	937	961
Growth % (yoy)	222.0	248.6	247.0	43.4	9.1	0.1	(4.1)	12.1
Growth % (qoq)	33.5	14.2	7.2	(12.2)	1.5	4.8	2.7	2.6
% of revenue	24.9	26.3	27.0	25.8	26.2	26.0	24.9	24.4
Total	3,211	3,461	3,619	3,320	3,327	3,505	3,756	3,946

Source: Company, Anand Rathi Research

EBITDA margin

The EBITDA margin came 23bps higher than we expected on account of better-than-expected revenue and lower-than-expected wage costs.

Non-operating items

Other income – ‘Other income’ was lower than our estimate. Rolta had Rs60m in ‘other income’ vis-à-vis our estimated Rs76m.

Effective tax rate – The tax rate was 14% vis-à-vis our assumed 13%.

Net profit growth

The net profit beat our estimate by 2.5%, chiefly on account of better-than-expected revenue and EBITDA margin.

Fig 8 – Quarterly details

(Rsm)	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
Sales	3,211	3,461	3,619	3,320	3,327	3,505	3,756	3,946
Growth % (yoy)	58.1	56.6	49.7	15.1	3.6	1.3	3.8	18.8
Growth % (qoq)	11.4	7.8	4.6	(8.3)	0.2	5.3	7.2	5.1
EBITDA	1,122	1,185	1,261	1,065	1,125	1,255	1,423	1,492
EBITDA margin (%)	34.9	34.2	34.8	32.1	33.8	35.8	37.9	37.8
Growth % (yoy)	40.3	41.1	35.9	5.7	0.3	5.9	12.8	40.1
Growth % (qoq)	11.3	5.6	6.5	(15.6)	5.6	11.6	13.4	4.8
Depreciation	378	379	413	498	578	621	670	673
Interest expense	-	-	11	58	57	83	115	101
Other income	(134)	150	95	81	364	99	80	60
PBT	609	956	932	591	855	650	718	778
Taxes	110	105	101	101	94	90	92	109
PAT	500	851	830	489	761	559	626	669
Growth % (yoy)	2.3	58.1	37.9	(25.5)	52.2	(34.3)	(24.6)	36.7
Growth % (qoq)	(23.9)	70.3	(2.4)	(41.0)	55.4	(26.5)	11.9	6.9
EPS (Rs)	3.2	5.3	5.2	3.1	4.7	3.5	3.9	4.1

Source: Company, Anand Rathi Research

Other key points

- Rolta has maintained its revenue guidance of Rs15.3bn-15.7bn. EBITDA margin was expected to be in the region of 37% for FY10.
- The order-book for the GIS, EICT and EDA segments rose 4.7%, 3.2% and 2.1% qoq, respectively. Overall, it climbed 3.6%, to Rs17.7bn.
- Cash and cash equivalents at Mar-end stood at Rs1.3bn, while debt was Rs11.8bn (of which Rs525m was of FCCBs).
- DSO days for the quarter stood at ~130 (they were 134 in 2QFY10).

Estimates and valuation

We maintain our FY10/11/12 EPS estimates. Hence, we keep to our recommendation and target price on the stock.

Fig 9 – Estimates

(Rsm)	FY10e			FY11e			FY12e		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	15,286	15,274	(0.1)	18,500	18,238	(1.4)	21,452	21,219	(1.1)
Consolidated PAT	2,594	2,559	(1.3)	3,272	3,224	(1.4)	3,856	3,814	(1.1)
EPS	16.0	15.8	(1.0)	20.0	19.8	(1.0)	23.4	23.2	(0.7)

Source: Company, Anand Rathi Research

Minor estimate changes

- 1) We have altered our Rs/US\$ conversion to 44.5 for FY11/12 (from the earlier assumed 45), due to rupee movements against the dollar.
- 2) Pricing changes have occurred due to differences in actual and estimated 3QFY10 prices. The changes do not factor in any cross-currency movements.
- 3) Volume assumptions for FY10/11/12 are a combination of healthy traction and changes in the headcount of the three businesses during 3QFY10. The company has mentioned it would be more focused on higher productivity than merely adding headcount.

Valuation

We retain our target price of Rs240, implying a target multiple of 12x FY11e FDEPS of Rs20 (maintaining our earlier target multiple of 12x). This is in line with the peer group, which trades at 12x FY11e earnings. Hence, we continue our Hold on the stock. At this valuation, Rolta India would trade at a 30% discount to the IT large caps.

