kotak® Institutional Equities

INDIA DAILY

March 26, 2008

EQUITY MARKETS

India	25-Mar	1-day	1-mo	3-mo
		Change, %		
Sensex	16,217	6.1	(8.9)	(19.7)
Nifty	4,878	5.8	(7.4)	(19.7)
Global/Regional indices				
Dow Jones	12,533	(0.1)	(1.2)	(7.5)
Nasdaq Composite	2,341	0.6	(0.2)	(14.1)
FTSE	5,689	3.5	(6.5)	(12.2)
Nikkie	12,633	(0.9)	(8.6)	(19.3)
Hang Seng	22,504	0.2	(5.1)	(20.0)
KOSPI	1,680	0.3	(1.7)	(11.9)

Value traded - India

	25-Mar		1-mo	3-mo
			Moving avg, Rs bn	
Cash (NSE+BSE)	208.5		190.3	208.1
Derivatives (NSE)	666.3		513.1	806
Deri. open interest	670.6		803	1,187

Forex/money market

	25-Mar	1-day	1-mo	3-mo
		Change, basis points		
Rs/US$	40.1	0	17	66
6mo fwd prem, %	0.7	(25)	71	24
10yr govt bond, %	7.8	1	9	(16)

Net investment (US$mn)

	19-Mar		MTD	CYTD
FIIs	133		317	(4,306)
MFs	(117)		(410)	1,908

Top movers -3mo basis

Best performers	25-Mar	1-day	1-mo	3-mo
		Change, %		
NALCO	489	2.2	5.4	11.6
Ranbaxy	452	1.2	7.7	8.7
Nestle India	1,440	1.2	6.0	5.4
Asian Paints	1,154	(0.4)	2.3	5.2
Sun Pharma	1,252	(2.1)	9.8	3.7
Worst performers				
Moser Baer	128	6.0	(26.0)	(57.1)
Arvind Mills	37	5.4	(26.9)	(55.7)
Neyveli Lignite	115	10.5	(25.7)	(54.0)
Tata Tele	27	6.5	(24.4)	(53.8)
Rashtriya Chem	47	5.0	(44.3)	(53.5)

Contents

News Roundup

Corporate

- HSBC Financial Services Middle East has picked up a 4.99% stake in Yes Bank in the secondary market. (BS)
- At least two malls in the National Capital Region are being converted into office complexes, signalling difficult times for some malls. (ET)
- Caparo India has signed a technical agreement with Hyundai Motor Company, South Korea, for its foray into the luxury bus segment. (ET)

Economic and political

- The information and broadcasting ministy has given its nod to a hike in the foreign direct investment limit to 24% from the current 20% in FM radio operations. (FE)
- The Monetary Authority of Singapore has granted Qualifying Full Bank (QFB) privileges to State Bank of India (SBI) while the Reserve Bank of India granted DBS Bank of Singapore licences to open eight more branches in India. (BL)
- Major steel producers have given an undertaking to the government to voluntarily halt exports to check the rising steel prices. (FE)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line.

Kotak Institutional Equities Research

kotak.research@kotak.com

Mumbai: +91-22-6634-1100

Banking

Sector coverage view			Attractive

Company	Rating	Price, Rs 25-Mar	Target
SBI	ADD	1,740	2,000
HDFC	ADD	2,590	2,550
HDFC Bank	ADD	1,418	1,500
ICICI Bank	ADD	880	900
Corp Bk	BUY	285	470
BoB	ADD	299	400
PNB	BUY	507	650
OBC	REDUCE	182	240
Canara Bk	REDUCE	229	250
LIC Housing	BUY	258	350
Axis Bank	REDUCE	792	850
IOB	ADD	135	150
Shriram Trans|	REDUCE	353	335
SREI	BUY	132	240
MMFSL	REDUCE	272	290
Andhra	BUY	75	115
IDFC	REDUCE	156	150
PFC	REDUCE	159	150
Centurion Banl	BUY	46	45
Federal Bank	BUY	215	340
J&K Bank	ADD	629	850
India Infoline	ADD	790	1,400
Indian Bank	REDUCE	167	170
Union Bank	BUY	154	250
Central Bank o	ADD	88	130

