INDIA DAILY

June 06, 2007

Contents

Updates

MTNL: When property becomes a prop, it's time to sell the stock

Economy: India's volatile call rates: Dancing the Reddy Kuchipudi

News Roundup

Corporate

- Apax Partners is said to be interested in picking up a controlling stake in Patni Computers for $800 mn *(ET)*
- DLF plans to float three private equity funds totaling $8 bn. The funds to be syndicated to foreign investors are likely to close by December. The funds would be used to finance various projects of DLF *(BS)*
- Aditya Birla group is looking to expand its presence in carbon black by setting up Greenfield projects in Oman and Mexico *(FE)*
- NTPC is planning a follow-on issue to fund its new power plants. It is also planning a bonus issue and has written to the power ministry in this regard *(ET)*

Economic and political

- Government is working on a proposal to issue rupee denominated bonds to global investors. The move will lower benchmark on India's sovereign rating and help reduce overseas borrowing costs for corporates *(ET)*
- The government is looking to cap the level of funds raised through exchangeable bonds by a company at $500 mn. Furthermore they will have a minimum average maturity period of three years like the FCCBs *(FE)*

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

EQUITY MARKETS

		Change, %		
India	**5-Jun**	**1-day**	**1-mo**	**3-mo**
Sensex	14,535	0.3	4.3	14.5
Nifty	4,285	0.4	4.1	17.2
Global/Regional indices				
Dow Jones	13,595	(0.6)	2.5	11.4
Nasdaq Composite	2,611	(0.3)	1.5	9.5
FTSE	6,633	(0.5)	0.4	8.1
Nikkie	18,037	(0.1)	3.7	7.1
Hang Seng	20,902	0.3	0.3	9.7
KOSPI	1,742	0.3	11.1	24.2

Value traded - India

		Moving avg, Rs bn		
	5-Jun		**1-mo**	**3-mo**
Cash (NSE+BSE)	134.0		141.6	126.9
Derivatives (NSE)	312.1		292.1	338.7
Deri. open interest	567.3		478.4	511.7

Forex/money market

		Change, basis points		
	5-Jun	**1-day**	**1-mo**	**3-mo**
Rs/US$	40.5	-	(34)	(395)
6mo fwd prem, %	0.7	(25)	71	24
10yr govt bond, %	8.1	-	(2)	14

Net investment (US$mn)

	1-Jun		MTD	CYTD
FIIs	115		1,257	(698)
MFs	(9)		241	(301)

Top movers -3mo basis

		Change, %		
Best performers	**5-Jun**	**1-day**	**1-mo**	**3-mo**
Balaji Telefilms	209	(2.7)	26.5	87.9
Reliance Cap	1,011	3.0	35.8	72.8
Tata Tea	894	(2.1)	17.7	55.2
SBI	1,436	2.1	27.2	44.9
GESCO	295	(1.4)	15.0	48.0
Worst performers				
Bajaj Auto	2,249	1.4	(12.4)	(9.1)
Raymond	317	(0.3)	(9.0)	(6.0)
Tata Motors	711	(0.1)	(3.0)	(2.1)
Infosys	1,942	1.3	(6.3)	(8.2)
United Phos	286	(0.7)	(7.6)	(1.4)

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

Telecom

MTNL.BO, Rs166	
Rating	U
Sector coverage view	Cautious
Target Price (Rs)	135
52W High -Low (Rs)	176 - 124
Market Cap (Rs bn)	104

Financials

March y/e	2007	2008E	2009E
Sales (Rs bn)	49	54	57
Net Profit (Rs bn)	3.9	5.9	6.3
EPS (Rs)	7.2	9.4	10.0
EPS gth	*8.1*	*31.4*	*6.5*
P/E (x)	23.1	17.6	16.5
EV/EBITDA (x)	9.1	6.9	6.6
Div yield (%)	3.6	4.6	4.8

Shareholding, March 2007

	Pattern	% of Portfolio	Over/(under) weight
Promoters	56.2	-	-
FIIs	14.5	0.2	(0.1)
MFs	4.8	0.5	0.1
UTI	-	-	(0.3)
LIC	15.7	1.3	1.0