Fig 10 – IT companies' FY11 consensus PEs @ current price

IT large caps	1-year forward PE	IT mid-caps	1-year forward PE
Infosys	22.8	Patni Computers	13.4
TCS	20.5	Mindtree*	11.9
Wipro	19.6	Firstsource*	11.2
HCL Tech	14.5	Hexaware*	10.1
Tech Mahindra	13.0	NIIT*	13.2
Mphasis	11.7		
IT large caps	17.0	IT Mid-caps	12.0

Source: Anand Rathi Research. *Bloomberg consensus

Risks

Equity dilution. Rolta has pending FCCBs of about US\$96.7m due till 2012 (conversion price is Rs368.70). Our estimates do not factor in the dilution from FCCB conversion. However, if the conversion goes through, it would lead to ~7.8% dilution. The company has passed an enabling resolution to raise funds of US\$250m for expansion and acquisitions.

Non-annuity based revenue. A substantial portion of Rolta's revenue arises from non-annuity sources. Therefore, any slash in the capex programs of its clients could hurt Rolta.

Fig 11 – Income statement

Year end 30 Jun (Rsm)	FY08	FY09	FY10e	FY11e	FY12e
Revenues	10,722	13,728	15,274	18,238	21,219
Growth (%)	50.7	28.0	11.3	19.4	16.3
Avg. currency rate (Rs/US\$)	40.5	48.6	46.1	44.5	44.5
Depreciation (%)	(7.1)	19.8	(5.1)	(3.4)	-
Employees	5,269	4,980	4,929	5,979	6,517
Growth (%)	30.8	(5.5)	(1.0)	21.3	9.0
Employees (less: Sales)	4,686	4,382	4,318	5,348	5,898
% of total employees	88.9	88.0	87.6	89.4	90.5
Revenue/software engineer (US\$ '000)	65.0	62.4	76.2	84.8	84.8
Growth (%)	20.8	(4.0)	22.2	11.3	-
Expenses	6,825	9,093	9,574	11,417	13,318
As % of revenue (%)	63.7	66.2	62.7	62.6	62.8
Employee cost	3,201	5,487	5,110	5,892	6,818
As % of revenue (%)	29.9	40.0	33.5	32.3	32.1
Cost / Employee (Rs '000)	688.5	1,070.7	1,031.3	1,080.3	1,091.2
Wage inflation (%)	45.4	55.5	(3.7)	4.8	1.0
Other costs	3,624	3,606	4,465	5,525	6,500
As % of revenue (%)	33.8	26.3	29.2	30.3	30.6
EBITDA	3,897	4,635	5,700	6,820	7,901
EBITDA margin (%)	36.3	33.8	37.3	37.4	37.2
Interest	-	126	401	414	414
Depreciation	1,383	1,867	2,641	2,827	2,954
Other income	170	690	299	316	348
PBT	2,685	3,333	2,957	3,895	4,881
Tax	388	402	405	678	1,074
Effective tax rate (%)	14.4	12.1	13.7	17.4	22.0
PAT	2,297	2,931	2,552	3,217	3,807
Minority interest	9	7	7	7	7
Consolidated PAT	2,306	2,938	2,559	3,224	3,814
Extraordinary expense	-	-	-	-	-
Reported PAT	2,306	2,938	2,559	3,224	3,814

Source : Company, Anand Rathi Research

Fig 12 – Balance sheet

Year end 30 Jun (Rsm)	FY08	FY09e	FY10e	FY11e	FY12e
Equity	1,609	1,610	1,615	1,629	1,642
Reserves	10,232	12,631	14,624	17,181	20,227
Shareholders' funds	11,841	14,242	16,239	18,810	21,869
Debt	6,938	9,967	11,840	11,840	11,840
Minority	15	8	5	5	5
Capital employed	18,795	24,217	28,084	30,654	33,714
Fixed assets	8,222	15,264	15,622	15,796	15,841
Investments	4,816	3,364	3,364	3,364	3,364
Deferred tax assets	(395)	(407)	(578)	(578)	(578)
Cash	2,598	1,376	4,623	6,215	8,507
Working capital	3,553	4,620	5,053	5,858	6,579
Capital employed	18,795	24,217	28,084	30,654	33,714

