INDIA

DECEMBER 24, 2009

UPDATE

BSE-30: 17,231

Fiscal imbalances set to harden interest rates in 1HCY10E. We retain our concerns on the fiscal imbalances as the red flags fail to elicit adequate policy response. We note that the move to pay oil bonds subsidies in cash is a credible signal by the government that fiscal slippages from FY2010 budget can be avoided. However, we still do not completely rule out extra market borrowing. Moreover, our concern on likely interest rate hardening in FY2011E remains on back of large borrowing amidst high inflation.

Fiscal deficit turns structural in nature

In our view, India's fiscal deficit has turned structural in nature and would stay at near 10% of GDP in FY2011E as well. Centre's on-budget deficit may improve only modestly to 6.3% of GDP in FY2011E versus government's target of 5.5%. We see improvements coming in FY2012E if GST and DTC are successfully rolled out, but Centre's deficit may still be 5.4% of GDP and combined with States at 8.1% of GDP.

Large government borrowing a bane for the economy

We see Centre and States' borrowing about Rs5.5 tn in FY2011E, putting large pressures on yields. With monetary policy cycle likely turning in FY2011E on back of high inflation, the borrowing is likely to put pressure on yields.

Benchmark yield set to cross 8.5% in 1HFY11E

In our assessment, 10-year benchmark yield is set to easily cross 8.5% in 1HFY11E on back of large borrowing, debt rollover difficulties, high inflation and monetary tightening. We would not be surprised if the benchmark yield touches 9% at some point. Large fiscal deficits are set to lower domestic saving and crowd out private investment and require immediate remedial policy action.

QUICK NUMBERS

- Centre's GFD/GDP ratio may fall only to 6.3% in FY011E
- Net bond issuances by Centre and States likely at Rs5.5 tn in FY2011E
- 10-year G-sec yield may rise to over 8.5% in 1HFY11E

Dr. Mridul Saggar
mridul.saggar@kotak.com
Mumbai: +91-22-6634-1245
Analyst Name

Kotak Institutional Equities Research
kotak.research@kotak.com
Mumbai: +91-22-6634-1100

Warning bells on fiscal imbalances eliciting inadequate policy response

The jingle bells of a V-shaped industrial recovery and good buoyancy on the side of direct taxes are running the risk of turning deaf ears to the warning bells on fiscal imbalances, which are ringing for over a year now. The interest rates are now set to harden in 1HCY10E as a result of wide fiscal gaps putting pressures on interest rates. This can crowd out private investment in FY2011E.

India is not Greece or Spain. Both of them are running twin gaps (fiscal and current account deficits) in double-digits. But India's fiscal deficit, that is almost entirely financed domestically, is running in double digits when federal and sub-national deficits are combined. The fiscal slippage has been large over last two years. After an unexpectedly strong political mandate to the new Government in May, hopes had run high that major fiscal and economic reforms would be pursued with vigor. We had in our Economy report of May 20, 2009, '*Mandate mania will not avert fiscal challenges*', cautioned investors over the likely interest rate shock in FY2011 from the fiscal deterioration.

Small fiscal slippage is still likely in our view in FY2010E

The Central (federal) government chose to continue with expansionary fiscal policy by budgeting a deficit of 6.8% of GDP in what seemed to be a transparent budget in contrast with the previous year's budget. As things turn out:

- The Government hopes to meet this and looks reasonably confident of avoiding the need to borrow anything extra from the market than its planned Rs4.0 tn (US$85 bn) net of the redemptions of its SLR bonds.

- The Finance Secretary on December 22, 2009 stated that the government plans to issue oil subsidies in cash (on-budget) rather than in bonds (off-budget liabilities) subject to the Cabinet approval. We read this as a credible sign that the Government may indeed be hoping to meet the budget targets this year.

- However, we still do not completely rule out the possibility of extra market borrowing by the Centre in 4QFY10. In fact, our estimates suggest that there could be a small slippage that could take GFD/GDP ratio to 7.1% in FY2010E, requiring about Rs200 bn (US$4.25 bn) of extra borrowing (see Exhibit 1). The government may just about avoid this borrowing by postponing some payments to next year, provided the current buoyancy on the side of direct taxes remain.

