Banking

Sector coverage view	Attractive

Company	Rating	Price, Rs 26-Feb	Target
SBI	BUY	1,023	1,600
HDFC Bank	BUY	875	1,350
ICICI Bank	ADD	325	465
Corp Bk	BUY	163	310
BoB	ADD	212	330
PNB	BUY	324	650
OBC	ADD	110	200
Canara Bk	REDUCE	160	220
Axis Bank	ADD	346	750
IOB	BUY	46	120
Andhra	ADD	44	75
Federal Bank	BUY	121	280
J&K Bank	ADD	234	480
Indian Bank	BUY	87	195
Union Bank	BUY	123	220
Bank of India	ADD	220	330

Investing during times of pessimism may be a smart move

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- **Bank stocks have corrected 10-20% over the past month**
- **Market prices appear to excessively factor in gloomy outlook in perpetuity**
- **Reiterate preference for SBI, PNB, Union Bank and BoB among public banks; HDFC Bank, Axis Bank and Federal Bank among private banks**

The announcement by the government of higher expenditure and tax breaks over the past few weeks have led to concerns on hardening of Gsec yields and put pressure on banking stock prices. We believe the market reaction appears to be excessive and current prices likely factor in rather gloomy prospects in perpetuity, which is inappropriate, in our view. Our earnings estimates for banks assume a sharp rise in stressed assets over the next five quarters, apart from assuming a 20-25 bps decline in NIM and modest treasury gains in FY2010E. These estimates likely capture the investor apprehensions of higher NPLs, lower treasury gains and greater government intervention in credit functions of banks. Valuations juxtaposed against our modest assumptions are attractive. We prefer SBI, PNB, BoB and Union Bank amongst public banks, while we like HDFC Bank, Axis Bank and Federal Bank amongst private banks. Note that some of the small public banks like Andhra Bank, Corporation Bank and IOB are trading at dividend yields of close to 7-8% (FY2009E) providing good investment opportunities.

Rationale for investing in bank stocks continues to remain intact. The business performance of banks is likely supported by the following factors: (1) low levels of current NPLs, (2) diversified loan book of banks, (3) improved systems and processes at banks compared to the previous cycle, (4) better creditor rights and (5) likely lower Gsec yields in an lower economic growth environment that would lead to higher treasury gains for banks. While the recent measures by government are likely to lead to hardening of Gsec yields and reduce the treasury gains for banks (though these are likely to exceed our current estimates), other aforesaid factors continue to remain firmly in place. Finally, our fair value estimates after factoring in a reasonably stressed business outlook over the next 1-2 years are significantly higher than the current market prices.

Technical factors could have accentuated the fall in stock prices. The correction in banking stock prices by 10-20% over the past month was also likely due to over ownership of the sector by institutional investors particularly, the foreign investors. This particular technical factor may have accentuated the impact of negative developments like higher government borrowing on the stock prices.

Valuations attractive at the current market prices. We get back to basics to justify our view that current valuations of Indian banks are attractive. Banks typically play an important role in maturity transformation, i.e. convert short-term liabilities into long-term assets, which expose them to certain vulnerabilities particularly in times of extreme risk aversion. This regular business arrangement (short-term liabilities and long-term assets) for banks/financial institutions is likely to be stable when all liability holders do not demand a return of their funds at the same time. However, in the event of widespread concerns (perceived or otherwise) on viability of banks/financial institutions—these entities could come under serious liquidity stress due to their high leverage, which could threaten their existence and in turn justify the concerns of the liability holders and further depress market valuations.

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We believe the probability of such self-fulfilling concerns on viability of banks/financial institutions playing out in case of Indian banks as extremely remote. The reasons for this confidence are as follows: (1) Indian banks have a mandatory requirement of having 24% of their demand liabilities in the form of government securities (statutory liquidity ratio), SLR ratio of banks is around 28% as of January 2009—have no counterparty/credit risk, (2) cash reserve ratio (CRR), i.e. reserves placed with RBI are at 5%, bear no credit or interest rate risk and (3) market share of public banks is currently around 73%— deposits with these entities are widely perceived to enjoy sovereign guarantee (although there is no legal basis for such confidence) and are unlikely face a run.