Source : Company, Anand Rathi Research

Fig 13 – Cash flow statement

Year end 30 Jun (Rsm)	FY08	FY09e	FY10e	FY11e	FY12e
PAT	2,306	2,938	2,559	3,224	3,814
+ non-cash expense	1,432	1,879	2,812	2,827	2,954
Cash profit	3,738	4,817	5,372	6,051	6,769
- Increase/(decrease) in working capital	117	1,067	432	805	721
Operating cash flow	3,621	3,750	4,939	5,246	6,048
- Capex	3,477	8,909	3,000	3,000	3,000
Free cash flow	143	(5,159)	1,939	2,246	3,048
+ Equity raised	(346)	24	2	13	13
+ Debt raised	761	3,029	1,873	-	-
- Investments	3,780	(1,452)	-	-	-
- Dividend paid	569	569	567	667	768
- Misc. expense	-	-	-	-	-
Net change in cash	(3,791)	(1,223)	3,247	1,592	2,293
Opening cash	6,390	2,598	1,376	4,623	6,215
Closing cash	2,598	1,376	4,623	6,215	8,507

Source : Company, Anand Rathi Research

Fig 14 – RoE, RoCE analysis

Year end 30 Jun	FY08	FY09	FY10e	FY11e	FY12e
EBIT/Sales (%)	25.0	25.2	22.0	23.6	25.0
Sales/Avg.CE (x)	0.6	0.6	0.6	0.7	0.7
EBIT/ Avg.CE (RoCE) (%)	15.2	16.1	12.8	14.7	16.5
Avg. CE/Avg.Equity (x)	1.6	1.6	1.7	1.7	1.6
PBT/EBIT (x)	1.1	1.2	1.0	1.0	1.0
PAT/PBT (x)	0.9	0.9	0.9	0.8	0.8
Cons.PAT/PAT (x)	1.0	1.0	1.0	1.0	1.0
PAT/Avg. Equity (RoE) (%)	22.1	28.1	18.4	19.9	20.1

Source : Company, Anand Rathi Research

Fig 15 – Key ratios @ Rs189

Year end 30 Jun	FY08	FY09	FY10e	FY11e	FY12e
Diluted shares (m)	160.9	161.0	161.5	162.9	164.2
FDEPS (Rs)	14.3	18.2	15.8	19.8	23.2
CEPS (Rs)	22.9	29.8	32.2	37.2	41.2
BV (Rs)	73.6	88.5	100.5	115.5	133.2
P/E (x)	13.2	10.4	11.9	9.6	8.2
P/C (x)	8.3	6.3	5.9	5.1	4.6
P/B (x)	2.6	2.1	1.9	1.6	1.4
EV/Sales (x)	3.0	2.8	2.5	2.0	1.6
EV/EBITDA (x)	8.2	8.4	6.6	5.3	4.3
Net gearing (%)	12.9	57.8	44.4	29.9	15.2
Working capital turnover (days)	121	123	121	117	113
DPS (Rs)	3.0	3.0	3.0	3.5	4.0
Dividend payout (%)	24.7	19.4	22.2	20.7	20.1
Dividend yield (%)	1.6	1.6	1.6	1.8	2.1

Source : Company, Anand Rathi Research

Rolta India fact sheet

Employee details	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
Total	5,558	5,292	4,980	4,756	4,763	4,809
GIS	2,287	2,248	2,206	2,184	2,172	2,188
EDA	1,723	1,548	1,323	1,147	1,156	1,174
EICT	932	889	853	838	843	846
Support, marketing & others	616	607	598	587	592	601
Utilisation rates (%)						
GIS	81.8	76.8	79.1	81.4	81.0	79.3
EDA	74.4	63.2	68.3	73.6	76.8	78.4
EICT	75.8	66.7	71.2	73.1	72.2	71.2
Average billing rates (US\$/hr)						
GIS	21.6	21.1	21.6	22.3	22.5	22.4
EDA	29.3	27.0	26.7	26.3	27.6	27.8
EICT	152.1	145.9	145.8	146.0	146.4	148.2
Order book (Rsm)						
GIS	7,144	7,458	7,792	8,152	8,322	8,716
EDA	5,018	4,513	4,613	4,727	5,107	5,213
EICT	3,756	3,552	3,692	3,708	3,648	3,764
Total	15,918	15,523	16,097	16,587	17,077	17,693
Segment-wise revenue (Rsm)						
GIS	1,549	1,562	1,595	1,710	1,868	1,967
EDA	1,094	900	861	882	951	1,017
EICT	977	858	871	913	937	961
Total	3,619	3,320	3,327	3,505	3,756	3,946
Segment-wise profits (Rsm)						
GIS	667	637	700	800	915	954
EDA	436	319	315	338	381	409
EICT	158	109	110	116	127	129
Total	1,261	1,065	1,125	1,255	1,423	1,492

