

Siemens

Refer to important disclosures at the end of this report

Outlook remains strong despite short-term hiccups

- Siemens Ltd's (SIEM) Q4FY17 operational performance is below our expectations. Revenue increased by 2% yoy, driven by 11% yoy growth in Energy Management (EM). EBITDAM increased by 120bps to 10.1% and APAT increased by 10.5% yoy.
- Order intake improved by 10.4% yoy to Rs27bn while order backlog increased by 23% yoy to ~Rs123bn. Government induced investments in Transmission, Railways and Distribution continue to drive order flows. Order flows from the private sector remain muted.
- As part of the global strategy, the company is in the process of moving from being a supplier of electrification products to an automation company and finally aspires to be known as a leader in the digitalisation of industrial business.
- We downgrade FY18/FY19 EPS estimates by 10%/18% to factor in lower revenue and profitability assumptions. SIEM trades at 36x FY19E earnings. We maintain HOLD with a TP of Rs1,335 based on 40x FY19E earnings.

- Muted performance:** Revenue increased by 2% yoy to Rs31.4bn. EBIT increased by 16% yoy to Rs2.7bn while EBITM expanded by 110bps to 8.5%. Except EM and Digital Factory (DF), revenue decreased yoy across all other segments - Power and Gas (PG) (Rs3.9bn, -14% yoy), Building Technologies (BT) (Rs1.2bn, -8% yoy), Mobility (MO) (Rs2.5bn, -25% yoy) and Process Industries & Drives (PID) (Rs5.8bn, -19% yoy). The EM and DF segments reported 11% yoy and 4% yoy growth in revenue to Rs13bn and Rs6bn, respectively. Except DF, all major segments reported margin expansion – PG at 17.2% (+800bps yoy), EM at 7.2% (+30bps yoy), BT at 12.3% (+470bps yoy), MO at 9.4% (+200bps yoy) and PID at 4.1% (+240bps yoy). EBITM in the DF segment declined by 90bps yoy to 6%. Other income declined by 8% yoy to Rs630mn. SIEM posted APAT of Rs 635mn. Order intake for the year increased by 26% yoy to Rs135bn. Going forward, order accretion will continue to be driven by public sector investments, as private sector capex continues to lag behind. Management commentary indicates that the private sector may take at least four more quarters to roll out capex plans.

- Maintain HOLD:** SIEM's presence from "Trains to Turbines" ensures that the company's revenue growth has high correlation to the Government and private sector spending across early, mid and late cycle capex. Growth in the baseline business in FY17 was largely driven by hardware supply for routine maintenance opex and not from new expansions. The company needs to consistently record strong order intake over the next few quarters to ensure higher revenue bookings from FY18E onwards. Going forward, the focus will no longer be the mere supply of products; SIEM plans to offer its customers end-to-end solutions and accelerate the digitalisation of their business processes. We expect SIEM to post 21% revenue CAGR over FY17-19E and 45% APAT CAGR. At CMP, SIEM trades at 36x FY19E earnings. We maintain HOLD with a TP of Rs1,335 based on 40x FY19E earnings.

Financial Snapshot (Standalone)

(Rs mn)	FY15	FY16	FY17	FY18E	FY19E
Net Sales	1,05,124	1,08,089	1,13,483	1,39,722	1,64,783
EBITDA	9,719	9,732	10,512	14,808	18,876
EBITDA Margin (%)	9.2	9.0	9.3	10.6	11.5
APAT	5,772	6,056	5,661	9,385	11,912
EPS (Rs)	16.2	17.0	15.9	26.4	33.4
EPS (% chg)	161.8	4.9	(6.5)	65.8	26.9
ROE (%)	12.1	10.3	7.9	11.9	14.1
P/E (x)	75.0	71.5	76.5	46.1	36.3
EV/EBITDA (x)	42.4	40.9	37.3	26.4	20.6
P/BV (x)	8.4	6.6	5.6	5.3	5.0

Source: Company, Emkay Research

CMP	Target Price
Rs 1,216 as of (November 28, 2017)	Rs 1,335 (▼) 12 months
Rating	Upside
HOLD (■)	9.8 %