Bargains for the patient

Tabassum Inamdar : tabassum.inamdar@kotak.com, +91-22-6634-1252

Ramnath Venkateswaran : ramnath.venkateswaran@kotak.com, +91-22-6634-1240

Nischint Chawathe : nischint.chawathe@kotak.com, +91-22-6749-3588

- **We see value in BFSI stocks even assuming stress case scenario**
- **Significant re-rating could take 12-18 months given the lack of any positive triggers**
- **Retain our rating on stocks given the current valuations**

We see value in BFSI stocks (at close to a 52-week low)'even in our stress-case scenario which factors in downside risks to earnings and book value from margin pressures, treasury hits, lower credit growth, asset quality and forex derivatives loses. However, a significant re-rating could take 12-18 months given the volatility in the sector, lack of positive triggers, earnings uncertainty and global financial sector instability.

Valuations attractive, global uncertainty may delay performance

Global woes and domestic concerns have led to a significant fall and underperformance in Indian banking and finance stocks. Banks are currently trading at close to a 52-week low with valuations ranging from 0.9X to 3.2X APBR, as against expected sustainable RoE of 14-18%. Fundamentals suggest limited downside, but we expect stock price performance to perk up after the US stabilizes or India decouples itself. We recommend that investors focus on companies that (1) are least impacted by domestic and international problems, (2) have better earnings visibility and (3) have reasonable-to-low valuations.

Valuations attractive even in a stress-case scenario

We analyze potential risks to financial sector earnings arising from factors such as a slowdown in growth, margin pressures, MTM hit on investments, MTM hit on forex derivative products and rise in NPLs. Our analysis shows bank earnings could drop by 25-60%, and book value by 5-15% from current estimates. Valuations even at these levels will be low ranging around 0.9X APBR to 1.4X APBR FY2009 for PSU banks and 1.2X to 3.2X PBR for private banks. In times of earnings volatility, we believe investors should focus on PBR and long-term sustainable RoEs rather than PER. Global stability and a cut in domestic interest rates could provide a fillip to stock price performance.

Retaining recommendations, performance over 12-18 months

Given low valuations, we are retaining our recommendations on stocks under coverage though we expect short-term underperformance. We still prefer PSU banks to private banks given the huge valuation differential—in particular Union Bank, BoB, PNB, Corporation Bank and SBI. Among private banks, we prefer HDFC Bank and Federal Bank given their much stronger balance sheet and profitability. Among NBFCs, we like Srei and HDFC (though expensive, a defensive play). We are reinitiating coverage on SBI with an ADD rating, changing recommendation on Indian Bank, OBC, PFC to REDUCE from SELL.

Energy

GSPT.BO, Rs56	
Rating	ADD
Sector coverage view	Neutral
Target Price (Rs)	65
52W High -Low (Rs)	114 - 46
Market Cap (Rs bn)	31.4

Financials

March y/e	2007	2008E	2009E
Sales (Rs bn)	3.2	4.1	7.1
Net Profit (Rs bn)	0.9	0.9	2.7
EPS (Rs)	1.6	1.6	4.7
EPS gth	*40.0*	*(1.1)*	*192.4*
P/E (x)	34.1	34.4	11.8
EV/EBITDA (x)	13.4	10.3	6.1
Div yield (%)	0.9	0.9	2.6

Shareholding, December 2007

	Pattern	% of Portfolio	Over/(under) weight
Promoters	37.8	-	-
FIIs	21.3	0.1	0.0
MFs	3.3	0.1	(0.0)
UTI	-	-	(0.1)
LIC	-	-	(0.1)

GSPL: Upgraded to ADD; recent correction provides decent upside to our Rs65 target price

Sanjeev Prasad : sanjeev.prasad@kotak.com, +91-22-6634-1229

Gundeep Singh : gundeep.singh@kotak.com, +91-22-6634-1286

- **Risk-reward balance more favorable after recent steep correction**
- **Upgraded to ADD (SELL previously); retain 12-month DCF-based target price of Rs65**
- **Key to stock performance will be impact of regulations on gas transportation business on earnings**

We have upgraded GSPL stock to ADD from SELL noting the steep decline in the stock price over the past month (22%); the stock now offers an attractive 16% potential upside to our 12-month DCF-based target price of Rs65. We believe GSPL will likely benefit from higher gas volumes due to increased supply of gas; however, we would watch for the nature of regulation on gas transportation business, which will largely determine GSPL's future earnings. Nonetheless, we find the risk-reward balance more favorable after the recent correction in the stock price. We have revised our FY2008E, FY2009E and FY2010E EPS to Rs1.7, Rs4.7 and Rs5.5 from Rs1.7, Rs4.9 and Rs5.6, respectively, due to minor modifications; we retain our 12-month DCF-based target price to Rs65. Key downside risks stem from lower-than-expected gas supply.

