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News Roundup

Corporate

- One of the biggest foreign institutional investors Goldman Sachs was given a clean chit by the Securities and Exchange Board of India in the stock market crash of May 17, 2004. (BS)
- The five-year long ownership battle in the Bajaj group finally came to an end on Thursday when the two factions -- the Rahul and Shishir Bajaj groups -- agreed on an amicable settlement that included transferring of shareholdings. (ET)

Economic and political

- India's exports declined for the second month in a row by 9.9% to \$11.5 bn in November 2008 from \$12.7 bn in the same month previous fiscal. Imports grew by 6.1% to \$21.5 bn from \$20.32 bn in the year ago period, taking the trade deficit to \$10 bn. (ET)
- The inflation rate slid to a 10-month low of 6.38% for the week ended December 20. The figure stood at 6.61% the previous week, according to the data released by the commerce ministry on Thursday. The rate of inflation has more than halved from a 16-year high of 12.92% in the first week of August. (ET)
- In a move that will save the life insurance industry several hundred crores in capital requirement, the insurance regulator has eased solvency margins for unit-linked insurance plans. (ET)
- In a move that could further delay auctions, the finance ministry has asked the telecom department to double the floor price for 3G and wireless broadband spectrum, executives of two leading telecom companies said. (ET)
- India's refinery output fell 1.1 % in November from a year ago, the first annual drop in three years, mainly due to the planned shutdown of an Indian Oil Corp refinery and lower demand in a slowing economy. (Reuters)

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

EQUITY MARKETS

India	Change, %			
	1-Jan	1-day	1-mo	3-mo
Sensex	9,903	2.7	12.0	(24.1)
Nifty	3,033	2.5	13.1	(23.2)

Global/Regional indices				
Dow Jones	8,776	1.2	7.7	(19.0)
FTSE	4,434	0.9	9.1	(10.6)
Nikkei	8,860	1.3	4.1	(21.3)
Hang Seng	14,387	1.1	2.0	(20.1)
KOSPI	1,123	(0.1)	4.4	(22.4)

Value traded - India				
	Moving avg, Rs bn			
	1-Jan	1-mo	3-mo	
Cash (NSE+BSE)	100.6	139.7	140.9	
Derivatives (NSE)	224.0	321.6	477	
Deri. open interest	438.9	416	646	

Forex/money market

	Change, basis points			
	1-Jan	1-day	1-mo	3-mo
Rs/US\$	48.8	0	(140)	212
10yr govt bond, %	5.0	1	(198)	(324)

Commodity market

	Change, %			
	1-Jan	1-day	1-mo	3-mo
Gold (US\$/OZ)	878.2	(0.1)	12.3	5.0
Silver (US\$/OZ)	11.3	(0.9)	17.8	4.1
Crude (US\$/BBL)	41.8	10.2	(19.3)	(57.1)

Net investment (US\$m)

	31-Dec	MTD	CYTD
FIs	(3)	(4,271)	(13,334)
MFs	53	1,558	2,815

Top movers -3mo basis

Best performers	Change, %			
	1-Jan	1-day	1-mo	3-mo
Punjab National Bar	532	0.9	29.3	7.6
Tata Communicatio	499	(0.5)	31.4	7.5
Indian Oil Corporati	426	0.1	8.0	5.9
Power Finance Corp	134	0.9	26.3	5.8
Ntpc Limited	183	1.1	14.0	4.9

Worst performers

Housing Developme	141	8.2	88.0	(16.0)
Aban Offshore Limi	735	9.5	14.8	(64.0)
Unitech Limited	44	9.2	72.4	(61.5)
Bajaj Finserv Ltd	150	0.5	65.8	(58.7)
Suzlon Energy Limit	66	6.4	79.7	(56.0)