Hence, we believe the current valuations of banks at 0.5-0.9X PBR FY2010E appear to factor extremely poor profitability (well below cost of equity) in perpetuity. We do not share this pessimism of the street and believe the normalized RoE of most banks are likely to be in the range of 14-18%, which could justify valuations in the range of 1.2-1.5X PBR FY2010E.

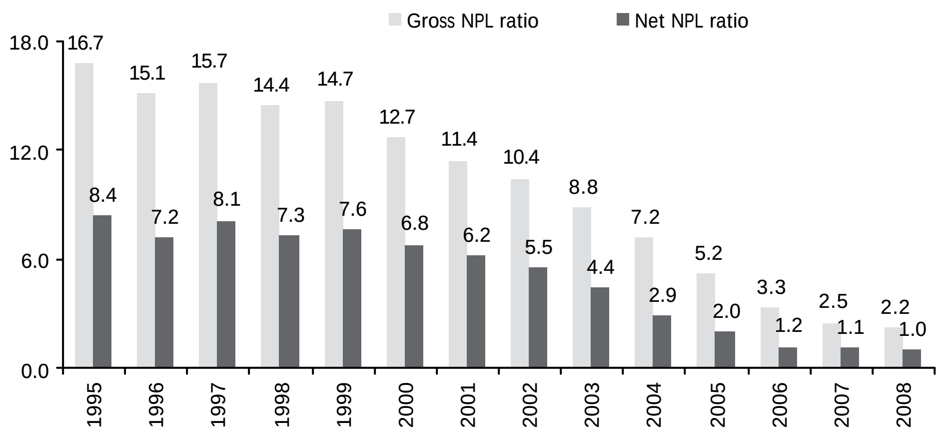
Dividend yields for some of the small public banks are compelling. The dividend yields on some of the small public banks like Andhra Bank, Corporation Bank and IOB are in the range of 7-8% (FY2009E). Even assuming halving of profits and dividend payout ratios for FY2010E compared to FY2009E, the returns from dividends alone could be around 10-12% (post-tax) over the next one year. These returns are much above the current 1-year deposit rate offered by SBI of 8.5% (pre-tax). This is in stark contrast to the scenario of minimal dividend yields and higher deposit rates that was prevailing in January 2008 likely indicating opportune times for investing.

Government spending likely to lead to higher yields, yet provides limited downside risk to our estimates. The government of India has sharply increased its overall spending apart from announcing a series of tax benefits to provide stimulus to the sagging economy. This has led to a sharp rise in the fiscal deficit and increased pressure on Gsec yields. These developments in turn will likely lead to lower treasury profits for the banks in FY2010E. We highlight that our projections of treasury profits are modest and factor in only around 10-30% of the overall treasury gains for banks assuming the benchmark 10-year Gsec yield at 7% by March 2010. Secondly, enhanced government spending and tax breaks can imply certain positives for the banking sector—(1) these measures could help improve the macroeconomic situation and reduce concerns on asset quality; (2) higher Gsec yields could help NIM of banks as the yield on their investments book is better. It is quite likely that these positives are being ignored by the market at the current prices.

Sharp rise in NPLs over the next five quarters factored in our estimates. We expect the gross NPLs of the banks under coverage to rise to Rs1 tn by March 2010 from Rs425 bn as of December 2008, which in turn is likely to result in the gross NPL ratio rising to 4.6% from the current level of 2.3%. This likely captures a fair amount of stress on asset quality of Indian banks. Note that we net off the entire net NPLs against the net worth to arrive at our fair value estimates without reducing the provision requirements in later years, which we believe is conservative.

Current NPL ratios are low and provide comfort on asset quality

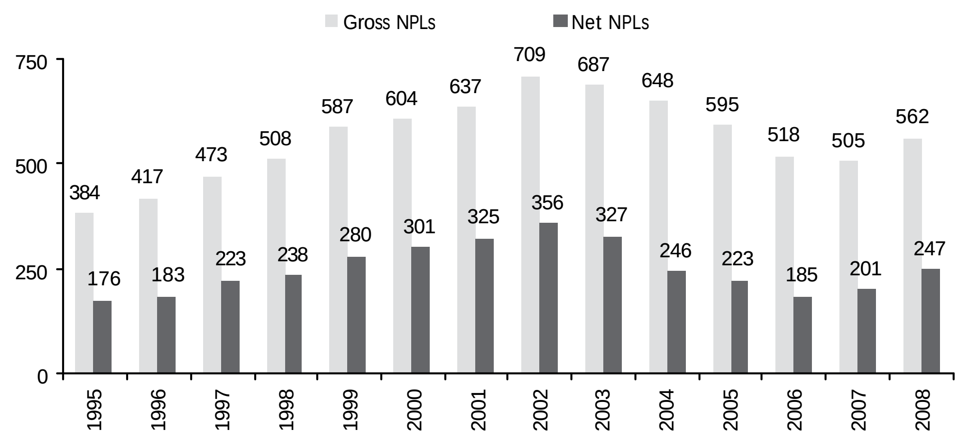
Trend in gross and net NPL ratio of banks, March fiscal year-ends, 1995-2008 (%)