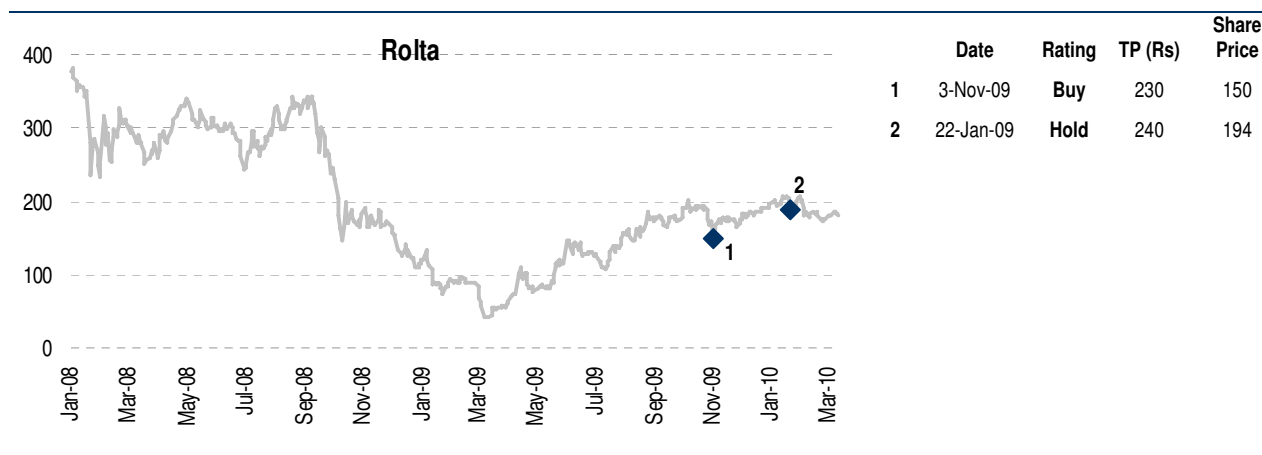
Source: Company Reports

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 15 Apr 2010)



The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below.

Ratings Guide

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>20%	5-20%	<5%
Mid/Small Caps (<US\$1bn)	>30%	10-30%	<10%

Anand Rathi Research Ratings Distribution (as of 31 Mar 10)

	Buy	Hold	Sell
Anand Rathi Research stock coverage (118)	61%	12%	27%
% who are investment banking clients	8%	0%	0%

Other Disclosures

This report has been issued by Anand Rathi Financial Services Limited (ARFSL), which is regulated by SEBI.

The information herein was obtained from various sources; we do not guarantee its accuracy or completeness. Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ("related investments"). ARFSL and its affiliates may trade for their own accounts as market maker / jobber and/or arbitrageur in any securities of this issuer(s) or in related investments, and may be on the opposite side of public orders. ARFSL, its affiliates, directors, officers, and employees may have a long or short position in any securities of this issuer(s) or in related investments. ARFSL or its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. This research report is prepared for private circulation. It 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 should seek financial advice 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. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report.

This document is intended only for professional investors as defined under the relevant laws of Hong Kong and is not intended for the public in Hong Kong. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. No action has been taken in Hong Kong to permit the distribution of this document. This document is distributed on a confidential basis. This document may not be reproduced in any form or transmitted to any person other than the person to whom it is addressed.

If this report is made available in Hong Kong by, or on behalf of, Anand Rathi Financial Services (HK) Limited., it is attributable to Anand Rathi Financial Services (HK) Limited., Unit 1211, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. Anand Rathi Financial Services (HK) Limited. is regulated by the Hong Kong Securities and Futures Commission.

Anand Rathi Financial Services Limited and Anand Rathi Share & Stock Brokers Limited are members of The Stock Exchange, Mumbai, and the National Stock Exchange of India.

© 2010 Anand Rathi Financial Services Limited. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Anand Rathi Financial Services Limited.

Additional information on recommended securities/instruments is available on request.