kotak Institutional Equities

First Impression
KRBL Limited (KRBL.BO)

December 15, 2006

Stock rating: Not Covered

Price: Rs136

India

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Kotak Institutional Equities Research

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Piling up the platter. KRBL Limited (KRBL) is expanding its product range beyond basmati rice, its traditional mainstay. We believe it is now poised to gain from (1) benefits of scale and processing of byproducts and (2) favorable growth dynamics, which include increasing domestic branded sales.

Non-basmati range to provide scale for making value-added byproducts

The commissioning of a 150 tph plant at Dhuri in Punjab in October 2006 will enable KRBL to process rice byproducts to manufacture and sell value-added products like bran oil, furfural and power. This will likely result in a sharp improvement in revenues as well as margins for KRBL in the next 18 months as it ramps up production.

Favorable domestic growth dynamics to favor branded basmati players

We believe that increasing per capita income and affluence is causing a shift in consumption from (1) non-basmati to basmati (a premium product), and (2) unbranded to branded products. KRBL is one of the largest player in the branded packaged basmati rice and will likely benefit from acceleration in domestic sales growth.

Focus on branded exports

KRBL has a 9% share of India's basmati exports with about 86% of exports under its own brands, fetching higher realizations. We believe KRBL has significant scope for expanding its exports business especially in the key markets of Saudi Arabia and Kuwait. The commissioning of a parboiling line, distribution tie-up in Saudi Arabia and KRBL's branding could help it garner a higher share of exports.

Contract farming assures quality procurement of paddy

KRBL currently derives about 44% of its basmati paddy requirements through contract farming. KRBL has recently signed an agreement with the Punjab government to undertake contract farming in 180,000 acres by 2010. Currently, KRBL has about 87,000 acres under contract farming, primarily in Uttar Pradesh. Apart from assured procurement, KRBL also saves on transportation and mandi tax costs through this innovative approach.

Company data and valuation summary

Current price (Rs)
136

Stock data	High	Low
52-week range (Rs)	244	76
Yield (%)		1.5
Priced at close of:	December 15, 2006	
Capitalization		
Market cap (Rs mn)		3,309
Net debt/(cash) (Rs mn)		3,848
Free float (%)		31.8
Shares outstanding (mn)		24.3

Price performance	1M	3M	12M
Absolute (%)	(9.9)	(4.7)	3.8
Rel. to BSE-30 (%)	(10.9)	(16.0)	(30.1)
Forecasts/valuation	**2004**	**2005**	**2006**
EPS (Rs)	8.2	9.0	15.2
P/E (X)	16.7	15.1	8.9
ROE (%)	10.9	9.7	14.0
EV/EBITDA (X)	10.4	12.1	7.8

Source: Company data, Kotak Institutional Equities.

Overview: Piling up the platter

Exhibit 1: Forecasts and valuation

	Revenue (Rs mn)	EBITDA (Rs mn)	Net profit (Rs mn)	EPS (Rs)	EV/EBITDA (X)	P/E (X)	RoE (%)	RoCE (%)	P/B (X)
2004	4,754	335	145	8.2	10.4	16.7	10.9	10.4	1.6
2005	5,027	407	164	9.0	12.1	15.1	9.7	9.3	1.4
2006	7,266	848	324	15.2	7.8	8.9	14.0	13.1	1.1

Source: Company data, Kotak Institutional Equities estimates.

KRBL Limited (KRBL) is expanding its product range beyond basmati rice, its traditional mainstay. We believe it is now poised to gain from (1) benefits of scale and processing of byproducts and (2) favorable growth dynamics, which include increasing domestic branded sales.

We highlight key developments in the company that will likely improve its sales growth and margin profile.

1. **Commissioning of the plant at Dhuri in Punjab to provide scale economies and higher margins from processing of byproducts.** The increased installed capacity available from 3QFY07 is likely to provide economies of scale as well as build additional revenue streams from value-added products. The byproduct bran will be converted into bran oil (high value edible oil) and de-oiled cakes (used in cattle feed) and husk will be used to generate power and to produce furfural (an organic chemical).

2. **Power generation from husk to provide stable revenue stream.** The sale of power generated from the 10.5 MW power plant at Dhuri will provide a stable revenue stream. The power generated from husk fetches an attractive tariff of Rs3.49/unit for promotion of non-conventional energy.