Risk-reward balance favorable after recent correction; valuations starting to look reasonable. We believe GSPL stock offers good opportunity after the recent correction in the stock prices. GSPL stock has declined sharply by 22% over the past one month and 43% over the past three months, significantly under-performing the local index (BSE Sensex), which declined by 9% and 19.7% over the same periods. The stock now offers 16% potential upside to our 12-month DCF-based target price of Rs65. At 2.1X P/B (FY2009 book) and 11.6X FY2009E EPS, GSPL's valuations appear reasonable given the nature of its accounting (high upfront depreciation of pipelines). We focus on cash flow valuation parameters (P/CEPS or DCF) and find the valuations attractive with the stock currently trading at 1.5X FY2008E GCI (EV/GCI) and 1.3X FY2009E GCI.

We expect GSPL to benefit from sharp jump in volumes led by increased supply of gas from FY2009 (Reliance gas and Petronet LNG). We model gas transportation volumes for FY2008-FY2011E at 16.9 mcm/d, 30.1 mcm/d, 44.6 mcm/d and 55.6 mcm/d, respectively. However, we would watch for the nature of regulation on gas transportation business, which will largely determine GSPL's future earnings. We discuss this issue in detail below.

The impact of regulations on gas transportation on future earnings will determine stock performance. We believe that GSPL's future earnings will depend on the reasonable rate of return (RROR) allowed by the regulator. We will wait for regulatory developments before reviewing our tariff assumptions; however, we do not rule out lower transmission charges for GSPL versus our assumptions once volumes scale up. However, we build in a decline in tariffs to factor in reasonable return on investment (our assumptions result in 19.3% average CROCI in FY2009-17E); it is possible that the regulation-mandated tariffs under the new regulatory regime may result in lower-than-expected returns.

The key variables that will have an impact on GSPL's earnings will be (1) reasonable rate of return (RROR) and (2) total capital employed (or return-earning asset) on which the RROR will apply. As per the PNGRB's draft regulations, capital employed has been defined as gross fixed assets less depreciation plus normative working capital. The tariff for a transmission/city gas distribution network would be computed using discounted cash flow methodology. The cash inflows computed using RORR and capital employed and cash outflows using capex and operating costs will be discounted using the project's reasonable rate of return. The NPV of cash flows divided by assumed volumes assumed will be the tariff for the period. The tariff will remain constant over the economic life of the pipeline and will be subject to review in each tariff period.

DCF valuation of GSPL (Rs mn)

	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	3,599	6,400	7,588	7,937	8,753	8,632	8,614	8,595	8,575	8,554	8,554	8,554	8,554
Adjusted tax expense	(440)	(649)	(1,774)	(2,019)	(2,396)	(2,436)	(2,497)	(2,556)	(2,617)	(2,687)			
Change in working capital	(1,126)	115	(74)	(24)	(50)	6	—	—	—	—			
Operating cash flow	**2,033**	**5,866**	**5,741**	**5,894**	**6,307**	**6,202**	**6,118**	**6,039**	**5,958**	**5,867**			
Capital expenditure	(4,350)	(3,750)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(1,211)			
Free cash flow	**(2,317)**	**2,116**	**5,491**	**5,644**	**6,057**	**5,952**	**5,868**	**5,789**	**5,708**	**4,656**	**4,656**	**4,656**	**4,656**
Discounted cash flow	**(2,312)**	**1,886**	**4,369**	**4,010**	**3,841**	**3,370**	**2,966**	**2,613**	**2,300**	**1,675**			
Discounted cash flow-1 year forward		2,112	4,893	4,491	4,303	3,774	3,322	2,927	2,576	1,876	1,495		
Discounted cash flow-2 year forward			5,481	5,030	4,820	4,229	3,721	3,278	2,886	2,102	1,876	1,675	