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Technology

Sector coverage view

Cautious

Company	Rating	Price, Rs	
		1-Jan	Target
TCS	REDUCE	497	650
Wipro	ADD	248	280
Infosys	BUY	1,148	1,500
Satyam Comp	SELL	182	150
HCL Tech	REDUCE	123	160
Patni	SELL	133	160
Hexaware	SELL	22	25
Polaris Softwai	SELL	46	70
Tech Mahindra	BUY	261	450
Mphasis BFL	REDUCE	167	190
MindTree	BUY	239	450

Dec 2008 earnings preview—little to cheer

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- **Weak operating quarter**
- **FY2009E US\$ revenues guidance will be reduced further**
- **Demand pick up from June quarter at the earliest; metrics likely to remain weak**
- **Inexpensive valuations the only line of support**

We expect a weak operating December 2008 quarter for Indian IT companies. We also expect FY2009E constant currency revenue guidance to be maintained at the lower-end; March 2009E quarter US\$ revenues will likely decline across the board. We expect negative news flow to continue with valuations as the only line of support. Maintain Cautious coverage view. Infosys is our top BUY.

Weak operating quarter

We expect Indian IT companies to achieve lower-end to mid-range of December quarter constant currency revenue guidance. For the tier-I companies, we expect a 2-4% decline in organic US\$ revenues, a miss of US\$ revenue guidance. OPM will likely decline qoq on lower utilization and as companies choose to reinvest the benefits of rupee depreciation back into the business (average Re/ US\$ realization of 49 versus 44.5 in Sep 2008 quarter). Rupee net income guidance will be met for both Infosys and Satyam.

FY2009E US\$ revenues guidance will be reduced further

We expect FY2009E constant currency revenue growth guidance to be maintained at the lower-end; however, US\$ revenue growth guidance may be revised below the current lower-end on account of cross currency factors. Delays in decision making and freeze on new initiatives will impact March quarter guidance; Infosys and Satyam to guide for a qoq US\$ revenue decline for March 2009E quarter. FY2009E EPS guidance will likely be maintained.

Demand pick up from June quarter at the earliest; metrics likely to remain weak

We expect delays in decision making to impact March and June quarter. We expect benefits of counter cyclical trend and vendor rationalization to accrue for select companies in 2HFY10. We expect pricing pressure (though not as severe as street's expectations) and model a 3-6% pricing decline in FY2010E. As result, we expect flat to low single digits US\$ revenue growth in FY2010E for tier-I players and decline in revenues for tier-II players. We expect OPM decline of 100-200 bps in FY2010E and modest net income growth/ decline.

Inexpensive valuations the only line of support

Valuation is the only line of support; most of the IT names are trading at ex-growth multiples. Implied FCF growth to perpetuity at 3.3% for Infosys (decline for others) is inexpensive. We back companies that would be in better position to protect margin profile and gain from vendor consolidation. Maintain Cautious coverage view with Infosys as the top pick.

Energy

GAIL.BO, Rs208

Rating	REDUCE
Sector coverage view	Neutral
Target Price (Rs)	220
52W High -Low (Rs)	367 - 165
Market Cap (Rs bn)	263.7

Financials

March y/e	2008	2009E	2010E
Sales (Rs bn)	180.1	234.6	403.2
Net Profit (Rs bn)	25.9	31.8	32.8
EPS (Rs)	20.4	25.1	25.8
EPS gth	21.0	22.9	3.1
P/E (x)	10.2	8.3	8.0
EV/EBITDA (x)	5.2	4.9	6.0
Div yield (%)	3.2	3.8	3.8

Pricing performance

Perf-1m	Perf-3m	Perf-6m	Perf-1y
5.4	(24.9)	(6.9)	(41.4)

Shareholding, September 2008

	% of Pattern Portfolio	Over/(under) weight
Promoters	57.3	-
FIs	15.8	0.6 (0.1)
MFs	3.7	0.8 0.1
UTI	-	- (0.7)
LIC	7.7	1.2 0.5

GAIL (India): Implementation of regulations for natural gas pipeline tariff may not be that far away

