kotak® Institutional Equities

INDIA DAILY

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New Release

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Updates

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News Roundup

Corporate

- Wal-Mart has signed two agreements with Bharti Enterprises. The first is a franchisee arrangement between the two companies. Bharti will handle the front end, while Wal-Mart will take care of the back-end supply chain management and logistics under the wholly-owned subsidiary, Bharti Retail Ltd. The second is a 50:50 joint venture agreement for the whoesale cash-and-carry business and back-end supply chain management, under the newly formed Bharti Wal-Mart Pvt Ltd. (BL)
- The Madras High Court dismissed a petition by Swiss pharmaceutical giant Novartis challenging the constitutionality of Section 3 (d) of the new Indian patent law (which prevents patenting of minor modifications to products and processes). Indian pharmaceutical companies hailed it as a landmark judgement against "evergreening" of patents by multinational drug makers.(BL)
- An Empowered Group of Ministers (EGoM) headed by the External Affairs Minister, Mr Pranab Mukkerjee, would go into the issue of pricing of natural gas to be produced by Reliance Industries Ltd (RIL) from its Krishna Godavaro Basin block. (BL)
- Tata Steel has raised US$725 million through foreign currency convertible alternative reference securities (CARS), which was oversubscribed by more than two times. There is a greenshoe option of US$150 million, which has not yet been exercised. (BS)

Economic and political

- Chief ministers of five mineral-producing states - Chattisgarh, Orissa, Jharkhand, Karnataka and Rajasthan - have decided to approach the Prime Minister Manmohan Singh against the National Mineral Policy approved by the group of ministers, which did not take the states into confidence during the approval process.(ET)
- The government has been working on a new wholesale price index (WPI) with a higher base year for the past few months, and may ring in sweeter news than expected to the glut-hit sugar industry. Indications are it is considering revising the base year for the new series to 2004-05, jettisoning its earlier plans of making 2001-02 the base year.(ET)
- The government is charting guidelines to bar entry of aged overseas ships into Indian shores. Ships aged 25 years and above may soon be disallowed to dock at Indian coasts. (ET)
- Emerging economies, including India, will overtake the developed countries in economic growth by 2050. With the popularity of India and China as investment destination is rising while the attractiveness Europe and North America is slipping, says a study. "The seven new global powers by 2050 will comprise the so-called BRIC economies together with Indonesia, Mexico and Turkey," says the Ernst and Young European Attractiveness Survey 2007. (ET)

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

EQUITY MARKETS

		Change, %		
India	**6-Aug**	**1-day**	**1-mo**	**3-mo**
Sensex	14,903	(1.6)	(0.4)	7.4
Nifty	4,340	(1.4)	(1.0)	5.6
Global/Regional indices				
Dow Jones	13,469	2.2	(1.1)	1.2
Nasdaq Composite	2,547	1.4	(4.5)	(0.9)
FTSE	6,189	(0.6)	(7.5)	(6.3)
Nikkie	16,951	0.2	(6.6)	(4.1)
Hang Seng	21,937	(2.7)	(2.6)	5.0
KOSPI	1,873	1.0	0.6	18.2

Value traded - India

			Moving avg, Rs bn	
	6-Aug		**1-mo**	**3-mo**
Cash (NSE+BSE)	130.3		174.6	154.2
Derivatives (NSE)	375.7		346.1	292.1
Deri. open interest	831.0		720.7	478.4

Forex/money market

		Change, basis points		
	6-Aug	**1-day**	**1-mo**	**3-mo**
Rs/US$	40.4	-	0	(48)
6mo fwd prem, %	0.7	(25)	71	24
10yr govt bond, %	7.9	(2)	(15)	(28)

Net investment (US$mn)

	3-Aug		**MTD**	**CYTD**
FIIs	48		1,759	9,890
MFs	64		112	(242)