3. **Commissioning of captive power plant at Ghaziabad.** The commissioning of a 3.6 MW power plant at Ghaziabad in January 2007 will reduce operating costs. The project will also be eligible for carbon credits.

4. **Depreciation and tax benefits from wind power.** KRBL will get the depreciation and tax benefits available for sale of power from its 12.5 MW wind farm at Dhulia in Maharashtra, commissioned in September 2006. KRBL has entered into a PPA with MSEB for the sale of wind power for 13 years at a tariff of Rs3.50 per unit and annual increment of Rs0.15/unit.

5. **Mega project status for investments in Punjab.** KRBL's efforts in revival of the Dhuri plant and contract farming have been given 'mega project' status. This exempts KRBL from (a) 4% mandi tax till 2015; (b) 1% rural development cess till 2015; and (c) waiver of electricity duty.

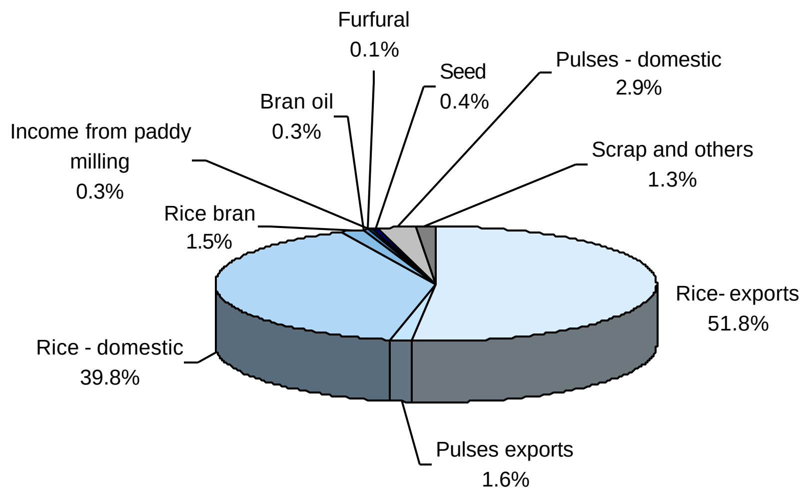
During 1HFY2007, KRBL achieved a sales growth of 27% and EBITDA growth of 61%. Higher realizations, largely led by increased sales of branded basmati rice, resulted in the sharp improvement in performance.

Planned price hike will likely aid January-September 2007 profitability. Paddy prices for basmati rice in the current procurement season are 20-25% higher than last year. Basmati rice producers will likely increase prices ahead of the new produce reaching the market, thus benefiting from higher margins for their inventory of last year. KRBL currently has old stocks worth about Rs3 bn in the inventory. We note that this is a cyclical phenomenon and a higher crop next year may reduce paddy and rice prices. Rice millers will then be saddled with old stock and will see margin compression, though the impact on branded sales will likely be lesser than the impact on unbranded sales.

Non-basmati to provide scale for producing value-added byproducts

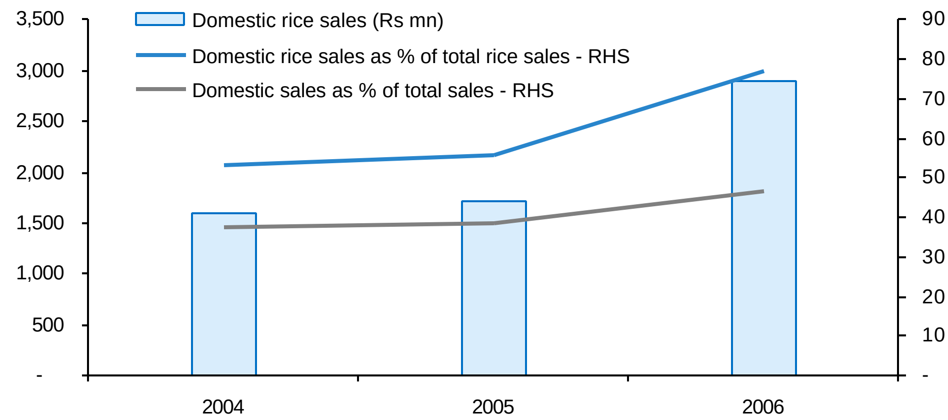
KRBL's entry into non-basmati rice milling will provide it the scale needed for developing an integrated model. The 150 tph mill at Dhuri has facilities for oil extraction, furfural production and power generation from rice husk. KRBL had acquired the plant from Oswal Agro Furane at a cost of Rs158 mn and invested a total of Rs1 bn towards expansion of the mill including land acquisition, expanding capacity and adding a railway line. KRBL's existing 45 tph plant at Ghaziabad lacked the scale needed for producing value-added products like rice bran oil, furfural etc. The company estimates downstream product value addition will likely result in a 109% increase in byproduct realization. Our report on Lakshmi Energy and Foods, *Bumper crop*, dated September 12, 2006 has a detailed study on the impact of venturing downstream into value-added byproducts on sales and profitability.