Change in Estimates

EPS Chg FY18E/FY19E (%)	(9.9)/(17.7)
Target Price change (%)	(6.3)
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY18E	FY19E
Emkay	26.4	33.4
Consensus	26.0	32.4
Mean Consensus TP (12M)	Rs 1,370	

Stock Details

Bloomberg Code	SIEM IN
Face Value (Rs)	2
Shares outstanding (mn)	356
52 Week H/L	1,471 / 1,045
M Cap (Rs bn/USD bn)	433 / 6.72
Daily Avg Volume (nos.)	2,22,397
Daily Avg Turnover (US\$ mn)	4.3

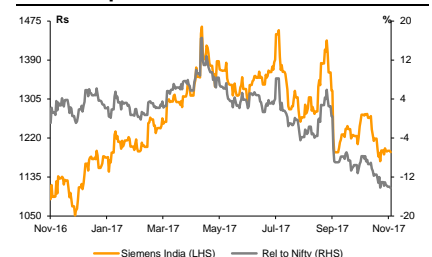
Shareholding Pattern Sep '17

Promoters	75.0%
FII's	4.9%
DII's	9.2%
Public and Others	10.9%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(4)	(6)	(12)	13
Rel. to Nifty	(5)	(10)	(19)	(12)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

John Perinchery

john.perinchery@emkayglobal.com
+91 22 66121374

Jason Soans

jason.soans@emkayglobal.com
+91 22 66121262

Exhibit 1: Actual V/s estimates for the quarter

(Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	31,418	37,087	32,023	(15.3)	(1.9)	Lower-than-expected revenue in PG, MO and PID segments
EBITDA	3,172	3,338	3,127	(5.0)	1.4	Better-than-expected margins across key segments
EBITDA, margin	10.1	9.0	9.8	110 bps	30 bps	
APAT	2,130	2,324	2,154	(8.3)	(1.1)	Lower EBITDA and other income impacted PAT

Source: Company, Emkay Research

Exhibit 2: Quarterly Financials - Standalone (Continuing Operations)

Rs mn	Q4FY16	Q3FY17	Q4FY17	YoY (%)	QoQ (%)	YTD'17	YTD'16	Gr (%)
Revenue	30,906	26,508	31,418	1.7	18.5	1,10,148	95,386	15.5
Expenditure	28,145	24,243	28,247	0.4	16.5	99,635	85,985	15.9
Consumption of RM	21,003	17,472	21,305	1.4	21.9	73,504	62,349	17.9
as % of sales	68	66	68		2.9	67	65	
Employee Cost	3,531	3,522	3,700	4.8	5.1	13,926	13,157	5.8
as % of sales	11	13	12		(11.4)	13	14	
Other expenditure	3,611	3,249	3,242	(10.2)	(0.2)	12,205	10,479	16.5
as % of sales	12	12	10		(15.8)	11	11	
EBITDA	2,761	2,266	3,172	14.9	40.0	10,512	9,401	11.8
Depreciation	462	480	502	8.8	4.7	1,967	1,928	2.0
EBIT	2,299	1,786	2,669	16.1	49.5	8,546	7,473	14.4
Other Income	687	731	630	(8.4)	(13.8)	2,547	1,643	55.1
Interest	21	25	22	7.5	(10.3)	77	89	(13.8)
PBT	2,965	2,492	3,277	10.5	31.5	11,016	9,026	22.0
Total Tax	7,992	863	2,642	(66.9)	206.2	5,355	10,085	(46.9)
Adjusted PAT	(5,027)	1,629	635	(112.6)	(61.0)	5,661	(1,059)	(634.6)
Extra ordinary items	29,923	-	5,603			5,675	29,923	(81.0)
Reported PAT	24,896	1,629	6,238	(74.9)	283.0	11,336	28,864	(60.7)
Adjusted EPS (Rs)	-14.1	4.6	1.8	(112.6)	(61.0)	15.9	-3.0	(635.3)
Margins (%)				(bps)	(bps)			(bps)
EBITDA	8.9	8.5	10.1	120	150	9.5	9.9	(30)
EBIT	7.4	6.7	8.5	110	180	7.8	7.8	(10)
EBT	9.6	9.4	10.4	80	100	10.0	9.5	50
PAT	(16.3)	6.1	2.0	1,830	(410)	5.1	(1.1)	620
Effective tax rate	269.5	34.6	80.6	(18,890)	4,600	48.6	111.7	(6,310)

