NEUTRAL

AUGUST 26, 2009

UPDATE

BSE-30: 15,688

Analyzing accounting policies. We analyze nuances of various accounting policies as most companies follow different methods. HDIL has the most conservative policy while accounting policies of Sobha/Unitech have elements of ambiguity. We also analyze dividend payment track record, interest capitalization policy and understand how FY2010E BV has built up over FY2006-10E.

Diverse sector, even more diverse accounting policies

Broadly, real estate companies follow three sets of accounting policies—(1) percentage completion based on project cost (land +construction) basis, (2) percentage completion based on construction cost basis and (3) project completion basis. Within each of these broad parameters, companies have different thresholds before they start booking revenues. Exhibit 1 summarizes accounting policies being followed by different companies. We highlight key differences amongst different companies as below.

DLF. DLF books revenues on percentage completion based on project cost, wherein land cost is also included. In such a scenario, if land cost is a large proportion of total cost, revenue booking is quick, thus creating large numbers of debtors. Exhibit 2 explains how revenue booking occurs quicker on a project-completion basis.

Unitech. Unitech recognizes sales from sale of investments/land sale, net of cost. As per the balance sheet, goodwill arising out of consolidation is not being amortized.

Sobha Developers. Sobha changed its revenue recognition policy in FY2009. Sobha now recognizes the full land cost (plus margins) for the sold portion as and when level of collection exceeds 20%. Such an accounting policy leads to faster revenue booking apart from creating ambiguity about the timing of profit booking.

HDIL. HDIL books revenues on a project-completion basis. This accounting policy is most conservative and also results in tax payments becoming back ended. This results in higher NAV vis-à-vis the percentage-completion method on account of the timing of tax payments. Most unlisted companies follow a similar accounting policy.

Annexure I quotes—verbatim—the accounting policies adopted by various firms as extracted from their annual reports.

Puneet Jain
puneet.j@kotak.com
Mumbai: +91-22-6634-1255

Sandeep Reddy
sandeep.reddy@kotak.com
Mumbai: +91-22-6634-1216

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

Real estate companies use different accounting policies

Company	Accounting policy	Threshold limit (%)
DLF	Percentage of completion- project cost (land cost and construction cost)	30
Unitech	Percentage of completion- construction cost	20
HDIL	Project completion method	
Indiabulls	Percentage of completion- construction cost	25
Sobha	Percentage of completion- construction cost	25
Puravankara	Percentage of completion- construction cost	
Parsvnath	Percentage of completion- project cost (land cost and construction cost)	30
Orbit corporatior	Percentage of completion- construction cost	25

Source: Company, Kotak Institutional Equities

Revenue booking occurs faster on a project-cost accounting basis

Selling price	(Rs/sq. ft)	15,000
Land Cost	(Rs/sq. ft)	5,000
Construction cost	(Rs/sq. ft)	2,500
Customer payments	Linked to construction schedule	

		Project cost basis	Construction cost basis
Construction incurred	(%)	10	10
Customer payments (a)	(Rs/sq. ft)	1,500	1,500
Cost incurred (I)	(Rs/sq. ft)	5,250	250
Relevant total cost (II)	(Rs/sq. ft)	7,500	2,500
Percentage completion ((I)/(II))	(%)	70	10
Revenues booked (b)	(Rs/sq. ft)	10,500	1,500
Receivables ((b)-(a))	(Rs/sq. ft)	9,000	-

Source: Company, Kotak Institutional Equities

Capitalized interest as proportion of FY2010E BV is 14-15% for DLF, Unitech

Exhibit 3 shows that real estate companies have capitalized large portion of their interest costs over the period FY2007-10E. Indian real estate companies capitalize a large proportion of interest, citing reasons that debt capital is being used either for buying land for future development or for building assets. Over the period of FY2006-10E, DLF has capitalized cumulative interest of Rs37.7 bn, which represents 14% of its FY2010E book value (Exhibit 4). Unitech has capitalized Rs15.9 bn in interest over the same period, representing 15% of FY2010E book value.

High level of interest capitalization will have double impact on future profitability. Interest capitalization pads up book value and thus increase the quantum of equity capital. On the asset side, capitalized interest in most cases is added to work in progress, which needs to be amortized at projects progress. Thus, as interest capitalized as proportion of WIP increases, gross margins are also likely to suffer. Since many companies have adopted the policy of interest capitalization recently, the full impact on return ratios will be seen only in FY2010-11E.