	Now	+ 1-year	+ 2-years
Discount rate (%)	12.0	12.0	12.0
Total PV of free cash flow	24,717	31,770	35,095
Terminal value assumption			
Growth to perpetuity (%)	—	—	—
FCF in 2018E	4,656	4,656	4,656
Exit FCF multiple (X)	8.3	8.3	8.3
Exit EV/EBITDA multiple (X)	4.5	4.5	4.5
Terminal value	38,799	38,799	38,799
PV of terminal value	13,957	13,957	13,957
Total company value	**38,674**	**45,727**	**49,052**
Net debt	6,827	8,841	8,330
Equity value	31,847	36,887	40,721
Shares outstanding (mn)	562	562	563
Estimated share price using DCF	**56.7**	**65.6**	**72.4**

Fiscal Year end (March 31, XXXX)	March-08	March-09	March-10	March-11	March-12	March-13	March-14	March-15	March-16	March-17	March-18	March-19	March-20
Today	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08	25-Mar-08
Days left	6	371	736	1,101	1,467	1,832	2,197	2,562	2,928	3,293	3,658	4,023	4,389
Years left	0.02	1.02	2.02	3.02	4.02	5.02	6.02	7.02	8.02	9.02	10.02	11.02	12.02
Discount factor at WACC	**1.00**	**0.89**	**0.80**	**0.71**	**0.63**	**0.57**	**0.51**	**0.45**	**0.40**	**0.36**	**0.32**	**0.29**	**0.26**

Source: Kotak Institutional Equities estimates.

GSPL: Profit model, balance sheet, cash model, March fiscal year-ends, 2005-2011E (Rs mn)

	2005	2006	2007	2008E	2009E	2010E	2011E
Profit model (Rs mn)							
Net sales	2,035	2,635	3,176	4,134	7,094	8,441	8,891
EBITDA	**1,293**	**1,942**	**2,677**	**3,599**	**6,400**	**7,588**	**7,937**
Other income	20	45	175	291	147	139	132
Interest	(363)	(413)	(457)	(807)	(837)	(698)	(426)
Depreciation	(656)	(791)	(1,026)	(1,702)	(2,096)	(2,378)	(2,377)
Pretax profits	293	783	1,369	1,381	3,613	4,652	5,265
Tax	(15)	(2)	(70)	(277)	(527)	(1,543)	(1,868)
Deferred taxation	(119)	(315)	(409)	(192)	(421)	(39)	78
Net profits	**160**	**467**	**894**	**912**	**2,665**	**3,071**	**3,476**
Earnings per share (Rs)	**0.6**	**1.2**	**1.6**	**1.7**	**4.7**	**5.5**	**6.2**
Balance sheet (Rs mn)							
Total equity	4,037	9,075	9,659	11,307	13,026	15,005	14,415
Deferred tax liability	193	508	917	1,109	1,530	1,569	1,490
Total borrowings	4,436	5,786	8,638	10,071	9,486	5,236	3,736
Currrent liabilities	571	1,771	1,845	879	878	879	880
Total liabilities and equity	**9,237**	**17,140**	**21,059**	**23,366**	**24,921**	**22,690**	**20,522**
Cash	426	2,372	1,811	1,230	1,156	976	910
Current assets	408	995	2,126	2,287	2,171	2,246	2,271
Total fixed assets	8,392	13,651	17,029	19,756	21,501	19,375	17,247
Investments	—	—	—	—	—	—	—
Deferred expenditure	11	123	93	93	93	93	93
Total assets	**9,237**	**17,140**	**21,059**	**23,367**	**24,921**	**22,690**	**20,522**
Free cash flow (Rs mn)							
Operating cash flow, excl. working capital	844	1,562	2,212	2,433	4,945	5,347	5,643
Working capital changes	(193)	471	(1,058)	(1,126)	115	(74)	(24)
Capital expenditure	(1,799)	(6,049)	(4,404)	(4,350)	(3,750)	(250)	(250)
Investments	—	—	—	—	—	—	—
Other income	10	40	146	291	147	139	132
Free cash flow	**(1,138)**	**(3,976)**	**(3,103)**	**(2,752)**	**1,457**	**5,162**	**5,500**
Ratios (%)							
Debt/equity	104.9	60.4	81.7	81.1	65.2	31.6	23.5
Net debt/equity	51.2	37.6	45.0	44.8	39.5	24.0	19.0
RoAE	4.6	6.8	8.8	7.9	19.8	19.7	21.4
RoACE	**8.0**	**9.9**	**10.0**	**8.4**	**16.3**	**15.6**	**17.7**
CROCI	**13**	**13**	**13**	**12**	**19**	**19**	**19**
Key assumptions							
Volumes-old pipelines (mcm/d)	8.3	10.4	12.6	12.8	17.0	20.0	25.0
Volumes-new pipelines (mcm/d)	—	—	1.7	4.2	13.1	24.6	30.6
Volumes (mcm/d)	**8.3**	**10.5**	**14.3**	**16.9**	**30.1**	**44.6**	**55.6**