Exhibit 2: Share of byproducts in total revenues and profitability expected to increase
Share of revenue from various products (%) - FY2006



Source: Company.

Exhibit 3: Sale of value added products will likely increase share of domestic sales
Domestic rice sales (Rs mn) and domestic sales as % of total revenues



Source: Company.

The rice mill at Dhuri will cater to both basmati as well as non-basmati varieties of rice.

1. Management expects to utilize 25% of the plant capacity for production of basmati rice. Procurement of basmati paddy from Punjab and Uttaranchal will result in lower transportation and procurement costs as well.

2. The balance 75% of capacity will be utilized for the production of non-basmati rice. The management is relying on job-work from FCI to utilize about 50% of the capacity, while KRBL will purchase the balance paddy (25%) required to run the mill at full utilization levels. Job work for FCI is a low-risk, low-margin business but will provide enough by-products to run the oil refinery, power plant etc. at the optimal utilization rate.

The foray into non-basmati serves as a growth strategy in addition to providing scale to the milling operations. We note the basmati market has an inherent geographical limitation that limits the growth opportunities available. Basmati rice constitutes only 2% of the total rice production in India. The foray into non-basmati rice thus opens a huge growth opportunity with only a limited number of large, organized competitors.

Favorable domestic growth dynamics

We believe that increasing affluence results in a shift of consumption from (a) non-basmati to basmati (a premium product) and (b) unbranded to branded products. KRBL is one of the largest player in the branded, packaged basmati rice market with ‘India Gate’ being the lead brand in 2005 (see Exhibit 4) and is likely to see acceleration in domestic sales as a result. KRBL entered the domestic branded packaged rice market in 1998 and within a decade established ‘India Gate’ as the largest selling basmati rice brand. KRBL currently reaches 215,000 retailers in the domestic market supported by its 479 dealers and 130 distributors.

While AC Nielsen data shows KRBL's volume share to be second to Satnam Overseas (Kohinoor Foods), reported data from the company's annual reports and press releases indicate higher domestic branded sales for KRBL. REI Agro reports higher branded sales as compared to KRBL. However, its brands are absent in the AC Nielsen survey.

Exhibit 4: Domestic volume share of branded basmati market - CY2005

Company	Volume share (%)	Brand	Volume share (%)
Satnam Overseas Limited	27.4	**India Gate**	**21.8**
KRBL Limited	**23.3**	Kohinoor	20.4
LT Overseas	21.9	Daawat	17.5
Amar Singh Chawalwala	9.6	Lal Killa	9.6
Tribeni Four Mill	5.7	Charminar	6.1
Shivnath Rai Harnarain	3.5	Shri Lal Mahal	3.4

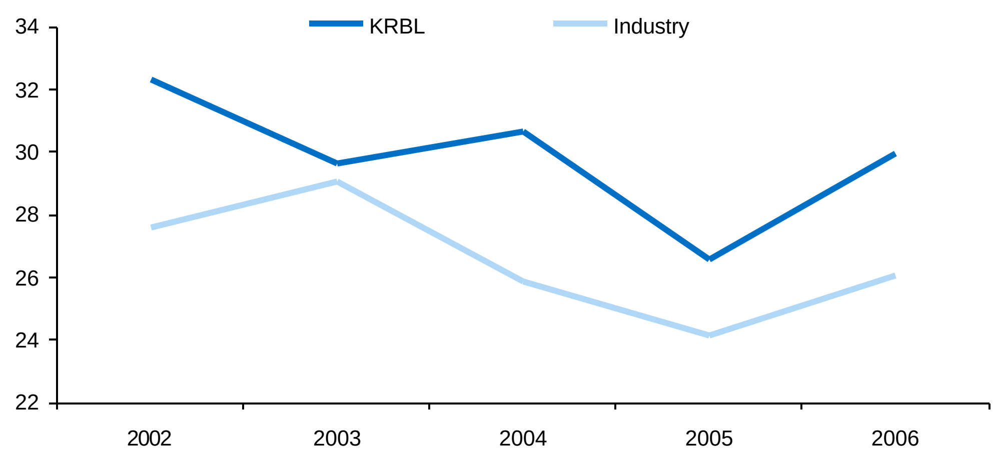
Source: Industry - AC Nielsen.