Source: RBI, KIE Estimates

Even in absolute levels the reported NPLs have been trending downwards since 2002 and increased modestly in 2008

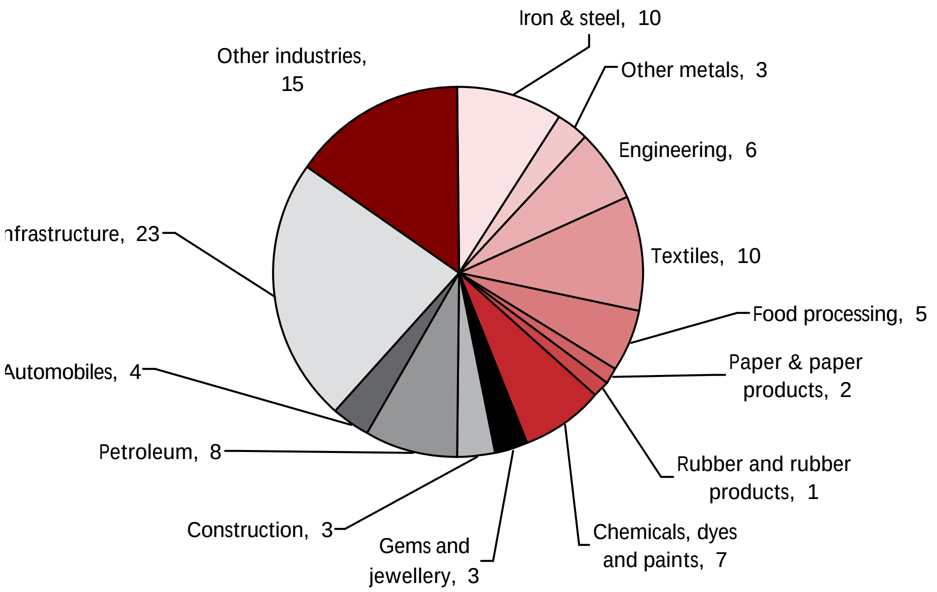
Trend in gross and net NPLs of banks, March fiscal year-ends, 1995-2008 (Rs bn)



Source: RBI.

Industrial credit is well diversified as of December 2008

Break-up of industrial credit as of December 2008 (%)



Source: RBI.

Foreign investors had increased their preference for the banking sector in 3QFY09

Over/under ownership (%)

	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Automobiles	0.9	0.8	0.5	0.4	0.5	0.6	0.6	0.6	0.6
Banking	11.2	12.2	12.4	13.8	13.2	13.4	11.2	12.8	14.2
Cement	0.9	0.7	0.3	0.4	0.3	0.3	0.2	0.3	0.4
Chemicals	0.5	0.7	0.6	—	0.1	0.1	(0.0)	0.1	0.1
Consumers	(1.8)	(1.9)	(1.8)	(1.2)	(0.8)	(0.8)	(0.8)	(0.8)	(0.3)
Energy	(6.1)	(7.2)	(7.1)	(6.7)	(8.3)	(8.7)	(7.1)	(7.6)	(6.8)
Industrial	(1.2)	(1.3)	(1.7)	(1.4)	(1.2)	(1.2)	(1.1)	(1.1)	(0.7)
Media	(0.0)	(0.1)	0.3	(0.1)	(0.0)	(0.0)	(0.1)	—	0.1
Metals	(3.3)	(3.2)	(2.2)	(0.8)	(0.8)	(0.6)	(1.6)	(2.0)	(3.9)
Pharmaceuticals	(0.4)	(0.4)	(0.9)	(0.3)	(0.0)	0.2	0.6	0.4	0.6
Property	—	—	—	(2.7)	(3.0)	(2.2)	(1.4)	(1.2)	(0.9)
Technology	3.4	2.9	2.4	2.1	2.1	3.2	5.2	4.9	6.2
Telecom	(0.7)	(0.3)	(0.7)	(0.8)	(0.8)	(0.1)	(0.7)	(0.3)	0.6
Utilities	(2.9)	(3.1)	(2.8)	(3.2)	(4.0)	(4.7)	(5.2)	(5.7)	(6.7)
Others	(0.6)	0.1	0.7	0.5	2.9	0.6	0.1	(0.3)	(3.5)