Top movers -3mo basis

		Change, %		
Best performers	**6-Aug**	**1-day**	**1-mo**	**3-mo**
Reliance Cap	1,132	(2.2)	(1.5)	52.4
SBI	1,682	2.8	8.5	50.3
Thermax	625	(1.8)	13.3	49.2
Balaji Telefilms	243	(1.8)	5.2	47.4
Reliance Energy	743	(1.4)	24.2	44.9
Worst performers				
Polaris	105	(5.3)	(31.9)	(37.0)
Escorts	90	(2.5)	(20.9)	(29.2)
Essel Propack	62	(1.6)	(4.6)	(24.2)
Raymond	272	(1.5)	(10.6)	(21.7)
Bharat Forge	276	(0.7)	(11.0)	(18.3)

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Strategy

Sector coverage view	N/A

Not yet the end of an affair

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- **We have re-shuffled our Top-10 and Model Portfolio**
- **We set our 12-month forward band for the BSE-30 Index (Sensex) at 14,250-16,750 based on FY2009 earnings and embedded value**
- **We see limited domestic macro concerns**

We recommend investors stick with or buy into 'old faithfuls' such as infrastructure, banking and domestic consumption stories in case of a broad market decline led by global factors and the likely upward pricing of risks. We see infrastructure and domestic consumption stories being largely insulated from global contagion and expect resilient earnings and strong earnings growth to support valuations at moderately lower levels.

You can't love them all; be selective whether they fall or not

We have re-shuffled our Top-10 and Model Portfolio but continue to rely on our old flames—(1) infrastructure (engineering, industrials and construction), (2) banking and insurance and (3) domestic consumption. We are now also positive on interest rate-sensitive sectors (automobiles, real estate) with a view that interest rates may have peaked.

Valuations not great but the story is

We set our 12-month forward band for the BSE-30 Index (Sensex) at 14,250-16,750 based on FY2009 earnings and embedded value. We see the market fairly valued on FY2008E earnings at a Sensex level of about 14,500. Finally, our proprietary model (Whizdom) suggests that equity risk premium is a more sober 400-450 bps at present. Given the likely upward re-pricing of risks, reasonable valuations and moderate scope for positive surprises (earnings and otherwise), we focus on quality, high-volume growth and low-price-risk stocks.

100 years (ok, the next few years) of strong GDP growth to drive investment, consumption

We expect strong GDP growth for the next several years to result in (1) continued strong infrastructure spending and (2) robust domestic consumption. Broadly, we favor high volume-growth sectors/companies with low pricing/margin risks (infrastructure, banking, select consumer, auto, energy, real estate stocks). We are less inclined towards high-volume growth but high-pricing/margin risk sectors (cement, media, real estate and telecom).

Love (still) in a time of possible contagion; low domestic concerns

We see limited domestic macro concerns—(1) inflation is under control, (2) interest rate pressures may ease and (3) the political climate is stable. We see the Indian economy reasonably insulated from any further deterioration in the US sub-prime mortgage situation and a broader fall-out from a likely more realistic risk pricing. Swift capital outflows may be a short-term event leading to a buying opportunity and modest downward pressure on the rupee.

Technology

WIPR.BO, Rs458	
Rating	OP
Sector coverage view	Attractive
Target Price (Rs)	560
52W High -Low (Rs)	690 - 455
Market Cap (Rs bn)	664

Financials

March y/e	2007	2008E	2009E
Sales (Rs bn)	149.4	184.8	234.7
Net Profit (Rs bn)	28.5	33.5	42.4
EPS (Rs)	19.7	23.1	29.2
EPS gth	*38.8*	*17.1*	*26.4*
P/E (x)	23.2	19.8	15.7
EV/EBITDA (x)	18.0	15.3	11.2
Div yield (%)	1.2	1.4	1.9