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- **Implementation of notified regulations for natural gas pipeline tariffs is imminent**
- **Delay in finalization of tariffs may not matter since effective date is date of notification (November 20, 2008)**
- **Earnings of GAIL will be impacted negatively due to lower tariffs on extant pipelines**

Based on our discussion with GAIL management, we believe that the implementation of regulations for determining natural gas pipeline tariffs notified by the Petroleum and Natural Gas Regulatory Board (PNGRB) may be imminent. The management has indicated that it has to file the required data relating to tariff determination within 90 days from the date of notification of the regulations (November 20, 2008). The management also clarified that the tariff approved by PNGRB will be applicable from the date of notification of the regulations. We retain our earning estimates awaiting notification of actual tariffs for GAIL's extant pipelines; however, we had already built in lower multiples to factor in this potential risk for the pipeline segment's EBITDA. For the new pipelines, we had already factored in 12% post-tax ROCE. We retain REDUCE rating with a 12-month SOTP-based target price of Rs220 (see Exhibit 1). Key upside risks stem from higher-than-expected commodity prices.

Regulatory regime with 12% post-tax ROCE is imminent. Based on our discussion with GAIL management, we believe that the implementation of the regulations notified by PNGRB for natural gas pipelines may be imminent. The management indicated that it needs to submit the data related to computation of pipeline tariffs within 90 days from the date of notification of the regulations (which is November 20, 2008). However, it is seeking extension for the deadline for submission of the data to April 1, 2009 as the guidelines were made available only on December 17, 2008. After the submission of the data, the regulator will review and approve the tariff and the approved tariff will be applicable from the date of the notification of the regulations (November 20, 2008). Thus, we expect the regulations to be implemented in the near future.

Notified regulations to hurt EBITDA of GAIL's extant pipelines. The management has indicated that there will be likely downward impact on tariffs but is not in a position to quantify the exact impact at this point of time. The company is seeking clarifications on several issues from the regulator before it submits the necessary data to the regulator. As discussed in our December 13, 2008 report, we see about 30-40% downside to the EBITDA of GAIL's pipeline segment (45% of total EBITDA) on the back of the regulator's decision to use historical cost of acquisition for determining capital employed/gross fixed assets of old pipelines. However, the actual impact would depend on the regulator's assessment of the current capital employed of the extant pipelines.

We focus on GAIL's current ROCE for the pipeline segment to understand the likely impact of new regulations. GAIL earned about 29% ROCE (pre-tax) in 1HFY09; annualized 1HFY09 EBIT of the pipeline segment of Rs8.3 bn divided by end-1HFY09 capital employed of Rs57.3 bn ($8.3 \times 2 / Rs57.3$). This compares with the revised ceiling of 18.2% as per the new regulation (12% post-tax ROCE translates into 18.2% pre-tax ROCE). This highlights that GAIL's current tariffs are significantly higher compared to those likely under the new regulations. There may be a few minor differences based on use of normative capital employed also being treated as part of capital employed in the new regulations; however, that will not be material, in our view.

We value GAIL stock at Rs220 per share

Sum-of-the-parts valuation of GAIL, FY2010E basis (Rs bn)

	Valuation base (Rs bn)		Multiples (X)		EV (Rs bn)		EV (Rs/share)
	Replacement cost	EBITDA	EV/RC	EV/EBITDA	Replacement cost basis	EBITDA basis	
Natural gas/LPG transportation		35		5.0		175	138
LPG production		18		4.0		72	57
Petrochemicals		3		7.0		21	16
Oil and gas upstream	17		1.00		17		14
Subsidy sharing scheme		(8)		1.0		(8)	(6)
Investments	79		0.80		63		50
ONGC shares	55		0.80		44		35
Others	23		0.80		19		15
Total		48				259	268
Net debt/(cash)					61	61	48
Implied value of share (Rs/share)							220

Source: Kotak Institutional Equities estimates

Gas transportation segment to drive growth

Segment breakdown of GAIL India's revenues and profits, March fiscal year-ends, 2002-2012E