Note:

(1) With effect from September 2007 quarter, Reliance Industries is reclassified from Chemicals to Energy.

Source: BSE, Kotak Institutional Equities.

Valuations of banks are reasonable for their expected RoE

Valuations of key financial companies, March fiscal year-ends

		Traget price	Price	Market cap.	EPS (Rs)				PER (X)				BVPS (Rs)				PBR (X)				RoE (%)			
	Reco.	(Rs)	(Rs)	US $bn	2007	2008	2009E	2010E	2007	2008	2009E	2010E	2007	2008	2009E	2010E	2007	2008	2009E	2010E	2007	2008	2009E	2010E
Public banks																								
Andhra Bank	ADD	75	44	0.4	11.1	11.9	12.4	10.8	4.0	3.7	3.5	4.1	65	67	76	83	0.7	0.7	0.6	0.5	17.8	18.0	17.4	13.6
BoB	ADD	330	212	1.5	28.1	39.3	52.0	50.5	7.6	5.4	4.1	4.2	232	259	298	337	0.9	0.8	0.7	0.6	12.4	14.6	16.3	14.2
BoI	ADD	330	220	2.3	23.0	40.6	54.1	49.9	9.6	5.4	4.1	4.4	118	168	215	259	1.9	1.3	1.0	0.9	21.2	27.6	28.2	21.1
Canara Bank	REDUCE	220	160	1.3	34.7	38.2	45.8	42.0	4.6	4.2	3.5	3.8	198	202	241	307	0.8	0.8	0.7	0.5	16.3	15.0	16.7	12.3
Corporation Bank	BUY	310	163	0.5	37.4	51.2	62.3	55.8	4.4	3.2	2.6	2.9	263	295	342	385	0.6	0.6	0.5	0.4	15.0	18.4	19.6	15.4
Indian Bank	BUY	195	87	0.7	16.8	22.5	27.4	28.0	5.2	3.9	3.2	3.1	75	107	130	154	1.2	0.8	0.7	0.6	26.4	24.8	23.1	19.7
IOB	BUY	120	46	0.5	18.5	22.1	26.5	21.7	2.5	2.1	1.7	2.1	73	89	112	130	0.6	0.5	0.4	0.4	28.1	27.2	26.4	18.0
OBC	ADD	200	110	0.5	33.0	23.9	36.5	27.3	3.3	4.6	3.0	4.0	224	231	298	316	0.5	0.5	0.4	0.3	10.9	6.2	13.8	8.9
PNB	BUY	650	324	2.0	48.8	65.0	91.6	89.9	6.6	5.0	3.5	3.6	324	342	412	481	1.0	0.9	0.8	0.7	15.5	18.0	21.7	18.5
SBI	BUY	1,600	1,023	12.9	86.3	106.6	135.3	125.5	11.9	9.6	7.6	8.2	595	776	887	986	1.7	1.3	1.2	1.0	15.4	16.8	16.3	13.4
SBI incl. banking subs	BUY	1,315	738	9.3	114.9	157.7	148.6	145.2	6.4	4.7	5.0	5.1	747	955	1,086	1,207	1.0	0.8	0.7	0.6	15.5	16.7	14.7	14.7
SBI standalone	BUY	1,127	566	7.1	74.9	122.1	129.0	118.5	7.6	4.6	4.4	4.8	546	707	817	916	1.0	0.8	0.7	0.6	14.6	19.5	16.9	13.7
Union Bank	BUY	250	123	1.2	16.7	27.5	34.6	33.3	7.4	4.5	3.6	3.7	94	111	140	167	1.3	1.1	0.9	0.7	19.2	26.8	27.5	21.7
Old private banks																								
Federal Bank	BUY	280	121	0.4	34.2	34.4	31.7	31.6	3.6	3.5	3.8	3.8	175	229	254	279	0.7	0.5	0.5	0.4	21.2	13.6	13.1	11.8
J&K Bank	ADD	480	234	0.2	56.6	74.2	82.7	72.3	4.1	3.2	2.8	3.2	414	470	533	587	0.6	0.5	0.4	0.4	14.4	16.8	16.5	12.9
New private banks																								
Axis Bank	ADD	750	346	2.5	23.4	32.2	46.8	53.1	14.8	10.7	7.4	6.5	121	245	282	323	2.9	1.4	1.2	1.1	21.0	17.6	17.8	17.6
HDFC Bank	BUY	1,350	875	7.4	35.7	46.0	53.5	66.9	24.5	19.0	16.3	13.1	201	324	348	403	4.3	2.7	2.5	2.2	19.5	17.7	17.3	17.8
ICICI Bank	ADD	465	325	7.2	34.6	39.9	34.3	32.8	9.4	8.1	9.5	9.9	270	418	440	462	1.2	0.8	0.7	0.7	13.4	11.7	8.0	7.3
ICICI standalone	ADD	318	161	3.5	29.6	28.9	29.4	27.4	5.4	5.6	5.5	5.9	225	341	334	343	0.7	0.5	0.5	0.5	13.4	10.2	8.7	8.1