- Till October 2009, the direct tax collection was up 8% yoy in line with the budgeted growth. However, indirect taxes were down 23% against the budgeted drop of just 4%. As a result, gross tax collection was down 7.5% yoy and net of transfers to States and Union Territories (UTs) was down 8.0%. They were budgeted to increase 1.8%. Partial information for November suggests no fundamental change in this, though considering the strong Advance Tax flows from corporates in December that may have grown by about 20% yoy, a small improvement is likely ahead.

- Expenditures have grown 31% yoy till October, though for the full year they are budgeted to increase by just 13%. The expenditure side has overrun mainly due to (1) increase in wage expenses and the payment of the arrears due following the Sixth Pay Commission, (2) increase in food and fertilizer subsidy, (3) farm relief in wake of drought. Expenditures may slow down in the remaining period.

- Considering the above, in our view, the fiscal deficit slippage from the budget and the required extra market borrowing can still be contained to about Rs200 bn in the current fiscal year.

Exhibit 1: Wide fiscal gaps may stay till GST and DTC is implemented from FY2012E
Major budgetary items of the Central Government, March fiscal year-ends, 2008-2012BE (Rs bn)

	FY2008A	FY2009RE	FY2010BE (F)	Apr-Oct	FY2010E	FY2011E	FY2012E	FY2012E#	*% change* FY2010E/ FY2009RE	FY2010E/ FY2010BE(F)	FY2011E/ FY2010E	FY2012E/ FY2011E
Receipts												
1. Revenue receipts (2 + 3)	**5,420**	**5,622**	**6,145**	**2,845**	**6,099**	**7,550**	**8,857**	**9,331**	***8***	***(1)***	***24***	***24***
2. Gross tax revenue (a + b)	5,927	6,279	6,411	2,989	6,435	7,817	9,427	10,021	*2*	*0*	*21*	*28*
2.a. Direct taxes	3,125	3,450	3,716	1,792	3,902	4,651	5,818	6,051	*13*	*5*	*19*	*30*
DTC additionality								233				
2.a.1. Corporation tax	1,929	2,220	2,567	1,115	2,542	3,050	3,905	3,905	*15*	*(1)*	*20*	*28*
2.a.2. Income tax	1,193	1,226	1,129	597	1,224	1,445	1,734	1,734	*(0)*	*8*	*18*	*20*
2.a.3. Other taxes	3	4	20	80	136	156	180	180	*3,300*	*571*	*15*	*15*
2.b. Indirect taxes	2,790	2,814	2,695	1,197	2,532	3,165	3,609	3,970	*(10)*	*(6)*	*25*	*25*
CGST/IGST additionality								**361**				
2.b.1. Customs duty	1,041	1,080	980	452	836	1,037	1,151	1,151	*(23)*	*(15)*	*24*	*11*
2.b.2. Excise duty	1,236	1,084	1,065	455	1,096	1,348	1,483	1,483	*1*	*3*	*23*	*10*
2.b.3. Service tax	513	650	650	290	600	781	976	976	*(8)*	*(8)*	*30*	*25*
(2.c) Transfers to States and UTs	1,531	1,636	1,669	850	1,655	1,969	2,285	2,403	*1*	*(1)*	*19*	*22*
o/w: GST compensations/transfers								**72**				
2.d Net tax revenue	4,396	4,660	4,742	2,139	4,780	5,847	7,143	7,618	*3*	*1*	*22*	*30*
3. Non-tax revenue	1,024	962	1,403	706	1,319	1,702	1,714	1,714	*37*	*(6)*	*29*	*1*
4. Capital receipts (4a + 4b + 4c)	**1,708**	**3,388**	**4,063**	**2,524**	**4,530**	**4,597**	**4,940**	**4,466**	***34***	***11***	***1***	***(3)***
4.a Recovery of loans	51	97	42	30	45	77	110	110	(54)	7	71	43