	2005	2006	2007	2008	2009E	2010E	2011E	2012E
Revenues								
Gas transportation	88,788	102,951	112,773	128,141	194,549	370,348	464,906	597,857
RLNG shipping charges	335	1,110	1,340	2,229	2,241	3,652	3,572	3,493
LPG transportation	3,230	3,332	3,440	3,893	4,219	4,219	4,219	4,219
LPG production	29,739	32,447	35,024	26,033	29,610	28,040	29,230	28,502
Petrochemicals	17,020	16,736	22,918	26,583	25,464	22,218	22,821	22,365
Others	184	183	252	350	1,467	1,280	1,365	1,384
Subsidy-sharing scheme	(11,380)	(10,640)	(14,880)	(13,137)				
Trading revenues/profits	2,370							
Total	130,286	146,118	160,867	174,092	257,550	429,756	526,113	657,820
EBITDA								
Gas transportation	15,114	17,826	17,701	18,044	19,456	28,972	36,591	46,628
RLNG shipping charges					2,241	3,652	3,572	3,493
LPG transportation	2,395	2,054	2,590	2,987	2,848	2,609	2,460	2,386
LPG production	18,470	15,895	16,764	23,028	28,484	18,024	19,228	18,275
Petrochemicals	9,342	7,674	10,934	14,003	6,845	2,935	2,962	2,468
Others	(11)	1,402	(4,547)	(6,610)	(128)	(321)	(236)	(218)
Subsidy-sharing scheme	(11,380)	(10,640)	(14,880)	(13,137)	(15,000)	(8,000)	(8,500)	(8,500)
Trading revenues/profits	2,108	610	1,903	2,044				
Total	36,040	34,820	30,464	40,359	44,746	47,872	56,077	64,533

Note:

(a) The large figure for others in FY2004 is receipt of certain outstanding revenues from marketing companies.

Source: Company, Kotak Institutional Equities estimates

GAIL (India) Ltd: Profit model, balance sheet, cash model of GAIL, March fiscal year-ends, 2006-2012E (Rs mn)

	2006	2007	2008	2009E	2010E	2011E	2012E
Profit model (Rs mn)							
Net sales	163,513	160,472	180,082	234,607	403,213	499,950	632,035
EBITDA	35,731	29,896	38,976	44,746	47,872	56,077	64,533
Other income	4,555	5,450	5,564	7,850	7,313	7,476	7,476
Interest	(1,174)	(1,071)	(796)	(756)	(1,870)	(7,247)	(5,040)
Depreciation	(5,595)	(5,754)	(5,710)	(5,734)	(8,018)	(10,501)	(10,634)
Pretax profits	33,518	28,521	38,034	46,107	45,297	45,805	56,335
Tax	(9,221)	(7,941)	(12,525)	(14,113)	(4,058)	(7,841)	(8,629)
Deferred taxation	(445)	(190)	(10)	(194)	(8,449)	(4,402)	(3,079)
Net profits	23,101	23,867	25,716	31,800	32,790	33,561	44,627
Earnings per share (Rs)	18.2	18.8	20.3	25.1	25.8	26.5	35.2
				27.5	27.9	27.1	36.7
Balance sheet (Rs mn)							
Total equity	99,733	113,929	130,049	149,976	170,894	192,583	222,369
Deferred taxation liability	12,997	13,187	13,197	13,391	21,839	26,241	29,321
Total borrowings	19,166	13,379	12,659	20,159	88,959	57,759	45,559
Current liabilities	37,522	45,512	60,604	55,914	81,227	94,654	113,598
Total liabilities and equity	169,418	186,007	216,509	239,439	362,919	371,237	410,846
Cash	44,959	26,604	44,730	25,066	23,533	20,267	21,638
Other current assets	28,309	50,851	59,370	71,495	95,002	102,277	114,339
Total fixed assets	81,716	93,913	97,500	127,969	229,475	233,784	259,960
Investments	14,434	14,638	14,909	14,909	14,909	14,909	14,909
Total assets	169,418	186,007	216,509	239,439	362,919	371,237	410,846
Free cash flow (Rs mn)							
Operating cash flow, excl. working capital	25,165	23,920	33,692	29,483	38,597	40,989	50,864
Working capital changes	5,950	(10,151)	(388)	(16,816)	1,807	6,151	6,882
Capital expenditure	(5,811)	(20,449)	(12,419)	(35,810)	(106,177)	(14,810)	(36,810)
Investments	(6,462)	(205)	(270)	—	—	—	—
Other income	3,995	3,884	4,042	7,850	7,313	7,476	7,476
Free cash flow	22,837	(3,002)	24,658	(15,292)	(58,460)	39,806	28,412
Ratios (%)							
Debt/equity	17.0	10.5	8.8	12.3	46.2	26.4	18.1
Net debt/equity	(22.9)	(10.4)	(22.4)	(3.0)	33.9	17.1	9.5
ROAE (%)	21.8	19.9	19.0	20.7	18.4	16.3	19.0
ROACE (%)	19.7	15.5	17.6	19.0	14.7	13.9	16.9