Source: Bloomberg, Companies, Kotak Institutional Equities estimates.

Dividend yields for some of the small public banks are attractive

Dividends and dividend yields of banks, March fiscal year-ends, 2007-2010E

		Price	DPS (Rs)				Dividend yield (%)			
	Reco.	(Rs)	2007	2008	2009E	2010E	2007	2008	2009E	2010E
Public banks										
Andhra Bank	ADD	44	3.8	4.0	3.1	2.7	8.6	9.1	7.1	6.2
BoB	ADD	212	6.9	8.0	10.6	10.3	3.3	3.8	5.0	4.8
BoI	ADD	220	4.0	4.0	5.7	5.2	1.8	1.8	2.6	2.4
Canara Bank	REDUCE	160	7.0	8.0	6.0	6.0	4.4	5.0	3.7	3.7
Corporation Bank	BUY	163	9.0	10.5	12.8	11.4	5.5	6.4	7.8	7.0
Indian Bank	BUY	87	3.0	3.0	3.5	3.6	3.4	3.4	4.0	4.1
IOB	BUY	46	3.0	3.2	3.5	3.2	6.6	7.0	7.7	7.0
OBC	ADD	110	4.7	4.7	7.3	5.5	4.3	4.3	6.6	5.0
PNB	BUY	324	13.0	13.0	18.3	18.0	4.0	4.0	5.7	5.6
SBI	BUY	1,023	14.0	25.4	21.5	22.5	1.4	2.5	2.1	2.2
Union Bank	BUY	123	3.5	4.0	5.2	5.0	2.8	3.2	4.2	4.1
Old private banks										
Federal Bank	BUY	121	4.0	4.0	5.9	5.9	3.3	3.3	4.9	4.9
J&K Bank	ADD	234	11.5	15.0	17.3	17.3	4.9	6.4	7.4	7.4
New private banks										
Axis Bank	ADD	346	5.3	5.7	8.9	10.1	1.5	1.6	2.6	2.9
HDFC Bank	BUY	875	7.0	8.7	11.5	13.2	0.8	1.0	1.3	1.5
ICICI Bank	ADD	325	10.0	11.8	10.3	9.2	3.1	3.6	3.2	2.8

Source: Bloomberg, Companies, Kotak Institutional Equities estimates.

We expect NIM to decline by 20-25 bps in 2010E

NIM, March fiscal year-ends, 2008-2010E (%)

	2008	2009E	2010E
Public banks			
Andhra Bank	2.8	2.8	2.6
Bank of Baroda	2.7	2.7	2.5
Bank of India	2.7	2.9	2.6
Canara Bank	2.1	2.4	2.4
Corporation Bank	2.6	2.4	2.2
Indian Bank	3.4	3.6	3.4
IOB	3.0	2.9	2.7
OBC	2.1	2.1	1.8
PNB	3.4	3.3	3.2
SBI	2.8	2.9	2.7
Union Bank	2.7	3.1	2.9
Old private banks			
Federal Bank	3.2	4.0	3.8
J&K Bank	2.7	2.9	2.8
New private banks			
Axis Bank	2.9	2.9	2.8
HDFC Bank	5.1	5.2	5.1
ICICI Bank	2.1	2.3	2.5

Source: Companies, Kotak Institutional Equities estimates.