The domestic basmati rice market is growing faster (about 6% pa) than the non-basmati market (about 3% pa). Within the basmati market, higher income growth and the increasing share of organized retail has resulted in branded basmati growing at an even faster rate (about 15%). Apart from the market leader *India Gate* brand, KRBL also has other brands (*Doon*, *Nur Jahan*, *Bemisal* and *Aarti*) in the domestic market. KRBL plans to sell non-basmati rice as a branded packaged product as well.

Focus on branded exports

KRBL has focused on exports under its own brand and the share of private labels in KRBL's basmati exports has declined to 14% in FY2006 from 25% in FY2004. Proprietary brands typically offer vendors two key advantages over private label sales (a) exports under proprietary brands yield better realization (and margins) than private label sales (see Exhibit 5) and (b) allow vendors greater flexibility in passing on paddy cost increases.

Exhibit 5: KRBL has enjoyed better realizations for basmati rice
Average realization for basmati (Rs/kg)



Source: Company.

We believe KRBL has significant scope for expanding its exports business as it has a relatively low share in the key markets of Saudi Arabia and Kuwait (see Exhibit 6). The parboiling facility at the Dhuri plant, along with the strategic tie-up with Omar Ali Balsharaf Establishment (a leading super market chain and FMCG trader), will likely enable KRBL to significantly increase its presence in Saudi Arabia. Omar Ali Balsharaf Establishment has taken equity stake in KRBL as well. KRBL is also expanding into non-basmati exports with rice varieties from South India, targeting Indians living overseas.

Exhibit 6: Low share in large markets provide significant scope for growth
India's basmati rice exports

	tonnes	%	KRBL's position
Saudi Arabia	689,652	60.0	12% share - distribution tie-up with Omar Ali Balsharaf (a leading super market chain and FMCG trader)
Kuwait	94,740	8.2	10% share
UK	94,740	8.2	
UAE	60,029	5.2	
Yemen	38,061	3.3	
USA	25,446	2.2	52% share - India Gate, Royal and Doon have wide acceptance, with presence in leading stores including Walmart and Sam Club
Italy	18,496	1.6	
France	15,496	1.3	
Germany	14,290	1.2	
Others	99,156	8.6	
Total	**1,150,106**		

Source: APEDA-DGCIS statistics, Company.

Contract farming assures quality procurement of paddy

A strong linkage with farmers through contract farming differentiates KRBL from its competitors. Currently, KRBL derives about 44% of its basmati paddy requirements through this innovative approach to contract farming (or ‘contact’ farming, as it is also known since under Indian law farmers are not bound to sell their produce to the companies). The Agri Services Division of the company works closely with farmers during each stage of the crop life cycle – from sowing and re-plantation to harvesting and threshing, thereby ensuring procurement according to the desired quality standards. KRBL has also established a 750-acre seed farm and a 4 tph seed plant for supplying quality seeds to farmers.

KRBL has recently signed an agreement with Punjab government to undertake contract farming in 180,000 acres by 2010. Currently, KRBL has about 87,000 acres under contract farming, primarily in Uttar Pradesh. Despite the absence of firm contracts with farmers, KRBL has experienced a success rate of more than 85% in procuring from the farmers with whom it has contracts. Apart from assured procurement, KRBL also saves on transportation and mandi tax costs through this approach.

Financials

The revenue growth and operating margins of KRBL improved in FY2006 (see Exhibit 7) as the company scaled up volumes and started processing of byproducts. The company also benefited from 6% yoy increase in average rice realizations, while volumes grew by 31%. We believe the trend will accelerate as the company scales up production at the recently commissioned plant, which has increased KRBL's milling capacity to 195 tph from 45 tph previously.

We note that the receivable days as on March 31, 2006 amounted to 71, about 7 days higher than at the end of FY2005. However, receivables due for more than six months remained minimal. According to the management, a bulk export order resulted in higher receivables at the end of FY2006.