Source: Kotak Institutional Equities estimates

Automobiles

Sector coverage view

Cautious

Company	Rating	Price, Rs	
		1-Jan	Target
Hero Honda	REDUCE	812	800
Bajaj Auto	REDUCE	410	300
Tata Motors	SELL	171	120
Maruti Suzuki	REDUCE	550	435
Mah & Mah	ADD	283	365

Dec 2008 automotive volumes: 2-wheeler sales see sequential weakness, discounts drive Maruti sales higher

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- **Maruti Suzuki: Sequential improvement of 10% in domestic volumes, driven by expensive discounts**
- **Bajaj Auto: 10% sequential decline from November in motorcycles despite reduced interest rate offer**
- **Hero Honda: Seeing pressures ahead, volumes down 10% yoy**

Maruti and Bajaj reported mixed sales results for December 2008. While a 10% sequential improvement in Maruti's domestic December sales seems to have been welcomed by the markets, we believe it could come back to bite them. The discount-driven volume growth could have pulled forward demand from future months. Additionally the increase in sales seem to be lower than the 3-4X elasticity needed to breakeven against the 5-10% price declines we saw during the month. Bajaj reported a 29% yoy decline in total volumes, driven by a 33% decrease in motorcycle sales.

Maruti Suzuki: Discount-driven sequential volume growth could come back to bite

Maruti reported a 10% yoy decline in overall volumes for December 2008, with domestic volumes declining 11% yoy and export growth of 3.6% yoy. The compact car segment volumes declined 7% yoy while the mid-size cars saw a 98% increase driven by newly launched Dzire. The sequential improvement in domestic volumes of 10% qoq was primarily driven by the growth in the mid-size segment.

Sales at the retail level were strong for the compact segment in the last week of December, primarily driven by significant discounting in the 5-10% range. We estimate that the EPS impact of a price cut is 3-4x the impact of a volume cut, implying a 3-4X breakeven elasticity of demand. We expect it to be largely dilutive to the bottom line as all of the discounts are borne by Maruti. The sequential volume growth suggests that the company largely replenished stocks at the dealers, leaving a low margin for error in future months.

Volumes for 3QFY09 are now down 14% yoy and down 8.4% sequentially compared to 2QFY09. Lower volumes and price realizations should result in a tough quarter for Maruti. On a fiscal year-to-date basis, total volumes at Maruti are down 1.3% yoy and domestic volumes are down 2.6% yoy. This compares to our estimate of a 0.4% increase in total volumes and 3.8% decline in domestic volumes.

Bajaj Auto: 10% sequential decline from November in motorcycles despite reduced interest rate offer

Bajaj reported a 29% yoy decline in volumes for December, driven by a 33% decline in motorcycles. Motorcycle sales were down 10% compared to November. While the company attributed the sharp yoy decline to inventory correction, we believe retail sales remain lackluster. The 7.99% financing offer through Bajaj Auto Finance does not seem to have had much of an impact. Three-wheeler volumes were up 3% yoy and scooters were down 13% yoy.