MTNL : When property becomes a prop, it's time to sell the stock

Sanjeev Prasad : sanjeev.prasad@kotak.com, +91-22-6634-1229

Kawaljeet Saluja : kawaljeet.saluja@kotak.com, +91-22-6634-1243

- **Nodia property development will add very little to valuations, earnings**
- **Core business continues to be under pressure**
- **Contribution to EPS is Rs0.5; to put this in perspective of costs, 2.5% of employee costs**

We do not see a proposed property development of surplus real estate as being material for MTNL's valuation and earnings. We value the proposed 0.8 mn sq ft development at Noida at Rs4.8 bn or Rs7.5/share of MTNL and lease rentals from the developed property contributing to Rs480 mn of pre-tax profits or Rs0.5 of EPS (5.3% of FY2010E EPS of Rs9.6) assuming all the lease rentals accrue to MTNL; the appointed property developer will reportedly develop the property on a revenue share basis. To put this in perspective of revenues and costs, the lease rentals would be <1% of core revenues and 2.3% of our estimated FY2010E employee costs. Thus, we would focus on MTNL's deteriorating fundamentals, its high cost structure and large risks to fixed-line revenues. Our DCF-based 12-month target price of Rs135 already includes Rs15 of potential value from real estate development; our valuation for the core business is Rs120 only. Key upside risk is continued high liquidity in the Indian market.

Use recent run-up in price on news of property development to sell the stock or switch to VSNL. According to a report in the electronic media (CNBC TV-18 channel), MTNL has finalized a development plan for a 0.8 mn sq. ft property in Noida. Assuming commercial monthly rental of Rs50/sq. ft and capitalization rate of 10%, we compute a value of Rs4.8 bn or Rs7.5/share of MTNL for the developed real estate. MTNL will not sell the developed real estate but will lease the developed commercial space. At Rs50/sq. ft monthly rental, we compute revenues/pre-tax profits of Rs480 mn or EPS of Rs0.5; the actual impact would be lower depending on the revenue share arrangement with the appointed developer.

MTNL has more surplus real estate but they are smaller except for a property in Borivili (a distant suburb of Mumbai). Based on our discussions with MTNL management, we understand that MTNL has about 75 surplus plots in Delhi and Mumbai. The management has not disclosed the entire list but the management has stated that the Noida property is the biggest one of the lot and others are relatively smaller. We would look at VSNL stock more favorably as a proxy real estate play although we think it is best not to mix telecom and real estate (on the lines of drinks).

Core business remains an area of concern

We model FY2008E and FY2009E EPS at Rs9.4 and Rs10, respectively, which is a significant improvement from the reported Rs7.2 (adjusted for extra-ordinaries) in FY2007. Our assumed growth in earnings is driven by a solid increase in revenues (8.7% and 6.8% in FY2008E and FY2009E respectively) driven by strong growth in broadband and wireless and modest growth in fixed-line revenues (see Exhibit 1). However, the latter may be optimistic if the qoq decline in fixed-line revenues witnessed in FY2007 continues in FY2008 and beyond; FY2007 revenues declined 6% yoy. We continue to be perturbed by MTNL's high revenue concentration in the fixed-line segment with 18.4% of subscribers accounting for 62.5% of its fixed-line revenues (as per FY2006 data; this figure may have likely improved in FY2007).

We note that our DCF valuation model assumes surplus cash on MTNL's books and our forecasted earnings capture interest income on surplus cash. We would also clarify that MTNL's cash position would increase moderately even factoring in potential tax repayments given high unaccounted pension and retirement liabilities (see Exhibit 2).

Our valuation may be quite optimistic

We have been generous in our assumptions for MTNL's cash flows and long-term growth (5% growth in perpetuity) assumptions given our negative view on the stock; we have tried to build in an optimistic scenario. Nonetheless, our DCF-based 12-month fair valuation for the stock comes to Rs120. We note that this is a generous valuation in the context of FY2007 EPS of Rs7.2 EPS and FY2008E EPS of Rs9.4.