4.b Other receipts (Disinvestments)	388	26	11	43	275	300	250	250	*971*	*2,355*	*9*	*(17)*
4.c Borrowings and other liabilities	1,269	3,265	4,010	2,451	4,210	4,220	4,580	4,106	*29*	*5*	*0*	*(3)*
4.c.1 Net market borrowing	1,318	2,620	3,980	3,182	4,180	4,190	4,550	4,075	*60*	*5*	*0*	*(3)*
5. Total receipts (1 + 4)	**7,128**	**9,010**	**10,208**	**5,369**	**10,629**	**12,147**	**13,797**	**13,797**	***18***	***4***	***14***	***14***
Expenditures												
11. Non-plan expenditure (12 + 13)	**5,077**	**6,180**	**6,957**	**3,888**	**7,298**	**8,205**	**9,221**	**9,221**	***18***	***5***	***12***	***12***
12. Non-plan revenue expenditure	4,209	5,618	6,188	3,655	6,638	7,413	8,310	8,310	*18*	*7*	*12*	*12*
12.a. Interest payments	1,710	1,927	2,255	1,011	2,155	2,435	2,727	2,727	*12*	*(4)*	*13*	*12*
12.b. Subsidies	709	1,292	1,113	NA	1,628	1,780	2,065	2,065	*26*	*46*	*9*	*16*
12.b.1. Food	313	436	525	NA	595	625	700	700	*36*	*13*	*5*	*12*
12.b.2. Fertilizer	196	759	500	NA	635	730	875	875	*(16)*	*27*	*15*	*20*
12.b.3. Others (incl. on-budget oil)	200	98	88	NA	398	425	490	490	*308*	*352*	*7*	*15*
12.c. Grants to States and UTs	384	384	486	NA	486	544	599	599	*26*	*0*	*12*	*10*
12.d. Others	1,405	2,014	2,335	NA	2,369	2,653	2,919	2,919	*18*	*1*	*12*	*10*
13. Non-plan capital exp.	867	562	769	233	660	792	911	911	*17*	*(14)*	*20*	*15*
14. Plan expenditure (15 + 16)	**2,051**	**2,830**	**3,251**	**1,480**	**3,334**	**3,942**	**4,576**	**4,576**	***18***	***3***	***18***	***16***
15. Plan revenue expenditure	1,736	2,417	2,784	1,257	2,814	3,349	3,919	3,919	*16*	*1*	*19*	*17*
16. Plan capital expenditure	315	413	468	223	520	593	658	658	*26*	*11*	*14*	*11*
17. Total expenditure (11 + 14)	**7,127**	**9,010**	**10,208**	**5,369**	**10,632**	**12,147**	**13,797**	**13,797**	***18***	***4***	***14***	***14***
18. Revenue expenditure	5,945	8,035	8,972	4,913	9,452	10,762	12,228	12,228	*18*	*5*	*14*	*14*
19. Capital expenditure	1,182	975	1,236	456	1,180	1,385	1,569	1,569	*21*	*(5)*	*17*	*13*
Deficit								-				
Primary Deficit (PD)	(441)	1,338	1,755	1,440	2,058	1,785	1,853	1,378	*54*	*17*	*(13)*	*(23)*
Revenue Deficit (RD)	526	2,413	2,827	2,068	3,354	3,212	3,372	2,897	*39*	*19*	*(4)*	*(10)*
Gross fiscal deficit (GFD)	1,269	3,265	4,010	2,451	4,213	4,220	4,580	4,106	*29*	*5*	*0*	*(3)*
Gross domestic product (GDP)	47,234	53,218	58,566	NA	59,338	67,348	76,440	76,440	*12*	*1*	*14*	*14*
PD/GDP (%)	**(0.9)**	**2.5**	**3.0**	**NA**	**3.5**	**2.7**	**2.4**	**1.8**	***38***	***16***	***(24)***	***(32)***
RD/GDP (%)	**1.1**	**4.5**	**4.8**	**NA**	**5.7**	**4.8**	**4.4**	**3.8**	***25***	***17***	***(16)***	***(21)***
GFD/GDP (%)	**2.7**	**6.1**	**6.8**	**NA**	**7.1**	**6.3**	**6.0**	**5.4**	***16***	***4***	***(12)***	***(14)***

A: Actual; BE: Budget Estimates; RE: Revised estimates; E: KIE estimates; #: with GST and DTC rollout;
Source: GOI and Kotak Institutional Equities estimates

Exhibit 2: Combined fiscal deficit may improve modestly ahead in FY2010E and FY2011E
GFD/GDP ratios in India, March fiscal year-ends, 2007-12E (%)