Source: Kotak Institutional Equities estimates.

Economy

Sector coverage view N/A

Pay Commission report gives second consumption stimulus to the economy

Mridul Saggar : mridul.saggar@kotak.com, +91-22-6634-1245

- **Sixth Pay Commission recommendations in line with our expectations; Indian economy headed for Rs1.2 tn (US$31 bn) consumption stimulus over three years from wage hikes**
- **Combined with tax cuts, this amounts to nearly Rs0.5 tn released into the economy in FY2009 itself or 1% of GDP; compares well with the US fiscal stimulus in February**
- **Stimulus to counter cyclical slowdown, worsen fiscal gaps and make select stocks attractive**

The Sixth Central Pay Commission report released on March 24, 2008 has recommended pay hikes for the central government employees, with an estimated fiscal cost of Rs260 bn in FY2009. This is in line with our October 2007 prediction of an additional Rs1.2-tn disposable income in FY2009-11, which could turn the fortunes of select stocks. This represents a second consumption stimulus to the Indian economy after the tax cuts in the Union Budget. We estimate the total impact of the two fiscal stimuli at Rs0.5 tn in FY2009 alone, which amounts to nearly 1% of the GDP and 1.7% of private consumption. As such, it matches the fiscal stimulus from tax cuts passed by the US Congress.

Pay commission recommendations in line with our prediction

In our Economy note of October 24, 2007, *Sixth Pay Commission—blow to fiscal gains; bonanza for select sectors*, we had underscored our expectation that Rs1,211 bn of additional disposable income would come into the hands of Indians during FY2009-11 as a result of the Sixth Pay Commission. Also, that this "windfall could boost automobiles, consumer durables and real estate stocks". In our note, we had estimated the "additional wage bill at Rs513 bn and Rs698 bn" for the Center and states, respectively.

The Sixth Central Pay Commission report covers about 4.2 mn employees with the central government, including 1.4 mn in its largest departmental undertaking—the Indian Railways. We reiterate our earlier expectations that some of the recommendations like administrative reforms, downsizing of government, performance related pay could be strongly opposed by the Left and watered down.

The Pay Commission Report includes recommendations like contractual hiring and lateral movement, which are expected to result in savings to the government's wage bill. However, we expect only a third of the government's intended savings to its wage bill to materialize (in case of the Fifth Pay Commission, even less than a third of the proposed savings were achieved). The Pay Commission recommendations are, therefore, as per our expectations of Rs513 bn additional wage bill over a three-year period (see Exhibit 1).

Expect total additional disposable income to be Rs1.2 tn over the next three years

We retain our assessment that the Sixth Pay Commission would release Rs1.2 tn of additional disposable income in the hands of government employees over the three-year period FY2009-11. The state governments are expected to follow suit and are expected to release an additional amount totaling nearly Rs700 bn over the next three years. Many state governments are shortly expected to set up their own commissions to propose a wage hike taking into account the Sixth Central Pay Commission recommendations.

We expect a relatively modest increase in wages & salaries of state governments to take their wage bill from Rs1.3 tn budgeted for FY2009 to Rs2 tn in FY2011 (Exhibit 2).

Second fiscal stimulus for the Indian economy in a month

The Pay Commission report announcement could be read as a second fiscal stimulus to the Indian economy within a month. The first came in the form of tax cuts in the Union Budget—(1) increasing the personal income tax exemption limit to Rs0.15 mn from Rs0.11 mn (to Rs0.18 mn from Rs0.145 mn in case of women and to Rs0.225 mn from Rs0.195 mn in case of senior citizens) and (2) reducing the CENVAT rate on all goods to 14% from 16% along with a higher reduction for automobiles and some other sectors.