Treasury gains for banks are likely around 6-8% of their net worth at 10-year Gsec yield of 7%

	Investment book details as of December 2008									
	Overall (Rs bn)	HTM (Rs bn)	AFS (Rs bn)	Duration of AFS book (years)	Gains on AFS book (Rs bn)	Gains on HTM book (Rs bn)	Overall gains (Rs bn)	Overall post-tax gains (Rs bn)	Net worth (FY2010E) (Rs bn)	Gains as % of net worth (Rs bn)
Public banks										
Andhra Bank	164	120	44	1.8	1	8	8	6	41	7
Bank of Baroda	461	298	163	1.8	(2)	19	17	11	124	5
Bank of India	466	368	98	2.0	(2)	24	22	14	138	5
Canara Bank	524	379	145	1.6	0	24	25	16	112	7
Corporation Bank	233	186	47	1.8	1	12	13	8	55	7
Indian Bank	215	135	80	2.3	1	9	10	7	66	5
IOB	279	209	70	2.0	(1)	13	12	8	69	6
OBC	279	184	95	2.9	3	12	14	9	79	6
PNB	632	567	66	2.0	2	36	38	25	152	8
SBI	2,450	1,622	828	1.8	21	104	124	81	627	6
Union Bank	412	260	152	1.4	5	17	22	14	85	8
Old private banks										
Federal Bank	97	56	41	2.6	2	4	6	4	48	4
J&K Bank	114	80	34	1.6	1	5	6	4	28	7

Note:

(1) 10-year Gsec yield assumed at 7% as of March 2010.

(2) Gains on AFS book equal

AFS book (as of December 2008) X Duration X (8.6-7.0)/100 - treasury gains booked in 3QFY09 - investment depreciation losses written-back in 3QFY09.

(3) Gains on HTM book equal

HTM book (as of December 2008) X 4.0 X (8.6-7.0)/100.

(4) Duration of HTM book assumed uniformly at 4 years for all banks.

(5) Assuming only 50% of potential gains are realized.

Source: Companies, Kotak Institutional Equities.

Our treasury gain assumptions are not aggressive

Treasury profits of banks, March fiscal year-ends, 2008-2010E

	Treasury gains (Rs mn)			Treasury gains (2010E) modeled as % of potential gains
	2008	2009E	2010E	
Public banks				
Andhra Bank	1,192	1,000	1,000	12
Bank of Baroda	5,322	7,500	5,000	29
Bank of India	3,662	6,500	4,000	18
Canara Bank	4,351	4,000	3,000	12
Corporation Bank	1,357	1,800	1,800	14
Indian Bank	2,412	1,500	1,800	18
IOB	1,912	4,500	3,000	24
OBC	1,537	4,500	2,500	17
PNB	4,419	5,300	4,300	11
SBI	9,463	12,000	16,000	13
Union Bank	2,898	1,200	1,400	6
Old private banks				
Federal Bank	750	700	700	12
J&K Bank	958	650	400	7

Source: Companies, Kotak Institutional Equities estimates.

Our base-case assumptions factor in a sharp rise in reported NPLs to account for likely deterioration of asset quality