Shareholding, March 2007

	Pattern	% of Portfolio	Over/(under) weight
Promoters	79.6	-	-
FIIs	6.7	0.9	(2.0)
MFs	1.1	0.9	(2.0)
UTI	-	-	(2.9)
LIC	1.0	0.8	(2.1)

Wipro: Infocrossing: Strategic but expensive acquisition

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- **Buy versus build, but at what price?**
- **US$600 mn paid but no earn out or retention bonuses**
- **'String of pearls' acquisition strategy needs to start delivering results**

Wipro has announced an all cash acquisition of Infocrossing for US$600 mn (US$115 mn net debt and US$485 mn of equity). Infocrossing is a promising player in the IT data center and managed services operations. The acquisition brings along two critical pieces to complete infrastructure management services portfolio—data center operations and managed services. The acquisition is extremely expensive, the company has been valued at 2.6x ttm revenues and 14.5x EBITDA. With organic revenue growth of only 10-12% guided for CY2007 and single digit net margin, we believe that the acquisition can only be justified if it leads to materially different growth trajectory for the infrastructure services practice of Wipro (a management target of US$1 bn over 24-36 months does not point towards that). While in the longer term this acquisition may create value, we believe that acquisition will likely dilute FY2008 EPS by 0.5% and FY2009 EPS by 0.8% on a non-GAAP basis. On a GAAP basis the FY2009 EPS dilution could be as high as 6%. This may not be viewed favorably by the markets especially in the current environment. We would factor this acquisition in our model on further availability of details. We believe that the success of "string of pearls" acquisition strategy would be tested and accepted only if its growth rates converge or exceed peers. Maintain Outperform but we are reducing our FY2009 end DCF based target price to Rs560/ share (Rs610 earlier) reflecting increasing risk to the business model through aggressive inorganic strategy resulting in higher WACC (13% vs. 12.5% earlier) than Infosys and TCS.

Buy versus build, but at what price? Wipro indicates that the acquisition adds data center services and mainframe operations management capabilities. Wipro believes that this acquisition will complete its infrastructure service portfolio and position the company for large total outsourcing deals in a fast growing market. The management believes that it would have taken a US$200-250 mn investment and three years to develop this capability in-house; hence the decision for a buy. This in our view should ideally materialize in higher growth rate in infrastructure practice; however a target of US$1 bn for the infrastructure practice over 3 years implies a CAGR of 33-34% for the combined business, lower than our expectations. We also note that the acquisition would have a dilutive impact on the earnings; Wipro paid out US$600 mn (including debt) for the acquisition which but for the acquisition would have yielded post-tax earnings of US$33 mn. Infocrossing acquisition would yield post tax earnings of US$24 mn (after adding back interest charges) for CY2008/FY2009 in the best case scenario. This leaves a deficit of US$9 mn (0.8% of our FY2009E EPS) on a non-GAAP basis. In addition, given that the book value of US$125.2 mn of Infocrossing's (as on Dec 31, 2006) is far exceeds the acquisition price—this may result in significant creation of intangibles which needs to be amortized. We would model the intangible charge as and when further details are disclosed (this charge can be as high as 6% of FY2009E EPS).

US$600 mn paid but no earn out or retention bonuses: We find it surprising that the Wipro has not imposed any earn out structures for the retention of senior management team of Infocrossing. We would seek more clarity on the Infocrossing management retention plans. Infocrossing would continue to be an independent company with a growth charter and focus on managed services and mainframe operations management. The CEO of Infocrossing would continue in his role. We would closely monitor the integration and success rate in total outsourcing contracts versus the established global majors.