In our assessment, the indirect tax reductions in the budget may add up to about Rs60 bn in terms of revenue loss. There are over 30 mn income-tax payers in India and the Union Budget has estimated an average relief at a minimum of Rs4,000 per assessee, which means at least Rs120 bn in additional income for income tax payers. The total fiscal stimulus in this Union Budget may well add up to Rs200 bn.

Along with the wage bill of the Centre rising by about Rs300 bn in FY2009, we may thus see up to Rs0.5 tn (US$ 12.5 bn) of fiscal stimulus for FY2009. This amounts to close to 1% of GDP or 1.7% of private final consumption expenditure. The stimulus package compares well with the fiscal stimulus to the US economy passed by the US Congress in February 2008 (1.2% of its GDP and 1.6% of private consumption).

Fiscal gaps to worsen—revenue deficit may widen by 0.5 pps to 1.5% of GDP

We expect the Center's fiscal situation to remain manageable, but much of the fiscal gains of the states could get eroded.

The Union Budget has not made any transparent provision for the increased wage bill arising from the implementation of the Sixth Pay Commission report. As such, we expect the revenue deficit to increase to 1.5% of GDP, higher than the budget estimate of 1%. This would enhance the size of the slippage (the FRBM Act, 2003 required complete elimination of the revenue deficit by FY2009). The provisions also prescribe a GFD/GDP ratio of 3%, which could still be met as the budget estimates envisaged a larger reduction than envisaged in the rules.

The less resilient state governments could see their fiscal gains of the past three years wiped out reversing their GFD/GDP ratio improvements. For all state governments together, their GFD/GDP ration currently at 2.8% (FY07RE) could rise to 3.4% in FY2010 before dropping back to below 3% after FY2011.

Pent-up demand to propel automobiles, consumer durables, real estate

As stated in our earlier note and contrary to traditional economic theory which maintains that the propensity to save is higher in the case of transitory income, observed behavior has been that transitory income, especially in the form of windfall gains, prompts consumers to spend more to meet pent-up demand for consumer durables such as cars, refrigerators, TVs (LCD or plasma?), laptops, etc. or for real estate acquisitions. We could see a significant turnaround in the fortunes of the stocks of firms in these sectors. The demand would peak when arrears are released, which could be towards the end of CY2008 or early in CY2009 in the case of central government employees and FY2010 for most state government employees.

Exhibit 1: Additional Rs512 bn disposable income for central government employees

Fiscal impact of the Sixth Central Pay Commission report (in Rs bn)

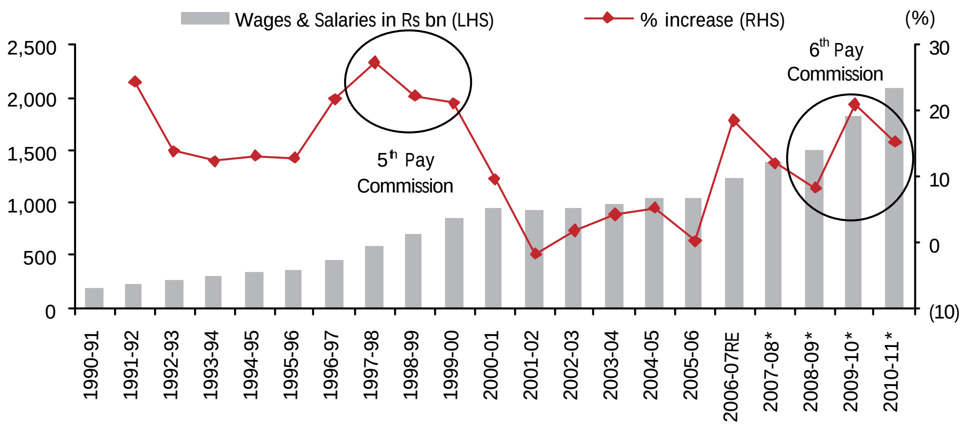
	Sixth Pay Commisison	With no savings	With a third of savings proposed
New pay scale cost	126	126	126
Less: savings	46	0	15
Total recurring	80	126	111
3-year recurring cost	239	377	332
One-time arrears#	181	181	181
Total cost to the Center in 3 years	420	557	512

Arrears are one-time costs, but disbursements could be staggered over more than a year if the government decides to spread the fiscal burden

Source: Sixth Pay Commission, Kotak Institutional Equities.