	2008A	2009RE	2010BE (F)	2010E	2011E	2012E	2012E#
Center	2.7	7.9	7.3	7.3	6.6	6.4	5.8
On-budget	2.7	6.1	6.8	7.1	6.3	6.0	5.4
Off-budget	NA	1.8	0.5	0.2	0.3	0.4	0.4
State	2.3	2.7	3.3	3.5	3.2	2.9	2.3
Total	**5.0**	**10.6**	**10.6**	**10.8**	**9.8**	**9.3**	**8.1**

A: Actual; BE: Budget Estimates; RE: Revised estimates; E: KIE estimates; #: with GST and DTC rollout;
Source: GOI and Kotak Institutional Equities estimates

Hope now rests with successful roll out of GST and DTC in FY2012E

In our assessment, fiscal gap would remain wide even in FY2011E in spite of cyclical improvement in tax revenues. This means that wide deficits in India have become structural in nature and perhaps require a new set of revenue enhancing measures as well as strict expenditure rules. There is a clear case for returning to a new regime of fiscal rules under the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 at the earliest. We expect:

- GFD/GDP ratio of 6.3% in FY2011E against the government target of 5.5% for FY2011 mentioned in the FY2010 budget

- With this moderate improvement, government's nominal borrowing may be flat at Rs4.2 tn for Centre and Rs1.2 tn for States in FY2011E

- We expect GFD/GDP to correct only in FY2012E and only if the Goods and Services Tax (GST) and the Direct Tax Code (DTC) are successfully rolled out by then. (See our Economy Report of November 20, 2009, '*India's Goods and Services (GST) Tax: Hop, step and a Missed Jump?*'

We then hope that India's combined fiscal deficit could come down to about 8% (see Exhibit 2), provided no new economic shocks come that can adversely impact India's fiscal position.

India to remain high interest rate economy in near term

Considering the above, we expect interest rates to rise and remain high in the Indian economy in the near term. We expect the following:

- 10-year benchmark G-sec yield is likely to cross 8% by March 2010 and possibly stay over 8.5% in 1HFY11E following the likely large market borrowing in FY2011E as a result of wider-than-indicated fiscal deficit.

- The bond market is a sell in our view over the next 6 months as pressures would come from both the fiscal and monetary side. We expect moderate tightening by the RBI with a likely 50 bps CRR and a 25 bps repo and reverse repo rate hikes in 4QFY10E, with headline inflation rising to near 9% by end-FY10E.

- We expect considerable pressures in gilt auction, not just by the size of the net borrowing but also the larger gross borrowing that may be required as a result of large redemptions exceeding Rs1.0 tn in FY2011E. We expect credit growth to pick up, making rollover of debt difficult from 2QFY11E. These pressures could, however, be partially offset by relative reduction in the yield spread between the short and the long end helped by policy rate hikes, possible reduction in the average maturity of debt through a more balanced auction calendar in terms of tenors and selective issuance of floating rate debt. The FII cap on G-secs can also be increased to reduce pressure on the yields.

- However, in view of the likely borrowing pressures and credit pick up, lending rates could rise by about 150 bps in the Indian economy during 1HCY10E. Exhibits 3 and 4 broadly indicates the large excess supply of gilts and credit gaps that are likely to prevail in our view.

- Whether or not interest rates would come down in 2HFY11E would depend on several imponderables, but we do see a possibility of a bond rally in 2HFY11E if inflation comes down sharply in absence of any new shocks.

Exhibit 3: Excess supply likely to exert further pressure on yields in FY2011E
Demand and supply of SLR securities, March fiscal year-ends (Rs bn)

	2008	2009	2010E	2011E	2012E	2012E#
1. Demand for SLR securities (2+3+4)	**2252**	**2674**	**2961**	**3606**	**4427**	**4427**
2. required from banks	1,559	1,674	1,778	2,202	2,743	2,743
3. from insurance companies	534	760	915	1,098	1,318	1,318
4. from others	159	240	268	306	367	367
5. Supply of SLR securities (6+7+8)	**2919**	**2777**	**3870**	**5490**	**5860**	**5090**
6. Net market borrowing of center	1,107	2,620	4,180	4,190	4,550	4,075
7. T-bills financing	256	850	100	100	100	100
8. State government issuances	562	1,038	1,200	1,200	1,210	915
9. MSS	1,057	(803)	(860)	—	—	—
10. OMO	(62)	(928)	(750)	—	—	—
11. Excess demand (1-5)	**(667)**	**(102)**	**(909)**	**(1884)**	**(1433)**	**(663)**
Memo items						
NDTL	34,813	41,830	48,941	57,751	68,723	68,723
SLR ratio (% of NDTL)	25	24	25	25	25	25

with GST & DTC roll out

Source: Kotak Institutional Equities estimates

Exhibit 4: Lending rates may rise in FY2011E due to large investments in bonds
Sources and uses of bank funds, March fiscal year-ends, 2008-2010E (Rs bn)