Derivation of revenues for MTNL, March fiscal yearends (Rs mn)

	2006	2007E	2008E	2009E	2010E	2011E	2012E
Fixed-line revenues							
1. Rentals	11,482	11,310	11,331	11,316	11,399	11,501	11,605
2. Outgoing usage (ex-payphone)							
Local (incl. F2M)	13,049	11,272	11,704	12,220	12,404	12,270	11,914
DLD	3,358	3,492	4,145	4,461	4,861	5,448	6,064
ILD	722	783	967	1,048	1,094	1,190	1,285
3. Incoming (incl. ADC)							
Local (only M2F)	4,638	1,682	2,297	2,427	2,632	2,756	2,818
DLD termination	999	757	1,206	1,399	1,488	1,618	1,755
ILD termination	90	117	154	177	196	223	252
4. Pay-phone (franchisee) revenues	8,871	6,165	4,945	4,395	4,154	4,051	3,944
5. Rent and junction charges	2,935	1,158	1,158	1,158	1,158	1,158	1,158
Total fixed-line revenues	**46,145**	**36,736**	**37,907**	**38,601**	**39,385**	**40,214**	**40,795**
Others							
Wireless (GSM+CDMA)	6,336	8,212	9,487	10,763	11,761	12,590	13,432
Broadband	704	2,015	3,773	5,355	6,505	7,176	7,665
Leased lines	598	731	778	813	862	914	969
VAS (incl. Internet)	1,704	1,540	1,569	1,601	1,621	1,640	1,655
Total	**55,487**	**49,234**	**53,514**	**57,132**	**60,134**	**62,534**	**64,516**

Source: Company data, Kotak Institutional Equities estimates.

MTNL's outstanding retirement liabilities nullify the upside from the expected tax refund

Estimation of per share equity value based on net potential cash

	Rs mn	Per share
Cash on books (end-FY2006)	**20,584**	**33**
Tax refund (license fee case) (a)	11,487	18
Tax refund (infrastructure case) (b)	2,000	3
Retirement liabilities	(40,384)	(64)
1. Pension	(26,535)	(42)
2. Gratuity	(5,332)	(8)
3. General Provident Fund (GPF)	(8,517)	(14)
Amount recoverable from employees	2,221	4
Amount recoverable from DOT (c)	29,444	47
License fee payable to DOT (d)	(196)	(0)
Refund of excess interconnect charges (e)	867	1
Total net potential cash	**26,022**	**41**

Notes:

(a) No further interest payment from the tax authorities assumed.

(b) We have assumed total amount at Rs2 bn; Rs1.16 bn booked in 2HFY07.

(c) Amount recoverable from the DOT on account of retirement liabilities.

(d) Underpayment of license fee to DOT for the period August 1999-March 2001.

(e) Recoverable from BSNL.

Source: MTNL, Kotak Institutional Equities estimates.

Our target price for MTNL based on 12-month DCF is 135/share

DCF analysis for MTNL, March fiscal year-ends, 2008E-2017E (Rs mn)

	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
EBITDA	11,567	12,140	13,021	13,467	13,728	13,939	14,063	14,599	15,003	15,077
Tax	(1,832)	(1,945)	(1,958)	(2,068)	(2,131)	(2,182)	(2,219)	(2,386)	(2,507)	(2,526)
Change in working capital	550	426	(1,470)	280	217	293	294	248	266	213
Operating cash flow	**10,286**	**10,621**	**9,593**	**11,678**	**11,814**	**12,050**	**12,138**	**12,461**	**12,761**	**12,764**
Capex	(8,518)	(8,003)	(8,149)	(7,623)	(7,938)	(7,747)	(7,638)	(7,866)	(7,497)	(7,337)
Free cash flow	**1,768**	**2,617**	**1,444**	**4,055**	**3,876**	**4,303**	**4,500**	**4,595**	**5,264**	**5,427**

	Now	+1 year
PV of cash flows	18,864	21,209
PV of terminal value	23,571	24,749
EV	42,435	45,958
Net debt	(28,374)	(29,849)
Equity value (Rs mn)	70,808	75,807
Equity value (Rs/share)	**112**	**120**
Exit FCF multiple (X)	13.3	
Exit EBITDA multiple (X)	4.8	

WACC and growth in perpetuity assumptions	
WACC (%)	12.5
Terminal growth - g (%)	5.0

Source: Kotak Institutional Equities estimates.