Exhibit 7: KRBL—Profit model, March fiscal year-ends, 2004-2006 (Rs mn)

	2004	2005	2006
Net revenues	**4,754**	**5,027**	**7,266**
Cost of goods sold	(4,004)	(4,218)	(5,893)
Gross profit	750	809	1,373
Selling, general and admin. Exp.	(415)	(403)	(525)
EBITDA	**335**	**407**	**848**
Depreciation & amortization	(73)	(74)	(119)
EBIT	263	333	729
Interest (expense)	(93)	(116)	(306)
Treasury income	—	—	—
Other income/(expense)	42	39	62
Pre-tax profit	211	256	486
Income tax	(44)	(62)	(136)
Fringe benefit tax	—	—	(2)
Deferred tax	(22)	(29)	(23)
Profit after tax	145	164	324
Extraordinary income/(expense)	(2)	(2)	(4)
Net profit	**142**	**163**	**320**
EPS (Rs)	8.2	9.0	15.2
Diluted EPS (Rs)	**8.2**	**9.0**	**15.2**
CEPS (Rs)	12.3	13.1	20.8
Dividend per share (Rs)	1.8	2.0	2.0
Weighted avg. share (mn)	17.7	18.2	21.3
Diluted shares o/s (mn)	17.7	18.7	23.9
Share outstanding (mn)	17.7	18.0	21.3
Ratios (%)			
Revenue growth		5.8	44.5
Gross margin		16.1	18.9
EBITDA margin		8.1	11.7
EBITDA growth(%)		21.2	108.6
Income tax rate		24.4	28.0
Dividend payout ratio		22.0	13.1
PBT growth (%)		21.2	89.8
EPS growth		10.5	68.7

Source: Company data, Kotak Institutional Equities.

We note that the business model is asset intensive, with large working capital locked up in inventory for round-the-year processing and appropriate ageing of basmati. Consequently, the company had a net debt: equity of 144% as of March 31, 2006. We note that income from the Dhuri plant is not captured in the return profiles as yet. The company started production at the Dhuri plant at full capacity from October 15, 2006.

Exhibit 8: KRBL—Balance sheet, March fiscal year-ends, 2004-2006 (Rs mn)

	2004	2005	2006
Fixed assets - net	631	887	1,168
Capital WIP	179	195	304
Investments	—	—	—
Miscellaneous expenses not w/o	1	—	—
Current assets	2,599	4,145	6,075
Inventories	1,843	3,036	3,775
Sundry debtors	429	881	1,424
Cash	197	119	670
Loans and advances	130	108	205
Current liabilities	185	428	285
Sundry creditors	156	378	208
Other liabilities	9	2	3
Provision for taxation	—	8	19
Provision for dividend	20	41	55
Net current assets	2,414	3,717	5,790
Employment of capital	**3,225**	**4,799**	**7,262**
- Secured loans	1,602	2,959	4,519
- Unsecured loans	100	—	—
Total debt	1,701	2,959	4,519
Paid-up common stock	177	179	214
Share premium	421	431	908
Reserves and surplus	898	1,173	1,543
Shareholders' funds	1,496	1,783	2,664
Deferred tax liabilities	28	57	80
Capital employed	**3,225**	**4,799**	**7,262**
Ratios (%)			
Net debt/ equity	100.5	159.2	144.5
Pre-tax ROCE	10.4	9.3	13.1
Return on equity	10.9	9.7	14.0
Book value per share (Rs)	84.4	99.5	124.7

Source: Company data, Kotak Institutional Equities.

A large working capital cycle results in negative operating cash flows for KRBL as the company needs more inventory for its increased capacity.

Exhibit 9: KRBL—Cash flow, March fiscal year-ends, 2004-2006 (Rs mn)

	2004	2005	2006
Operational cashflows			
Earnings before tax	209	254	482
Other adjustments	—	—	—
less taxes paid	(44)	(55)	(125)
plus depreciation	73	74	119
decrease / (increase) in working capital	(300)	(1,409)	(1,547)
Total operational cashflow	**(62)**	**(1,136)**	**(1,072)**
Investment cashflow			
(Additions) / disposals of fixed assets	(271)	(345)	(510)
deer / (incr) in intangibles & capitalised assets	1	1	—
decr / (incr) in investments and advances	—	—	—
Add others	259	148	90
Total investment cashflow	**(11)**	**(196)**	**(420)**
Financing cashflow			
incr / (deer) in other long term liabilities	—	—	—
incr / (decr) in common shares	40	2	34
incr / (decr) in share premium/Other reserves	—	10	476
incr / (decr) in share premium suspense a/c	—	—	—
less dividends paid	(12)	(15)	(28)
incr / (decr) in short term debt	—	—	—
incr / (decr) in debt	138	1,258	1,560
Total financing cashflow	**166**	**1,254**	**2,043**
Net cashflow	**92**	**(78)**	**551**

Source: Company data, Kotak Institutional Equities.