Volumes for 3QFY09 are down 23% sequentially compared to 2QFY09 and down 30% yoy. These significant volume declines should put significant pressure on margins for the quarter. On a FYTD basis, volumes are down 7.6% yoy, compared to our estimate of a 5% decline for all of FY2009, implying further risk to our earnings estimates.

Hero Honda: Seeing pressures ahead, volumes down 10% yoy

Hero Honda reported a 10% yoy decline in sales volumes for December. The company was cautious on its outlook going forward and might be finding it difficult to maintain the sales pace. Volumes in December were down 25% sequentially from November, double the average 13% sequential decline seen in December over the past two years.

Volumes for 3QFY09 are down 12% sequentially compared to 2QFY09 and down 4% yoy. On a FYTD basis, sales are up 11% yoy, compared to our estimate of an 8.5% volume growth for all of FY2009E and are comfortable with our earnings estimates.

Reported monthly sales of top two-wheeler companies - Dec 2008

	Dec-08	Dec-07	yoy %	Nov-08	mom %	YTD, FY2009	YTD, FY2008	yoy %
Bajaj Auto								
Ung geared Scooters	705	808	-12.7%	740	-4.7%	10,037	18,308	-45.2%
Motorcycles	118,510	176,441	-32.8%	131,681	-10.0%	1,534,149	1,660,182	-7.6%
Total 2-Wheelers	119,215	177,249	-32.7%	132,421	-10.0%	1,544,186	1,683,744	-8.3%
3 Wheelers	22,948	22,221	3.3%	27,326	-16.0%	209,699	220,636	-5.0%
Hero Honda								
Total 2-Wheelers	215,931	240,532	-10.2%	289,426	-25.4%	2,724,145	2,453,067	11.1%

Source: Company, Kotak Institutional Equities.

4-wheelers Dec 2008 sales performance

	Dec-08	Dec-07	yoy %	Nov-08	mom %	YTD, FY2009	YTD, FY2008	yoy %
Maruti Udyog								
Entry (A) segment	2,907	7,190	-59.6%	2,307	26.0%	37,307	51,985	-28.2%
Van-segment	5,350	8,034	-33.4%	3,845	39.1%	56,527	65,559	-13.8%
Compact (B) segment	36,831	39,575	-6.9%	34,976	5.3%	358,752	367,395	-2.4%
Mid-size (C) segment	6,524	3,291	98.2%	5,975	9.2%	52,700	36,902	42.8%
MUV	417	311	34.1%	601	-30.6%	5,374	2,792	92.5%
Domestic	52,029	58,401	-10.9%	47,704	9.1%	510,660	524,633	-2.7%
Exports	4,264	4,114	3.6%	5,007	-14.8%	44,870	37,990	18.1%
Total	56,293	62,515	-10.0%	52,711	6.8%	555,530	562,623	-1.3%

Source: Company, Kotak Institutional Equities.

EPS sensitivity to volume, pricing and raw materials

Company	FY10 EPS sensitivity (Rs) to every 1% decline in			FY10 EPS % sensitivity to every 1% decline in		
	Volume	Realization	RM	Volume	Realization	RM
Bajaj Auto	(1.0)	(4.6)	3.1	-2.2	-10.0	6.8
Hero Honda	(1.9)	(5.0)	3.0	-2.7	-7.2	4.3
Mahindra & Mahindra	(1.6)	(5.6)	3.1	-6.2	-21.8	12.1
Maruti Suzuki	(1.7)	(7.1)	5.5	-3.3	-13.8	10.7
Tata Motors	(1.5)	(5.0)	4.6	-7.5	-25.0	23.0

Source: Company reports, KIE estimates

Insurance

Disappointing trends from private sector, LIC somewhat better

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- **In Nov 2008, adjusted premium declined 11%; private players declined 15% yoy**
- **LIC continued to gain market share for the second consecutive month**
- **We would be downgrading our estimates for FY2009E**

In November 2008, private sector reported 15% yoy decline in adjusted premium collections versus 6% growth reported in October 2008. With a large base of FY2008 and challenging business conditions for mobilizing retail equity investments, private sector will likely continue to report subdued performance. We will review our growth estimates for FY2009E and FY2010E after discussing the trends with the management.