Profit model, March fiscal year-ends, 2006-2011E (Rs mn)

	2006	2007	2008E	2009E	2010E	2011E	2012E
Fixed-line revenues							
1. Rentals	11,482	11,310	11,331	11,316	11,399	11,501	11,605
2. Outgoing usage (ex-payphone)	17,129	15,547	16,816	17,730	18,359	18,908	19,263
3. Incoming (incl. ADC)	5,728	2,557	3,657	4,003	4,316	4,597	4,825
4. Pay-phone (franchisee) revenues	8,871	6,165	4,945	4,395	4,154	4,051	3,944
5. Rent and junction charges	2,935	1,158	1,158	1,158	1,158	1,158	1,158
Total fixed-line revenues	**46,145**	**36,736**	**37,907**	**38,601**	**39,385**	**40,214**	**40,795**
Wireless (GSM+CDMA)	6,336	8,212	9,487	10,763	11,761	12,590	13,432
Broadband	704	2,015	3,773	5,355	6,505	7,176	7,665
Leased lines	598	731	778	813	862	914	969
VAS (incl. Internet)	1,704	1,540	1,569	1,601	1,621	1,640	1,655
Revenues	**55,487**	**49,234**	**53,514**	**57,132**	**60,134**	**62,534**	**64,516**
Operating costs							
Interconnection charges	(12,263)	(8,455)	(8,795)	(9,590)	(9,826)	(10,379)	(10,887)
License fees	(4,590)	(4,556)	(4,705)	(5,000)	(5,284)	(5,478)	(5,639)
Network operating expenses	(3,316)	(3,633)	(4,197)	(4,755)	(5,206)	(5,437)	(5,646)
Staff expenses	(19,053)	(18,125)	(18,553)	(19,785)	(20,754)	(21,572)	(22,284)
SG&A	(8,263)	(5,629)	(5,697)	(5,862)	(6,043)	(6,201)	(6,333)
Total operating costs	**(47,485)**	**(40,398)**	**(41,947)**	**(44,992)**	**(47,113)**	**(49,067)**	**(50,788)**
EBITDA	**7,080**	**8,836**	**11,567**	**12,140**	**13,021**	**13,467**	**13,728**
Interest/other income	4,723	4,311	3,058	3,241	3,326	3,394	3,562
Depreciation	(6,467)	(6,803)	(6,762)	(6,953)	(7,209)	(7,387)	(7,415)
Pretax profits	**4,847**	**6,303**	**7,863**	**8,429**	**9,139**	**9,474**	**9,875**
Taxation	(561)	(3,918)	(2,550)	(2,715)	(3,079)	(3,222)	(3,333)
Deferred tax	(376)	1,106	(123)	(150)	(27)	2	(23)
Extraordinary gain/(charge)	1,892	2,940	3,000	3,000	—	—	—
Net profits	5,803	6,430	8,190	8,564	6,032	6,254	6,518
Adjusted net profits	**4,175**	**4,513**	**5,928**	**6,316**	**6,032**	**6,254**	**6,518**
EPS (Rs)	**6.6**	**7.2**	**9.4**	**10.0**	**9.6**	**9.9**	**10.3**
Shares outstanding (mn)	630	630	630	630	630	630	630
Effective tax rate (%)	14.0	34.8	24.6	25.1	34.0	34.0	34.0
Dividend payout ratio (%)	60.4	83.8	81.2	79.7	58.8	58.8	58.8
DPS (Rs)	6.0	6.0	7.6	8.0	5.6	5.8	6.1
Growth (%)							
Revenues	1.9	(9.8)	8.7	6.8	5.3	4.0	3.2
EBITDA	(36.3)	24.8	30.9	5.0	7.3	3.4	1.9
EPS	(32.1)	8.1	31.4	6.5	(4.5)	3.7	4.2
Margin (%)							
EBITDA	13.0	17.9	21.6	21.2	21.7	21.5	21.3
Net profits	7.7	9.2	11.1	11.1	10.0	10.0	10.1

Source: Kotak Institutional Equities estimates.