Gross NPLs, Net NPLs of banks

	Gross NPLs (Rs bn)			Gross NPLs (%)			Net NPLs (Rs bn)			Net NPLs (%)		
	3QFY09	2009E	2010E	3QFY09	2009E	2010E	3QFY09	2009E	2010E	3QFY09	2009E	2010E
Public banks												
Andhra Bank	4	6	17	0.9	1.4	3.3	1	1	7	0.2	0.2	1.5
Bank of Baroda	19	24	52	1.5	1.8	3.4	5	2	18	0.4	0.2	1.2
Bank of India	22	27	60	1.6	1.8	3.6	7	4	21	0.5	0.3	1.3
Canara Bank	25	28	71	1.9	2.1	4.6	17	12	36	1.3	0.9	2.3
Corporation Bank	6	9	24	1.2	1.9	4.1	1	2	13	0.3	0.5	2.3
Indian Bank	5	9	15	0.8	1.7	2.5	1	1	2	0.2	0.2	0.4
IOB	17	19	38	2.4	2.5	4.2	9	8	18	1.3	1.1	2.0
OBC	11	16	33	1.7	2.3	4.1	5	6	17	0.8	0.9	2.1
PNB	33	46	79	2.3	3.0	4.4	6	11	26	0.4	0.7	1.5
State Bank of India	133	182	318	2.6	3.5	5.2	69	86	150	1.4	1.7	2.5
Union Bank	16	24	45	1.7	2.5	4.0	1	2	10	0.1	0.2	1.0
Overall public banks	**290**	**390**	**752**	**2.0**	**2.6**	**4.4**	**121**	**136**	**319**	**0.9**	**0.9**	**1.9**
Old private banks												
Federal Bank	6	9	14	2.8	3.7	5.1	1	1	1	0.3	0.4	0.5
J&K Bank	5	7	12	2.6	2.9	4.6	3	3	6	1.2	1.2	2.3
Overall old private banks	**12**	**15**	**27**	**2.7**	**3.3**	**4.8**	**3**	**4**	**7**	**0.8**	**0.8**	**1.4**
New private banks												
Axis Bank	8	14	36	0.9	1.7	3.5	3	4	14	0.4	0.5	1.4
HDFC Bank	19	24	55	1.9	2.8	5.1	6	3	14	0.6	0.3	1.3
ICICI Bank	96	116	163	4.5	5.1	6.7	45	46	67	2.1	2.1	2.9
Overall new private banks	**123**	**153**	**255**	**3.1**	**3.9**	**5.6**	**54**	**53**	**94**	**1.3**	**1.0**	**1.9**
Total	**425**	**558**	**1,033**	**2.3**	**2.9**	**4.6**	**178**	**192**	**420**	**1.0**	**1.0**	**1.9**

Source: Companies, Kotak Institutional Equities estimates.

Our long-term estimates are likely conservative

Our long-term assumptions of return on equity (%)

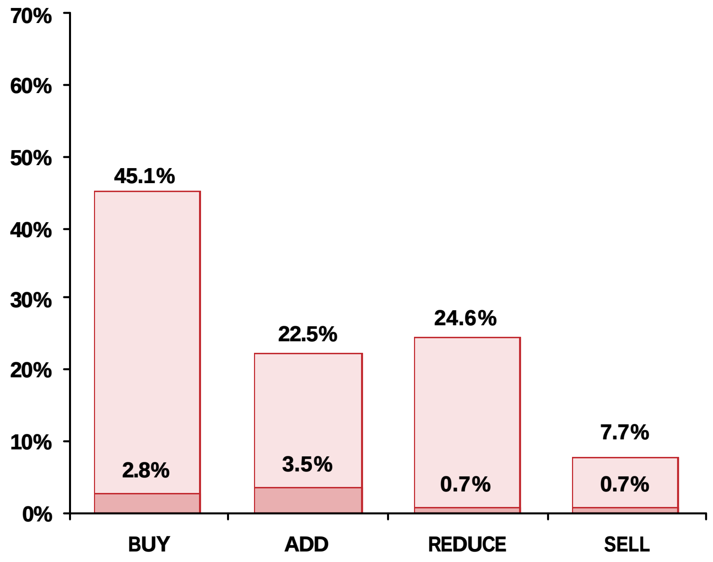
Public banks	
Andhra Bank	14.0
BoB	14.0
BoI	15.0
Canara Bank	14.0
Corporation Bank	12.4
Indian Bank	14.8
IOB	14.7
OBC	13.0
PNB	15.1
SBI (standalone)	15.0
Union Bank	15.0
Old private banks	
Federal Bank	14.1
J&K Bank	13.8
New private banks	
Axis Bank	17.0
HDFC Bank	17.5
ICICI Bank (standalone)	14.0

Source: Kotak Institutional Equities estimates.

"I, Manish Karwa, 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 31/12/2008 Kotak Institutional Equities Investment Research had investment ratings on 142 equity securities.

Source: Kotak Institutional Equities — As of December 31, 2008

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.
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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.

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