Key highlights**Private sector declines sharply, subdued performance will likely continue.**

The slowdown in equity markets is now showing up in sales of private insurance companies. In November 2008, private players reported 15% decline in adjusted new business premium collections. Given the high base of 4QFY08, we believe most players will likely find it challenging to deliver growth in the next few months.

Private players disappoint again. The largest private players witnessed sharp decline yoy in November 2008. ICICI Pru reported a 46% yoy decline in adjusted premium collections. A high base also resulted in yoy decline for Bajaj Allianz (down 30% yoy). HDFC SL reported a sharp decline—down 27% yoy and 40% mom. While HDFC's mom performance has been volatile in the past, the reasons for such a sharp decline are not clear. Reliance Life and SBI Life moderated growth traction—Reliance Life reported 15% growth in November versus 50% in October while growth for SBI Life reduced to 17% from 42% in October 2008. On a low base, Max NY's growth picked up to 38% yoy.

LIC gained market share, will likely benefit in the current environment.

LIC reported 6% yoy decline in November 2008, thus gaining market share from the private players. The current environment is clearly in favor of public sector players. Our channel checks indicate that LIC is aggressively marketing 'Jeevan Aastha', a single premium guaranteed return product.

Life insurance premium income collections adjusted for single premium (Rs mn)

	Nov-08						YTD FY2009					
	yoy growth		yoy growth		yoy growth		yoy growth		yoy growth		yoy growth	
	Individual	(%)	Group	(%)	Total	(%)	Individual	(%)	Group	(%)	Total	(%)
Bajaj Allianz	2,714	(30)	5	125	2,719	(30)	23,986	(13)	67	199	24,053	(13)
Birla Sunlife	1,485	14	24	386	1,510	15	13,574	64	150	170	13,724	65
HDFC Standard Life	1,164	(27)	7	(23)	1,171	(27)	14,962	37	70	(19)	15,032	36
ICICI Prudential	3,187	(46)	50	(40)	3,237	(46)	32,541	1	863	86	33,404	2
Max NY	1,094	38	1	(90)	1,094	37	10,055	56	21	(29)	10,076	56
KMOM	603	(31)	10	98	613	(30)	6,982	82	56	23	7,039	81
Reliance Life	2,216	16	4	(72)	2,221	15	16,372	102	94	(42)	16,466	99
MetLife	562	(3)	3	204	565	(3)	13,574	64	150	170	13,724	65
SBI Life	2,360	6	298	777	2,658	17	15,855	53	1,391	476	17,246	63
Tata AIG	632	(9)	4	(32)	636	(9)	5,302	27	68	(18)	5,370	26
Private sector	17,686	(17)	411	146	18,097	(15)	158,771	27	2,857	133	161,628	28
LIC	14,362	(9)	858	99	15,219	(6)	102,762	(30)	7,484	53	110,246	(28)
Total	32,048	(13)	1,269	112	33,317	(11)	261,533	(4)	10,341	69	271,874	(2)

Source: IRDA.