Economy

Sector coverage view	N/A

India's volatile call rates: Dancing the Reddy Kuchipudi[1]

Indranil Sen Gupta : indranil.sengupta@kotak.com, +91-22-6634-1216

- **Volatile call rates: Either plus-8% or sub-6%:old corridor now a no-bank's land**
- **Why plus 8%? 7.75% Repo rate acts as floor in tight money market**
- **Why sub 6%? 6% Reverse repo rate acts as ceiling in surplus money market**
- **Our take: RBI to eventually release LAF reverse repo limit, perhaps at higher rate**

We continue to expect the RBI to eventually release the Rs30 bn limit imposed on the daily LAF reverse repo facility, perhaps at a higher reverse repo rate to 'stabilize inflation expectations'. This will normalize short-term interest rates, that are now swinging in a 0.25-80% band. The RBI will, however, likely buy time by sitting out the present run of negligible call rates in view of advance tax outflows in mid-June 2007. This will likely drain out surplus liquidity generated by government spending that has pushed call below 1% levels in the first place. We nevertheless expect the RBI to eventually restore the 'interest rate' corridor of the LAF repo and reverse repo rates it has constructed over the years to anchor interest rate expectations. As we have often highlighted, a peculiar policy mix of CRR hikes, a looming SLR deficit, and an Rs30bn LAF reverse repo limit that finally emerged out of the recent frentic monetary tightening has converted this corridor into a no-bank's land. This implies that call rates must always be either above the 7.75% LAF repo rate or as now, below the 6% LAF reverse repo rate. Seldom has a central bank worked so hard to generate interest rate uncertainty!

What has gone wrong? Logical inconsistency of repo rate hikes at a time of compulsory forex intervention. The RBI appears to be trying to push the money market into deficit—repo—mode. This would, of course, allow it to control monetary expansion by deciding the extent to which to fill up the liquidity gap through its LAF repo—cash for gilts—window. The LAF repo rate—the price of such liquidity support—would provide an additional lever to influence interest rates.

- This unfortunately ignores the compulsions of forex intervention. The RBI could traditionally generate base money by either funding the fisc or repo-ing gilts or buying forex. The first option is now forbidden by the Fiscal Responsibility and Budget Management Act, 2003. The second route is beginning to contract with banks facing an SLR deficit.
- The RBI's forex intervention—US$21.5 FY2008E—thus has to bear the onus of primary liquidity generation. The Rupee liquidity thus released naturally snubbs out the very pre-condition of an effective LAF repo rate: that banks be cash-strapped enough to borrow from the RBI. The need to reconcile the inherent contradiction of trying to push the money market into deficit at a time of forex intervention has thus forced a series of 'pre-emptive' CRR hikes of 150bps.
- CRR hikes also appear to be propelled by knee-jerk monetary policy reaction, tilting at the windmills of transient 6%+ inflation. This ignored market (and our) expectations of a 1QFY08E peak off (that is on-going).

Why do call rates pierce the 7.75% LAF repo rate? CRR hikes, SLR deficit. CRR hikes at a time of a looming SLR deficit have transformed the LAF repo rate–the RBI's lending rate–into a floor from a ceiling in a deficit market (Exhibits 1-2).

- The RBI has typically met the enlarged liquidity demand to meet higher CRR through LAF repo operations, sometimes at a higher LAF repo rate. While the higher liquidity demand drove up interest rates, LAF repos to meet such demand capped call rates at the repo rate.