Business, financials and growth of Infocrossing; Infocrossing is well recognized player in the data center outsourcing player in North America. The company takes over a subset of clients' corporate computing operations and places in its own data centers. The company also owns storage and mainframe assets and provides shared services on these platforms. The principal service offerings can be segmented into (1) IT infrastructure outsourcing (2) enterprise application—production support (3) managed messaging services and (4) business process outsourcing—in the healthcare domain. Infocrossing's business model differs from traditional ADM work in the following areas (1) Recurring revenue stream—over 90% of the revenue is contracted and recurring (2) Pricing model is element based and not FTE based and (3) the business has high operating leverage. Infocrossing has grown at a CAGR of 45% over the last four years (aided by acquisitions). The company reported revenues, EBITDA and net income of US$229 mn, US$42 mn and US$8.5 mn in CY2006. For CY2007, the company has given a revenue guidance of US$250-255 mn and net income guidance of US$11 mn. Wipro believes that the operating and EBIT margin of 18.3% and 10.9% in CY2006 will likely improve to Wipro's IT business level margins in 24-36 months led by (a) increase in present capacity utilization of 50% for data centers—the company indicates that new contracts on existing infrastructure can have EBITDA margin of 40-45% (b) offshoring portion of services which can be done remotely and (c) SG&A efficiencies. Infocrossing operates five data centers in US with over 315K sq feet of operating space and has 900 employees.

Completion of acquisition formalities is likely by end-December 2007: Completion of acquisition formalities is subject to the percentage of shareholding, Wipro is able to garner in the initial tender offer. The deal will not go through if Wipro gets less than 51% of shareholding of Infocrossing. Completion of acquisition formalities may take two months if Wipro gets more than 90% of equity shares outstanding. The acquisition process may get stretched till end December if Wipro gets between 51% and 90% of Infocrossing's equity.

"String of pearls" acquisition strategy needs to start delivering results: We believe that Wipro is in the midst of a major transformation drive, the success of which depends on impeccable execution. We believe that Wipro had embarked on an aggressive acquisition strategy which hinges on (a) achieving leadership status in the verticals and horizontals it was operating in and (b) committing required financial and human resources to fill in the capability gaps. This initiative is being supported by large account strategy and large deal group; all of which combined is intended to drive leadership. The success of the above initiatives will be tested depending on Wipro's ability to drive growth rates ahead of industry peers, an area where it has to perform sooner than later.

The acquisition will likely be EPS dilutive in the near-term

Potential impact of acquisition on non-GAAP EPS, FY2008-09

	FY2008	FY2009
Net income - current (Rs mn)	33,824	42,634
(less) cash yield income (post-tax) (Rs mn)	(334)	(1,320)
+ Infocrossing net income (Rs mn)	152	960
Total impact (Rs mn)	(182)	(360)
Net income - revised (RS mn)	33,642	42,274
EPS - current (Rs), Non-GAAP	**23.3**	**29.4**
EPS - revised (Rs), Non-GAAP	**23.2**	**29.2**
Impact (%)	**(0.5)**	**(0.8)**

Assumptions:

1. Acquisition effective 4QFY08, implying only a quarter of consolidation in FY2008
2. Infocrossing revenues of US$255 mn and US$290 mn for FY2008 and FY2009
3. Infocrossing net margin of 4.3% and 5.5% for FY2008 and FY2009
4. Post-tax yield on cash investments of 5.5%
5. **Non-GAAP impact, without factoring in impact of amortization of intangibles**

Source: Kotak Institutional Equities

The acquisition will likely be EPS dilutive in the near-term

Potential Impact of acquisition on GAAP EPS, FY2008-09

	FY2008	FY2009
Net income - current (Rs mn)	33,533	42,386
(less) cash yield income (post-tax) (Rs mn)	(365)	(1,320)
+ Infocrossing net income after adding back interest cost(Rs mn)	152	960
(less) Amortization of intangibles	(486)	(2,000)
Total impact (Rs mn)	(699)	(2,360)
Net income - revised (RS mn)	32,835	40,026
EPS - current (Rs), GAAP	**23.1**	**29.2**
EPS - revised (Rs), GAAP	**22.6**	**27.6**
Impact (%)	**(2.1)**	**(5.6)**

Assumptions:

1. Acquisition effective 4QFY08, implying only a quarter of consolidation in FY2008
2. Infocrossing revenues of US$255 mn and US$290 mn for FY2008 and FY2009
3. Infocrossing net margin of 5% and 5.5% for FY2008 and FY2009
4. Post-tax yield on cash investments of 5.5%
5. Goodwill amortization of US$300 mn over 6 years

Source: Kotak Institutional Equities

Wipro has factored in significant synergy gains in the deal's valuation

(US$ mn)	CY2008	CY2009	CY2010	CY2011	CY2012
Free cash flow	**32.2**	**37.0**	**41.7**	**45.8**	**49.3**
Present value (end - Dec '07)	28.0	28.0	27.4	26.2	24.5
Terminal growth rate (%)	3.0				
WACC (%)	15.0				
Present value of all cashflows	134				
Terminal value	183				
Enterprise Value	**317**				
Synergy gains factored in deal valuation	**283**				

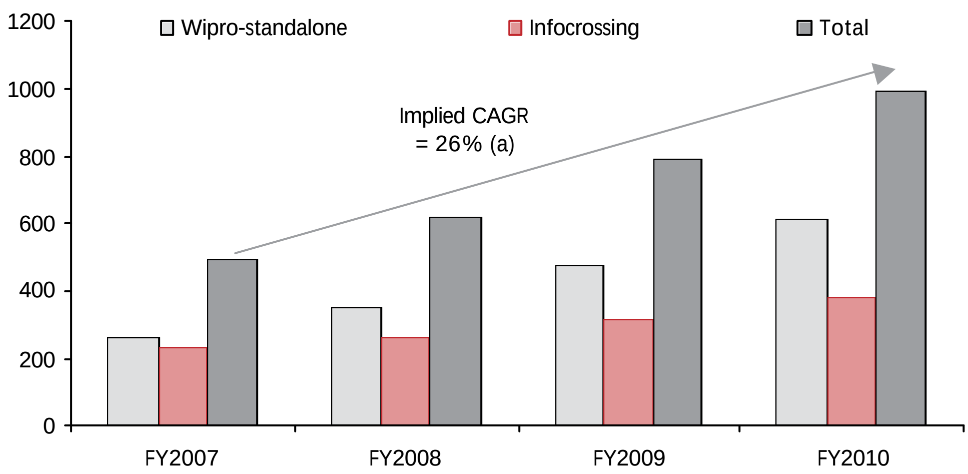
Source: Kotak Institutional Equities estimates

In-line with its stated intent, Wipro has made two big-ticket acquisitions in the form of Infocrossing and Unza in the past one month
Wipro Limited's acquisitions in the past five years

Wipro Technologies	Date	Target	Country	Business Description	Consideration ($ mn)	Sales ($ mn)	Price/Sales
	Aug-07	Infocrossing, Inc.	US	Infrastructure Management Services	600.0	232.0	2.6
	Jun-06	Saraware Oy	Finland	R&D Services (Telecom)	32.7	19.2	1.7
	Jun-06	Enabler	Portugal	Retail Solutions	53.7	38.3	1.4
	May-06	Quantech Global Services	US	Mechanical Engineering Design & Anaytics	10.0	12.0	0.8
	Feb-06	cMango Inc	US	IT consulting	32.0	12.8	2.5
	Dec-05	mPower & MPACT	US	Payments market	28.0	18.0	1.6
	Dec-05	NewLogic	Austria	Chip (SoC) Design	61.5	23.7	3.4
	Apr-03	NerveWire	US	IT Services - BFSI, Hi-Tech	18.7	20.8	0.9
	Nov-02	AMS Global Energy Practice	US	IT Services - Energy, Utilities	26.0	23.6	1.1
Total - Wipro Technologies					**862.6**	**400.5**	**2.2**
Other Acquisitions							
Wipro Consumer Care and Lighting	Jul-07	Unza holdings	Singapore	Personal care products	246.0	166.0	1.5
Wipro Infotech	Oct-06	3D Networks & Planet PSG	Singapore	Infrastructure Management Services	73.0	36.0	2.0
Wipro Infrastructure	Sep-06	Hydrauto Group AB	Sweden	Hydraulic Components	31.0	112.0	0.3
Wipro Consumer Care and Lighting	May-06	North-West Switches	India	Switches, Sockets, MCBs	23.0	225.1	0.1
Overall Total					**1,235.5**	**939.6**	**1.3**