Source: Company, Emkay Research

Exhibit 3: Segmental Performance-Standalone (Continuing Operations)

Segment Revenue (Rs. mn)	Q4FY16	Q3FY17	Q4FY17	YoY (%)	QoQ (%)	YTD'17	YTD'16	Gr (%)
Power and Gas	4,530	3,035	3,879	(14.4)	27.8	14,403	14,252	1.1
Energy Management	12,082	12,145	13,452	11.3	10.8	46,492	36,663	26.8
Building Technologies	1,295	1,119	1,196	(7.6)	6.9	4,399	3,774	16.6
Mobility	3,436	2,710	2,562	(25.4)	(5.5)	11,872	10,933	8.6
Digital Factory	5,861	4,723	6,073	3.6	28.6	20,460	18,788	8.9
Process Industries and Drives	7,105	5,491	5,779	(18.7)	5.2	22,548	22,285	1.2
Others	488	361	331	(32.2)	(8.4)	1,324	1,129	17.2
Total	34,798	29,584	33,272	(4.4)	12.5	1,21,498	1,07,823	12.7
Less: Inter-segment Revenues	2,600	1,997	1,854	(28.7)	(7.2)	8,015	8,283	(3.2)
Total	32,198	27,587	31,418	(2.4)	13.9	1,13,483	99,540	14.0
Segment Results								
Power and Gas	417	163	668	60.1	310.8	2,014	1,373	46.7
Energy Management	832	801	964	15.9	20.5	3,234	2,541	27.3
Building Technologies	98	67	147	49.2	119.9	289	254	13.9
Mobility	257	253	242	(5.9)	(4.2)	903	676	33.5
Digital Factory	407	336	365	(10.3)	8.8	1,230	1,246	(1.3)
Process Industries and Drives	124	84	239	92.4	186.2	545	987	(44.8)
Others	162	84	43	(73.2)	(48.0)	330	395	(16.5)
Total	2,299	1,786	2,669	16.1	49.5	8,546	7,473	14.4
Interest	(21)	(25)	(22)	8	(10)	77	89	(14)
Exceptional Items	29,923	-	5,603			5,675	29,923	-
Other income	687	731	630	(8)	(14)	2,547	1,643	55
PBT	32,889	2,492	8,880	(73.0)	256.4	16,691	38,950	(57.1)
Segment Margins (%)				(bps)	(bps)	(bps)		
Power and Gas	9.2	5.4	17.2	800	1,190	14.0	9.6	430
Energy Management	6.9	6.6	7.2	30	60	7.0	6.9	-
Building Technologies	7.6	6.0	12.3	470	630	6.6	6.7	(20)
Mobility	7.5	9.3	9.4	200	10	7.6	6.2	140
Digital Factory	7.0	7.1	6.0	(90)	(110)	6.0	6.6	(60)
Process Industries and Drives	1.8	1.5	4.1	240	260	2.4	4.4	(200)
Others	33.2	23.1	13.1	(2,010)	(1,000)	24.9	35.0	(1,010)
Average	6.6	6.0	8.0	140	200	7.0	6.9	10

Source: Company, Emkay Research

Exhibit 4: Revision in Earning Estimates

Y/E, Sep	FY18E			FY19E		
	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenues	1,48,418	1,39,722	(5.9)	1,82,950	1,64,783	(9.9)
EBITDA	16,635	14,808	(11.0)	22,954	18,876	(17.8)
EBITDA Margin (%)	11.2	10.6	-60 bps	12.5	11.5	-110 bps
APAT	10,446	9,385	(10.2)	14,462	11,912	(17.6)
EPS (Rs)	29.3	26.4	(10.2)	40.6	33.4	(17.6)