Private players report decline in November 2008

Individual business premium income growth (%), March fiscal year-ends, 2005-2009 YTD

	2005	2006	2007	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	FY2008	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	YTD
Bajaj Allianz	182	199	136	52	122	80	93	180	287	93	79	53	2	7	14	(4)	(47)	(3)	(30)	(13)
Birla Sun Life	90	11	24	12	16	41	54	243	290	198	143	255	254	213	107	23	16	10	14	64
HDFC Standard Life	164	118	57	28	119	27	92	136	57	119	80	70	16	58	16	41	141	12	(27)	37
ICICI Prudential	114	57	87	69	35	(6)	72	115	105	84	68	44	60	33	25	11	(6)	(37)	(46)	1
Max NY	72	103	75	40	53	80	52	57	53	81	70	66	130	43	58	60	54	18	38	56
Reliance Life	21	160	813	23	65	121	157	317	318	386	168	250	182	132	123	117	178	54	16	102
SBI Life	87	206	290	176	80	50	(6)	187	167	179	111	110	85	95	114	46	39	41	6	53
Private sector	122	81	100	48	62	33	63	142	151	117	86	84	64	53	51	33	15	6	(17)	27
LIC	3	18	88	170	49	(3)	30	55	(57)	(65)	0	(41)	(22)	(29)	(38)	(63)	15	21	(9)	(30)
Total	19	34	92	112	54	9	41	75	(4)	(27)	31	1	14	5	(5)	(34)	15	12	(13)	(4)

Source: IRDA.

LIC gains market share in November, base effects play out

Trend in market share for key players in individual premium, income adjusted for single premium (%), March fiscal year-ends, 2005-2009 YTD

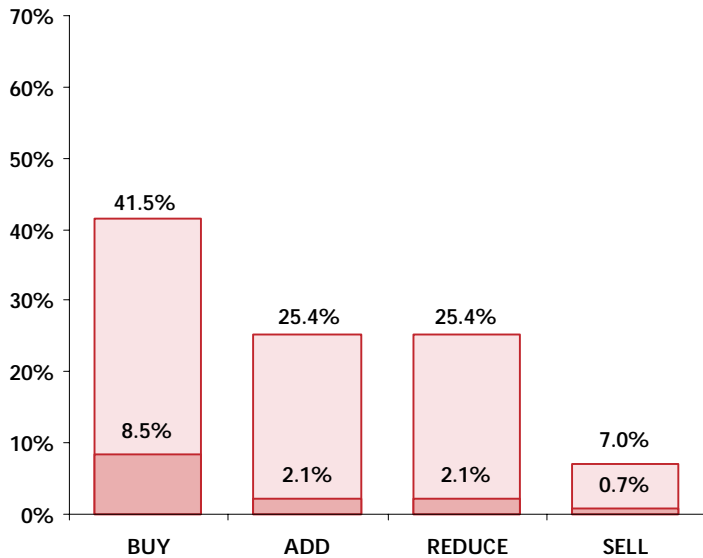
	2004	2005	2006	2007	Sep-07	Oct-07	Nov-07	FY2008	Sep-08	Oct-08	Nov-08	YTD
Bajaj Allianz	1.2	2.9	6.4	7.8	21.5	11.2	10.4	10.7	10.0	9.8	8.5	9.2
Birla Sun Life	2.0	3.3	2.7	1.7	5.5	4.9	3.5	3.3	5.5	4.8	4.6	5.2
HDFC Standard Life	1.0	2.3	3.7	3.1	4.3	6.0	4.3	4.2	9.1	6.0	3.6	5.7
ICICI Prudential	4.8	8.7	10.1	9.9	15.5	15.6	16.0	12.7	12.7	8.8	9.9	12.4
Max NY	1.0	1.4	2.1	1.9	2.7	2.7	2.1	2.5	3.6	2.9	3.4	3.8
Reliance Life	0.2	0.2	0.4	1.7	3.3	4.9	5.2	3.6	8.0	6.8	6.9	6.3
SBI Life	0.4	0.7	1.5	3.1	4.7	5.7	6.0	5.0	5.7	7.2	7.4	6.1
Private sector	13.6	25.3	34.2	35.5	66.5	62.1	57.4	50.5	66.6	59.1	55.2	60.7
LIC	86.4	74.7	65.8	64.5	33.5	37.9	42.6	49.5	33.4	40.9	44.8	39.3

Source: IRDA.

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Source: Kotak Institutional Equities

As of September 30, 2008

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