	2008	2009	2010E	2011E	2012E	2012E#
1. Total usable sources (2 to 4)	**6134**	**6426**	**6473**	**8320**	**10381**	**10381**
2. Deposits	5,802	6,382	6,518	8,075	10,057	10,057
3. Call/term funding	207	74	57	167	218	218
4. Overseas foreign currency borrowings	125	(30)	(102)	78	105	105
5. Capital	251	598	765	1,145	1,570	1,570
6. Other liabilities	72	(583)	460	266	326	326
7. Uses (net of credit) (8 to12)	**2607**	**2351**	**4772**	**5345**	**5359**	**4789**
8. Investment in Govt. securities	1,812	1,930	2,683	2,716	2,716	2,141
10. Non-SLR investments	302	369	1,556	1,102	1,002	1,002
11. Net foreign assets	(276)	241	(67)	176	186	191
12. Balances with RBI	769	(189)	600	1,351	1,455	1,455
13. Sources-uses (net of credit) (1-7)	**3527**	**4074**	**1700**	**2976**	**5022**	**5592**
14. Credit offtake/demand	4,173	4,215	3,366	6,211	7,823	8,200
15. Credit gap (14-13)	**646**	**141**	**1666**	**3235**	**2802**	**2609**
Memo items						
NDTL	34,813	41,830	48,941	57,751	68,723	68,723
SLR ratio (% of NDTL)	25	24	25	25	25	25
CRR ratio (% of NDTL)	7.5	5.0	5.5	7.0	8.0	8.0
Deposit growth (%)	22.2	21.5	17.0	18.0	19.0	19.0
Credit growth (%)	21.6	17.0	12.0	20.0	21.0	22.0

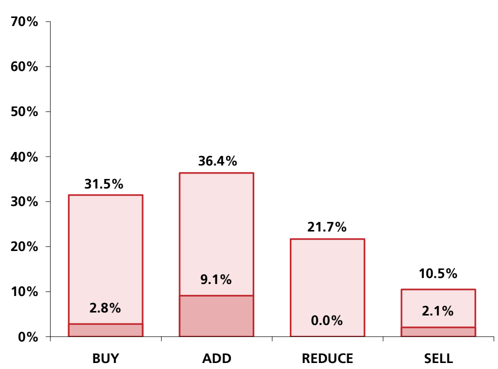
with GST & DTC roll out

Source: Kotak Institutional Equities estimates

"I, Mridul Saggar, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report."

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 = 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 Sensex by more then 10% over the next 12 months. These ratings are used illustratively to comply with applicable regulations. As of 30/9/2009 Kotak Institutional Equities Investment Research had investment ratings on 143 equity securities.

Source: Kotak Institutional Equities

As of September 30, 2009

Ratings and other definitions/identifiers

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 Sensex by more than 10% 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, Neutral, Cautious.**

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

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may participate in the solicitation of such business. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which include earnings from investment banking and other business. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. 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 are 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. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of Kotak Securities Limited. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. Kotak Securities Limited does not provide tax advise to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment.

Certain transactions -including those involving futures, options, and other derivatives as well as non-investment-grade securities - give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavor to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether Kotak Securities Limited and its affiliates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by Kotak Mahindra Mutual Fund.Kotak Securities Limited and its non US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition , investors in securities such as ADRs, the value of which are influenced by foreign currencies affectively assume currency risk. In addition options involve risks and are not suitable for all investors. Please ensure that you have read and understood the current derivatives risk disclosure document before entering into any derivative transactions.

This report has not been prepared by Kotak Mahindra Inc. (KMInc). However KMInc has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. Any reference to Kotak Securities Limited shall also be deemed to mean and include Kotak Mahindra Inc.