Source: Company reports, Kotak Institutional Equities estimates

Wipro has stated a revenue target of US$1bn from its infrastructure practice in the next 24-36 months



Note:
(a) Implied CAGR of 26% over 3 years (36 months) (FY2007-10)
(b) Over FY2008-10, the implied CAGR is 27%

Source: Kotak Institutional Equities estimates

Technology Infrastructure services has been one of the fastest growing horizontals for Wipro over the past few years
Wipro's TIS revenues, 1QFY06-1QFY08 (US$ mn)

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07
TIS revenues (US$ mn)	**30.7**	**34.5**	**40.2**	**43.5**	**51.8**	**58.9**	**71.1**	**79.4**	**80.6**
As % of Global IT revenues (%)	7.7	8.0	8.5	8.5	9.6	10.0	11.1	11.5	11.1
Growth qoq (%)	7.8	12.3	16.8	8.2	18.9	13.7	20.7	11.7	1.5
Growth yoy (%)	**70.6**	**67.3**	**44.6**	**52.9**	**68.8**	**70.9**	**76.7**	**82.4**	**55.6**

Source: Company

Revenues fromIMS practice for tier-I Indian IT services players, 1QFY07-1QFY08 (US$ mn)

	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07
Wipro (a)	**51.8**	**58.9**	**71.1**	**79.4**	**80.6**
TCS	54.0	52.1	53.6	62.5	65.2
HCL Tech	34.0	39.8	46.4	50.2	55.2
Infosys	27.1	31.3	36.1	41.4	47.3
Satyam	15.9	17.3	14.2	15.5	21.1

Note
(a) Revenues exclude domestic IMS revenues

Source: Company

Infocrossings, Inc., US GAAP financials, CY2003-06 (US$ mn)

	CY2003	CY2004	CY2005	CY2006
Revenues	**55.2**	**104.9**	**148.0**	**229.2**
Cost of revenues	(36.7)	(71.4)	(106.4)	(160.4)
Gross profit	**18.5**	**33.6**	**41.7**	**68.8**
SG&A expenses	(14.6)	(20.7)	(30.7)	(43.7)
Operating profit	**3.9**	**12.9**	**10.9**	**25.0**
Other income	0.1	(1.0)	0.7	0.5
EBIT	4.0	11.8	11.6	25.6
Interest	(2.6)	(4.4)	(6.9)	(10.3)
PBT	1.4	7.4	4.7	15.3
Tax	(0.0)	12.5	(2.2)	(6.8)
Net income	**1.4**	**20.0**	**2.6**	**8.5**
Margins (%)				
Gross profit	33.5	32.0	28.1	30.0
Operating profit	7.1	12.3	7.4	10.9
Net profit	2.5	19.0	1.7	3.7
Growth yoy (%)				
Revenues		90.0	41.0	54.9
Gross profit		81.3	24.0	65.1
Operating profit		230.6	(15.1)	129.0
Net income		1,372.2	(87.1)	229.8

Source: Company, Kotak Institutional Equities

Infocrossing provides Wipro a sizable set of customers to cross-sell its core services