- A large number of private and foreign banks, however, no longer possess the 'surplus' gilts—over and above the SLR requirement of 25% of demand and time liabilities—to provide as collateral at the RBI's LAF repo window. As a result, they end up borrowing from PSU banks, which still have the surplus gilts to access the LAF repo window.
- And the PSU banks naturally charge a premium over the 7.75% LAF repo rate. This, in turn, generates a substantial 300+ bp differential over the US federal funds rate and fuels undue Rupee appreciation.

Why do call rates fall below the LAF 6% reverse repo rate? Negligible LAF reverse repo limit. The negligible Rs30bn/US$0.75 bn limit – this is a US$1 trillion economy—imposed on LAF reverse repos has converted the LAF reverse repo rate—the RBI's deposit rate—into a ceiling from a floor in a surplus money market.

- The incongruity of hiking the CRR after deriding it as the root cause of all of India's misfortunes before the 1991 reforms seems to have led the RBI to expand sterilization operations under the Market Stabilization Scheme (MSS)[2].
- In its new-found enthusiasm to make a success of the MSS, the RBI decided to limit the competing LAF reverse repo facility to a negligible Rs30 bn. Paper issued under the MSS carries a minimum 91-day tenor. This saves the RBI the headache of continuous rollover associated with daily LAF reverse repos.
- The trouble is that banks have to often invest genuine short-term surpluses as a result of fluctations in intra-month cash demand. Cash demand typically firms up at the beginning of the month as consumers draw down salary accounts to spend and weakens towards the end of the month when the spending flows back into producer bank accounts.
- These surpluses cannot be invested in the MSS because the longer tenor would invite asset-liability mismatches in the commercial bank balance sheet. Banks are nevertheless unable to park their short-term surplus in the LAF reverse repos because of the RBI's Rs30 bn limit.
- They are thus forced to flood the inter-bank call money market and pull the overnight call rate below 6%. This, of course, ends up negating the RBI's rate hikes of the past two years.

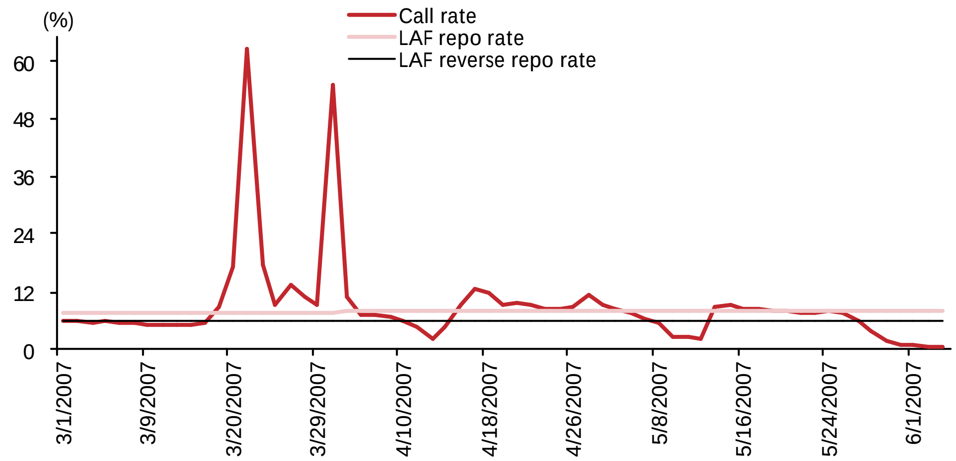
----

[1] Kuchipudi is one of the eight Indian classical dance forms. It hails from the south-east Indian state of Andhra Pradesh, of which RBI Governor Y. V. Reddy is a distinguished son. Unlike the jerky chart of call rates in Exhibits 1-2, Kuchipudi is known for its graceful movements.

[2] In the MSS framework, the RBI first buys surplus forex from banks and releases rupees. Second, government gilt auctions (under the MSS) mop up the Rupee liquidity so generated. Third, the Government parks the monies so raised with the RBI in a special account. As a result, the potential liquidity from forex intervention is locked up in the RBI's balance sheet.