Exhibit 10: KRBL—Interim results, March fiscal year-ends, (Rs mn)

	2QFY07	2QFY06	% change	1HFY07	1HFY06	% change
Net sales	**2,278**	**1,775**	**28.36**	**4,181**	**3,287**	**27.20**
Decrease (increase) in stock	17	(308)		742	(84)	
Raw materials	(1,680)	(1,066)		(3,732)	(2,422)	
Personnel costs	(18)	(10)		(34)	(18)	
Other expenses and provisions	(282)	(185)		(547)	(383)	
Total operating expense	(1,963)	(1,568)		(3,571)	(2,908)	
EBITDA	**315**	**206**	**52.50**	**610**	**379**	**60.84**
Depreciation	36	28		69	47	
EBIT	279	178		540	332	
Other income	12	8		22	14	
Interest	82	59		185	111	
PBT	**209**	**128**	**63.02**	**377**	**235**	**60.47**
Tax	18	37		42	61	
Fringe benefit tax	1	0		1	—	
Deferred tax	39	10		42	16	
Net profit	**151**	**80**	**87.83**	**292**	**158**	**84.62**
Extraordinary income/ (expenses)	—	—		—	—	
EBITDA margin (%)	13.8	11.6		14.6	11.5	
Effective tax rate (%)	8.4	29.2		11.2	25.7	

Source: Company data, Kotak Institutional Equities.

Company profile – rich experience in rice industry

KRBL Limited (KRBL) is one of the leading basmati rice exporters from India, with a presence in more than 25 countries across the world (US, Europe, Africa and Gulf). KRBL has a 9% value share of India's basmati exports and is focused on branded exports (86% of total exports) rather than supplying to private labels. During FY2006, rice exports accounted for about 52% of its turnover.

KRBL was founded in 1889 by two brothers - Khushi Ram (KR) and Behari Lal (BL). The existing manufacturing operations are largely dedicated to production of basmati rice, sold in both domestic and export markets. The recently commissioned facility at Dhuri will, however, cater to non-basmati milling and processing of byproducts as well. Over the past two decades, KRBL has established strong brands in the domestic as well as key overseas markets.

Exhibit 11: Paddy milling facilities are located in the basmati-producing region
Production capacities of KRBL

	Facility	Capacity
Ghaziabad, Uttar Pradesh	Paddy milling	45 tph
	Power (from husk)	3.6 MW (by Jan 2007)
Dhuri, Punjab	Paddy milling	150 tph
	Power (from husk)	10.5 MW
	Furfural	10 tpd
	Rice bran oil	42 tpd
Alipur, Delhi	Packaging unit	30 tph
Dhulia, Maharashtra	Wind power	12.5 MW

Source: Company.

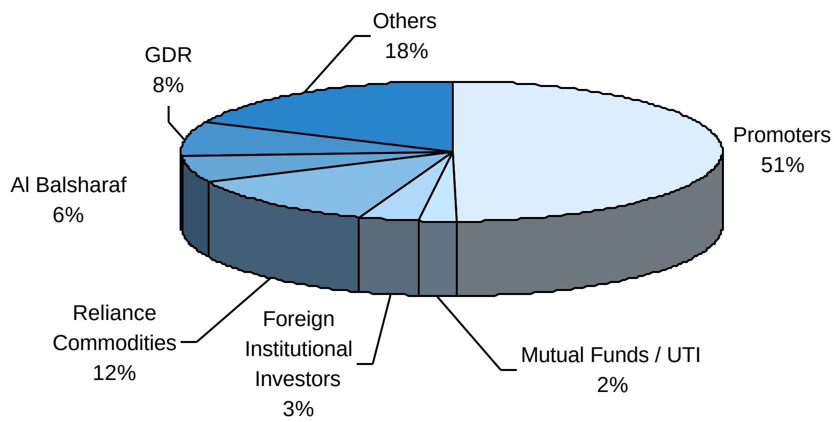
Equity infusion. KRBL has expanded its paddy milling capacity to 195 tph from 45 tph by acquiring mill from Oswal Agro Furane at a cost of Rs158 mn and invested a total of Rs1 bn towards expansion and revamp of the mill. The capacity expansion and part-finance of working capital requirements has been done by equity infusion in the past two years.