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Sep (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
Net Sales	1,05,124	1,08,089	1,13,483	1,39,722	1,64,783
Expenditure	95,405	98,357	1,02,971	1,24,915	1,45,907
EBITDA	9,719	9,732	10,512	14,808	18,876
Depreciation	2,156	2,264	1,967	2,823	3,109
EBIT	7,563	7,468	8,546	11,985	15,768
Other Income	1,604	1,639	2,547	2,531	2,635
Interest expenses	49	59	77	77	77
PBT	9,118	9,048	11,016	14,439	18,325
Tax	3,346	2,992	5,355	5,053	6,414
Extraordinary Items	6,043	22,824	5,675	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	11,815	28,880	11,336	9,385	11,912
Adjusted PAT	5,772	6,056	5,661	9,385	11,912

Balance Sheet

Y/E Sep (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
Equity share capital	712	712	712	712	712
Reserves & surplus	50,554	65,107	76,335	80,592	86,521
Net worth	51,266	65,819	77,047	81,304	87,233
Minority Interest	0	0	0	0	0
Loan Funds	0	0	0	0	0
Net deferred tax liability	(3,175)	(3,253)	(2,442)	(2,442)	(2,442)
Total Liabilities	48,091	62,566	74,605	78,862	84,791
Net block	13,611	11,955	13,344	14,021	14,412
Investment	1,686	1,647	550	550	550
Current Assets	81,815	96,681	1,13,465	1,18,328	1,28,545
Cash & bank balance	20,959	35,094	40,713	42,555	44,178
Other Current Assets	10,875	8,997	21,646	21,646	21,646
Current liabilities & Provision	49,342	48,508	54,184	55,467	60,146
Net current assets	32,473	48,173	59,281	62,861	68,399
Misc. exp	0	0	0	0	0
Total Assets	48,091	62,566	74,605	78,862	84,791

Cash Flow

Y/E Sep (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
PBT (Ex-Other income) (NI+Dep)	7,514	7,409	8,469	11,908	15,690
Other Non-Cash items	0	0	5,675	0	0
Chg in working cap	3,810	(1,643)	(4,678)	(1,738)	(3,915)
Operating Cashflow	6,162	5,082	6,154	8,017	8,548
Capital expenditure	(2,132)	(1,078)	(3,995)	(3,500)	(3,500)
Free Cash Flow	4,030	4,004	2,159	4,517	5,048
Investments	(1,604)	39	1,097	0	0
Other Investing Cash Flow	8,373	1,796	0	0	0
Investing Cashflow	6,241	2,396	(350)	(969)	(865)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	0	0	0	0	0
Dividend paid (incl tax)	(2,561)	(16,071)	(108)	(5,128)	(5,983)
Other Financing Cash Flow	(62)	10	0	0	0
Financing Cashflow	(2,672)	(16,120)	(185)	(5,205)	(6,060)
Net chg in cash	9,731	(8,642)	5,619	1,843	1,623
Opening cash position	11,210	20,959	35,094	40,713	42,555
Closing cash position	20,959	35,094	40,713	42,555	44,178

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY15	FY16	FY17	FY18E	FY19E
EBITDA Margin	9.2	9.0	9.3	10.6	11.5
EBIT Margin	7.2	6.9	7.5	8.6	9.6
Effective Tax Rate	36.7	33.1	48.6	35.0	35.0
Net Margin	5.5	5.6	5.0	6.7	7.2
ROCE	20.8	16.5	16.2	18.9	22.5
ROE	12.1	10.3	7.9	11.9	14.1
RoIC	28.3	29.8	30.0	36.2	43.2

Per Share Data (Rs)	FY15	FY16	FY17	FY18E	FY19E
EPS	16.2	17.0	15.9	26.4	33.4
CEPS	22.3	23.4	21.4	34.3	42.2
BVPS	144.0	184.9	216.4	228.3	245.0
DPS	4.0	26.8	0.0	9.6	11.2

Valuations (x)	FY15	FY16	FY17	FY18E	FY19E
PER	75.0	71.5	76.5	46.1	36.3
P/CEPS	54.6	52.0	56.8	35.5	28.8
P/BV	8.4	6.6	5.6	5.3	5.0
EV / Sales	3.9	3.7	3.5	2.8	2.4
EV / EBITDA	42.4	40.9	37.3	26.4	20.6
Dividend Yield (%)	0.3	2.2	0.0	0.8	0.9