Exhibit 2: Relatively modest increase in wages & salaries of state governments could take their wage bill from Rs1,305 bn budgeted for FY2008 to Rs2,080 bn in FY2011

Expenditures on wages & salaries of state governments



Source: RBI, Kotak Institutional Equities estimates.

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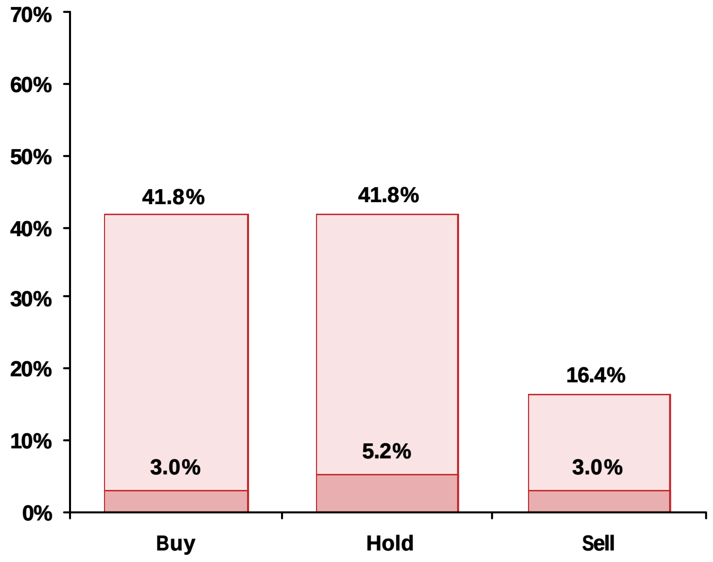
Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Percentage of companies covered by Kotak Institutional Equities, within the specified category.

Percentage of companies within each category for which Kotak Institutional Equities and or its affiliates has provided investment banking services within the previous 12 months.

* The above categories are defined as follows: Buy = OP; Hold = IL; Sell = U. Buy, Hold and Sell are not defined Kotak Institutional Equities ratings and should not be constructed as investment opinions. Rather, these ratings are used illustratively to comply with applicable regulations. As of 09/30/07 Kotak Institutional Equities Investment Research had investment ratings on 144 equity securities.

Source: Kotak Institutional Equities. As of September 30, 2007

Ratings and other definitions/identifiers

New rating system

Definitions of ratings

BUY. We expect this stock to outperform the BSE Sensex by 10% over the next 12 months.
ADD. We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months.
REDUCE: We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months.
SELL: We expect this stock to underperform the BSE Sensexby more than 10% over the next 12 months.

Old rating system

Definitions of ratings

OP = Outperform. We expect this stock to outperform the BSE Sensex over the next 12 months.
IL = In-Line. We expect this stock to perform in line with the BSE Sensex over the next 12 months.
U = Underperform. We expect this stock to underperform the BSE Sensex over the next 12 months.

Our target price are also on 12-month horizon basis.

Other definitions

Coverage view. The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: Attractive (A), Neutral (N), Cautious (C).

Other ratings/identifiers

NR = Not Rated. The investment rating and target price, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.
CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.
NC = Not Covered. Kotak Securities does not cover this company.
RS = Rating Suspended. Kotak Securities Research has suspended the investment rating and price target, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA = Not Available or Not Applicable. The information is not available for display or is not applicable.
NM = Not Meaningful. The information is not meaningful and is therefore excluded.

Corporate Office
Kotak Securities Ltd.
Bakhtawar, 1st Floor
229, Nariman Point
Mumbai 400 021, India
Tel: +91-22-6634-1100

Overseas Offices

Kotak Mahindra (UK) Ltd.
6th Floor, Portsoken House
155-157 The Minories
London EC 3N 1 LS
Tel: +44-20-7977-6900 / 6940

Kotak Mahindra Inc.
50 Main Street, Suite No.310
Westchester Financial Centre
White Plains, New York 10606
Tel: +1-914-997-6120