- In 1QFY07, KRBL privately placed 3 mn equity shares (12% post-issue stake) with Reliance Commodities Pvt Ltd DMCC (through the exercise of convertible zero coupon warrants at Rs90/share). Earlier Al-Balsharaf, one of Saudi Arabia's top basmati importers, had taken a stake of about 6% through a preferential allotment at Rs90/share.

  We note that Omar Ali Balsharaf Establishment and Reliance Commodities handle the distribution of KRBL's products in Saudi Arabia and UAE, respectively.

- In February 2006, KRBL issued 1.7 mn Global Depository Receipts (GDRs) aggregating to 3.4 mn underlying equity shares of Rs.10/- each to raise US$12 mn at US$7 per GDR.

Exhibit 12: Shareholding pattern of KRBL Limited

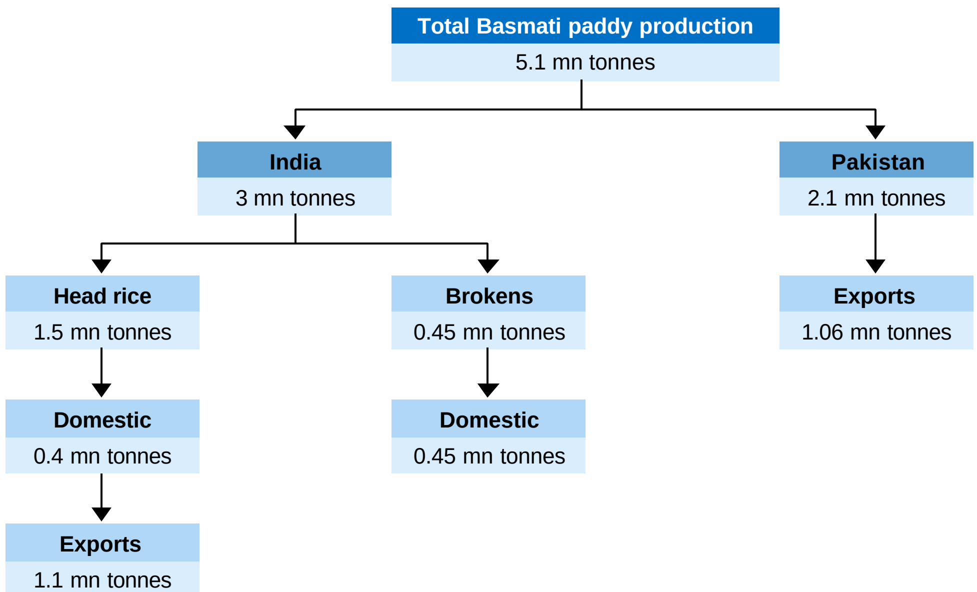


Source: BSE website.

Basmati–branded commodity

The premium positioning of basmati provides scope for branding the rice and extract a premium for ensuring good quality and consistency of the product. The distinct characteristics and consequent popularity of Basmati rice justifies the price premium that basmati enjoys over non-basmati varieties in India. Basmati rice is distinguished from the other varieties by its distinct characteristics – long slender grains, aroma, pearl white texture, linear elongation and separation after cooking.

Exhibit 13: India and Pakistan are the only two countries that produce Basmati rice
Basmati rice market



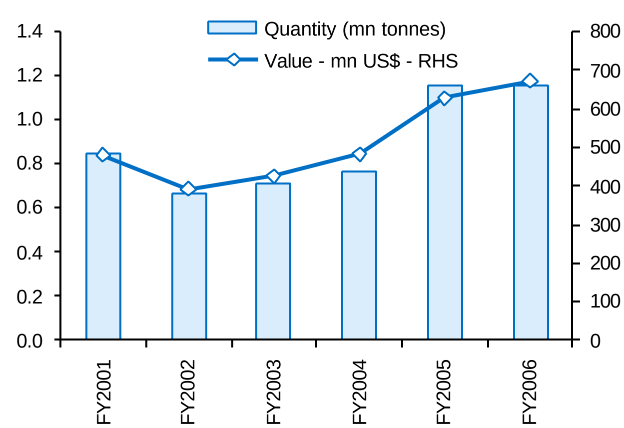
Source Company.