Infocrossing revenue break-up and customer count, CY2003-06

	CY2003	CY2004	CY2005	CY2006
Revenue breakup (US$ mn)				
Enterprise IT infrastructure	43.1	80.8	109.5	152.4
Healthcare infrastructure and services	12.2	24.1	35.6	65.3
Specialized IT applications	-	-	3.0	11.5
Total	**55.2**	**104.9**	**148.0**	**229.2**
Revenue breakup (%)				
Enterprise IT infrastructure	78.0	77.0	74.0	66.5
Healthcare infrastructure and services	22.0	23.0	24.0	28.5
Specialized IT applications	-	-	2.0	5.0
Number of customers	**46**	**83**	**100**	**159**

Source: Company, Kotak Institutional Equities

Automobiles

ASOK.BO, Rs36

Ashok Leyland: M&HCV sales volumes decline 17% yoy in July

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- **M&HCV sales drop by 17% yoy and 18% qoq**
- **Bus volumes drive overall growth**

Ashok Leyland has reported a 7% yoy growth in total sales for the month of July. This has, however, been driven by the growth in bus-segment volumes. The bus segment grew by 118% yoy but declined 5% in July. The mom decline is due to the high growth in the previous month resulting in a higher base. We note that bus volumes for Ashok Leyland have been witnessing accelerated growth since the beginning of FY2008. M&HCV sales have declined 17% yoy and 18% mom in July. We expect CV volumes to improve from the second half of the year.

4-wheelers July 2007 sales performance

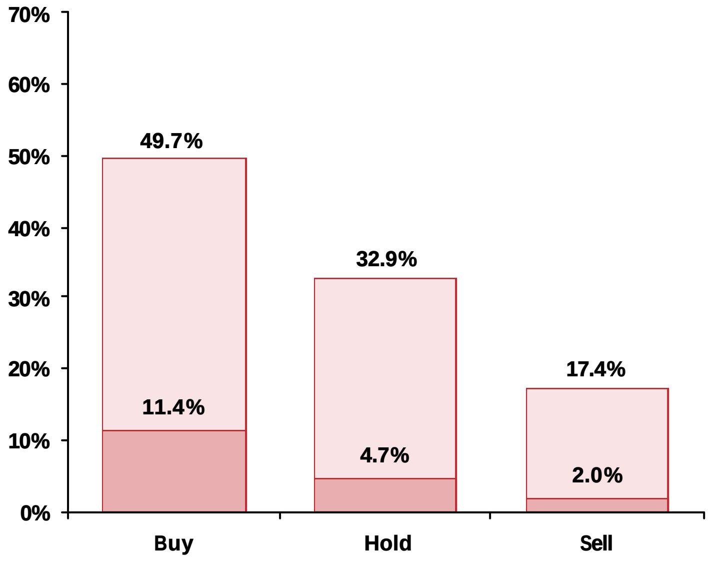
	Jul-07	Jul-06	yoy %	Jun-07	mom %	YTD, FY2008	YTD, FY2007	yoy %	FY2008 growth estimate
Ashok Leyland									
M&HCV	3,569	4,307	-17.1%	4,353	-18.0%	16,445	19,069	-13.8%	
LCV	22	17	29.4%	65	-66.2%	181	114	58.8%	
Total CV	**3,591**	**4,324**	**-17.0%**	**4,418**	**-18.7%**	**16,626**	**19,183**	**-13.3%**	
Buses	1,983	907	118.6%	2,092	-5.2%	7,111	3,088	130.3%	
Total	**5,574**	**5,231**	**6.6%**	**6,510**	**-14.4%**	**23,737**	**22,271**	**6.6%**	**2.5%**

Source: Company, Kotak Institutional Equities.

"Each of the analysts named below hereby certifies that, with respect to each subject company and its securities for which the analyst is responsible in this report, (1) all of the views expressed in this report accurately reflect his or her personal views about the subject companies and securities, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report: Sanjeev Prasad, Kawaljeet Saluja, Amit Agarwal."

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 06/30/07 Kotak Institutional Equities Investment Research had investment ratings on 144 equity securities.

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

Ratings and other definitions/identifiers

Current 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).

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