Gearing Ratio (x)	FY15	FY16	FY17	FY18E	FY19E
Net Debt/ Equity	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)
Net Debt/EBIDTA	(2.2)	(3.6)	(3.9)	(2.9)	(2.3)
Working Cap Cycle (days)	40.0	44.2	59.7	53.0	53.6

Growth (%)	FY15	FY16	FY17	FY18E	FY19E
Revenue	(1.6)	2.8	5.0	23.1	17.9
EBITDA	63.5	0.1	8.0	40.9	27.5
EBIT	107.1	(1.3)	14.4	40.2	31.6
PAT	95.9	144.4	(60.7)	(17.2)	26.9

Quarterly (Rs mn)	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Revenue	30,906	22,933	29,288	26,508	31,418
EBITDA	2,761	2,337	2,786	2,266	3,172
EBITDA Margin (%)	8.9	10.2	9.5	8.5	10.1
PAT	24,896	1,607	1,863	1,629	6,238
EPS (Rs)	69.9	4.5	5.2	4.6	17.5

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Promoters	75.0	75.0	75.0	75.0	75.0
FIs	5.0	4.8	5.0	5.0	4.9
DIs	9.2	9.4	9.3	9.4	9.2
Public and Others	10.8	10.8	10.7	10.6	10.9

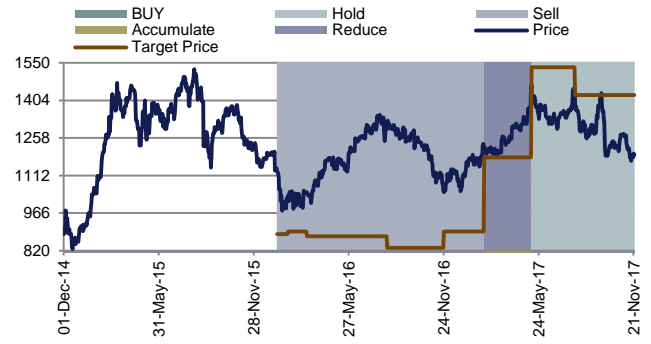
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
01-Aug-17	1,397	1,425	12m	Hold	John Perinchery
10-May-17	1,463	1,533	12m	Hold	John Perinchery
09-Feb-17	1,224	1,182	12m	Reduce	John Perinchery
24-Nov-16	1,047	894	12m	Sell	John Perinchery
08-Aug-16	1,321	831	12m	Sell	John Perinchery
20-May-16	1,134	876	12m	Sell	John Perinchery
08-Mar-16	1,047	876	12m	Sell	John Perinchery
01-Feb-16	1,035	894	12m	Sell	John Perinchery
11-Jan-16	1,128	885	12m	Sell	John Perinchery

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Rating Distribution

BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

Completed Date:

Dissemination Date:

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

GENERAL DISCLOSURE/DISCLAIMER BY DBS BANK LTD AS DISTRIBUTOR OF THE RESEARCH REPORT

This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies. Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report. This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that: (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein. Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of November 29, 2017
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
Disclosure of previous investment recommendation produced:
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of November 29, 2017.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the November 29, 2017
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the November 29, 2017

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY DBS BANK LTD AS DISTRIBUTOR OF THE RESEARCH REPORT

1. DBS Bank Ltd., DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), DBSV HK or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 31 July 2017.
2. Neither DBS Bank Ltd, DBS HK nor DBSV HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

Compensation for investment banking services:

3. DBSVUSA, does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

Disclosure of previous investment recommendation produced:

4. DBS Bank Ltd. DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd. DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at PO Box 506538, 3rd Floor, Building 3, East Wing, Gate Precinct, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

SINGAPORE**DBS Bank Ltd**

Contact: Janice Chua
12 Marina Boulevard, Marina Bay Financial Centre Tower 3
Singapore 018982
Tel. 65-6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E

THAILAND**DBS Vickers Securities (Thailand) Co Ltd**

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Nagkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand

INDONESIA**PT DBS Vickers Sekuritas (Indonesia)**

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel. 62 21 3003 4900
Fax: 62 21 3003 4943
e-mail: research@id.dbsvickers.com



John Perinchery, CMA., CA

john.perinchery@emkayglobal.com

+91 22 66121374