Exhibit 14: Areas under basmati cultivation in India

State	%
Uttar Pradesh (incl. Uttaranchal)	50
Haryana	25
Punjab	10
Rajasthan	5
Himachal Pradesh	5
J&K	5

Source: Rice India, January 2004.

Exhibit 15: Basmati exports from India now exceed 1 mn tonnes
Basmati exports - mn tonnes and US$mn



Source: APEDA.

Basmati is a premium product from the Indian subcontinent. Basmati rice is grown only in the foothills of the Himalayas in India and Pakistan (see Exhibit 13) and is positioned as the 'Champagne of rice' by the two countries. In India, it is grown in the Indo-Gangetic belt with the bulk of production coming from Uttar Pradesh, Haryana and Punjab. The popularity of basmati, along with its geographically limited production, has created an export market for the product (see Exhibit 15).

The need to age basmati and seasonal harvests create an elongated working capital cycle and underscore need for branding. Basmati is harvested only once a year (September-November) and therefore rice mills need to build up inventory during the harvesting season for processing through the next year. Basmati also needs to be aged for a minimum of six months to get the best cooking characteristics of the product. As a result, basmati rice business has an extended working capital cycle of 16-18 months. Large organized players selling branded basmati have the capacity to hold inventory for ageing rice unlike the unorganized players in the market. Thus the branded players assure consumers of quality products (appropriately aged) and command a premium over the unbranded basmati.

Rising per capita income growth augurs well for the domestic demand for basmati. Increasing per capita income and affluence levels result in a shift of consumption from (a) non-basmati to basmati (a premium product) and (b) unbranded to branded products.

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Kotak Institutional Equities Research coverage universe

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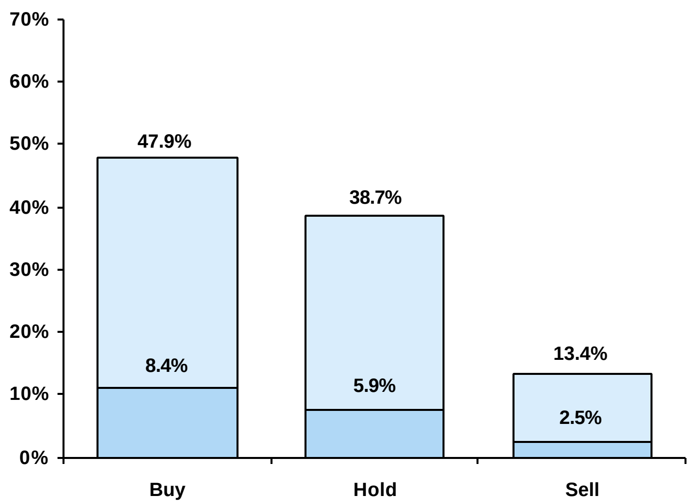

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Percentage of companies within each category for which Kotak Institutional Equities and or its affiliates has provided investment banking services within the previous 12 months.

* 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 NASD and NYSE regulations. As of 9/30/06 Kotak Institutional Equities Investment Research had investment ratings on 120 equity securities.

Source: Kotak Institutional Equities. *As of September 30, 2006*

Analyst coverage

Companies that the analyst mentioned in this document follow

Covering Analyst: Sujay Mishra	
Company name	**Ticker**
Asian Paints	ASPN.BO
CESC Limited	CESC.BO
Colgate-Palmolive (India)	COLG.BO
Glaxosmithkline Consumer	GLSM.BO
Godrej Consumer Products	GOCP.BO
GVK Power & Infrastructure	GVKP.BO
Hindustan Lever	HLL.BO
ITC	ITC.BO
Jindal Steel and Power	JNSP.BO
Lakshmi Energy & Foods	LAKO.BO
National Thermal Power Corp.	NTPC.BO
Nestle India	NEST.BO
Reliance Energy	RLEN.BO
Tata Power	TTPW.BO
Tata Tea	TTTE.BO

Source: Kotak Institutional Equities Research.

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.

Other definitions

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

Other ratings/identifiers

NR = Not Rated. The investment rating and target price, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.

NC = Not Covered. Kotak Securities does not cover this company.

RS = Rating Suspended. Kotak Securities Research has suspended the investment rating and price target, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

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