Exhibit 1: Monetary policy inconsistencies have led to call rate volatility

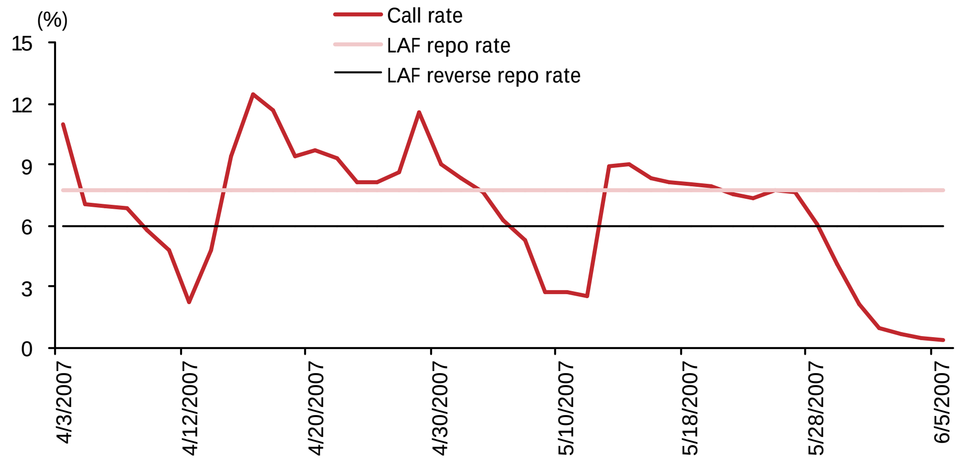
RBI's LAF repo rate, reverse repo rate, inter-bank call money rate (%)



Source: RBI.

Exhibit 2: Call rates either pierce or fall below the old interest rate "corridor"

RBI's LAF repo rate, reverse repo rate, inter-bank call money rate (%)

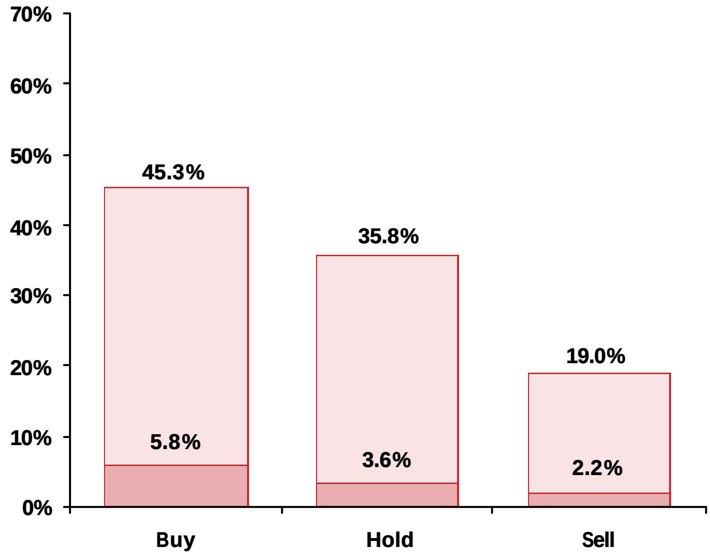


Source: RBI.

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

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Percentage of companies covered by Kotak Institutional Equities, within the specified category.

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

* The above categories are defined as follows: Buy = OP; Hold = IL; Sell = U. Buy, Hold and Sell are not defined Kotak Institutional Equities ratings and should not be constructed as investment opinions. Rather, these ratings are used illustratively to comply with applicable regulations. As of 03/31/07 Kotak Institutional Equities Investment Research had investment ratings on 137 equity securities.

Source: Kotak Institutional Equities. As of March 31, 2007

Ratings and other definitions/identifiers

Current rating system

Definitions of ratings

OP = Outperform. We expect this stock to outperform the BSE Sensex over the next 12 months.
IL = In-Line. We expect this stock to perform in line with the BSE Sensex over the next 12 months.
U = Underperform. We expect this stock to underperform the BSE Sensex over the next 12 months.

Our target price are also on 12-month horizon basis.

Other definitions

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

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.