Interest capitalization trends for real estate companies
Interest cost paid and booked (in Rs mn), March fiscal year-ends, 2006-09E

	Interest paid	Interest cost booked in P&L	Interest capitalized (%)	Debt
2006				
DLF	1,759	1,685	4.2	41,320
HDIL	331	106	68.1	1,965
Puravankara	122	122	0.0	1,622
Sobha	219	219	0.0	4,231
Unitech	465	465	0.0	10,449
2007				
DLF	8,907	3,076	65.5	99,328
HDIL	430	430	0.0	3,757
Puravankara	575	46	92.0	6,761
Sobha	571	481	15.8	5,837
Unitech	3,409	3,020	11.4	39,805
2008				
DLF	11,890	3,100	73.9	122,771
HDIL	1,680	1,408	16.2	31,127
Puravankara	699	36	94.8	6,524
Sobha	1,780	615	65.5	17,831
Unitech	8,891	2,804	68.5	85,524
2009E				
DLF	17,919	3,570	80.1	149,328
HDIL	4,935	580	88.3	37,965
Puravankara	1,059	38	96.4	8,146
Sobha	2,512	1,074	57.2	19,322
Unitech	11,773	5,546	52.9	90,558

Source: Company, Kotak Institutional Equities estimates

Book value of real estate companies padded up by interest capitalization
Impact of interest capitalization on book value of real estate companies, March fiscal year-ends

	Networth (Rs mn)	Interest capitalization (Rs mn)					Cumulative interest capitalized (2006-10E)			FY2010E BV
	FY2010E	2006	2007	2008	2009E	2010E	(Rs mn)	(Rs/share)	% of FY2010E NW	(Rs/share)
DLF	265,008	74	5,831	8,790	14,349	8,672	37,716	22.1	14.2	155
HDIL	68,105	226	0	272	4,356	2,781	7,634	22.1	11.2	197
Puravankara	14,657	0	529	663	1,021	865	3,078	14.5	21.0	69
Sobha	17,343	0	90	1,165	1,438	975	3,668	37.5	21.1	177
Unitech	104,996	0	389	6,087	6,227	3,175	15,878	6.7	15.1	44

Source: estimates, Company, Kotak Institutional Equities estimates

Cumulative dividend payment by Unitech over FY2006-09 is Rs0.7

Exhibit 5 shows dividend history of various real estate companies. Since the real estate business requires a continuous deployment of capital, dividend payments can be a key indicator of excess cash flow generation. We find that that Unitech has paid the least cumulative dividend over FY2006-09 of Rs0.7 or 0.8% of current market price. Similarly, for HDIL it is 1.4% and DLF 2%. We highlight that Unitech and Mahindra Lifespaces are the only real estate company which has a listed history of more than three years.

Exhibit 6 gives details of book value accretion for various real estate companies. We note that most of the book value accretion has taken place through issuance of fresh equity. We summarize key details:

Unitech. Book value at the end of FY2006 was Rs1.1. 50% of FY2010E BV of Rs44 is getting added in FY2010E. Adjusted for capitalized interest, 55% of FY2010E BV of Rs37.3 is getting added in FY2010.

DLF. Of FY2010E BV of Rs155, accretion of Rs92 took place in FY2008, primarily on account of its IPO.

Unitech's dividend payout over the last 4 years has been less than 1% of the current share price
Dividend (Rs/share) over the period FY2006-09

	FY2006	FY2007	FY2008	FY2009	Cumulative (FY06-09)	Current share price	Cumulative as % of share price
DLF	0	2.0	4.0	2	8.0	393	2.0
Unitech	0.10	0.25	0.25	0.10	0.70	91	0.8
HDIL	0.0	0.0	4.1	0.0	4.1	306	1.3
Sobha	2.3	5.5	6.5	1.0	15.3	239	6.4
IBREL		0	13.5	0.0	13.5	284	4.8
Puravankara	0.6	0.9	2.0	0.0	3.6	129	2.8
Mahindra Lifespaces	1.0	1.5	2.5	2.5	7.5	377	2.0

Source: Company, Kotak Institutional Equities

Maximum addition to book value in FY2008 for most companies; for Unitech it is in FY2010E
Incremental book/year, March fiscal year ends, FY2007-10E

	Book value in	Additions				Book value	Capitalized	Adj. book
	FY2006	FY2007	FY2008	FY2009	FY2010E	in FY2010E	interest	value
DLF	5.5	17.6	91.6	28.6	11.1	154.5	22.1	132.3
Unitech	1.1	7.3	6.7	6.6	22.3	44.0	6.6	37.3
HDIL	5.4	15.7	84.4	26.6	65.1	197.1	22.1	175.0
IBREL	18.4	19.1	75.0	24.2	63.6	200.4	0.0	200.4
Sobha	14.9	74.0	21.3	11.0	69.2	190.4	37.5	152.9
Puravankara	5.2	5.2	46.4	7.1	4.7	68.7	14.5	54.2

Adjusted for capitalized interest each year

	Book value in	Additions				Book value
	FY2006	FY2007	FY2008	FY2009	FY2010E	in FY2010E
DLF	5.5	14.2	86.5	20.2	6.0	132.3
Unitech	1.1	7.1	4.2	4.0	21.0	37.3
HDIL	4.7	15.7	83.6	14.0	57.1	175.0
IBREL	18.4	19.1	75.0	24.2	63.6	200.4
Sobha	14.9	73.0	9.4	(3.6)	59.2	152.9
Puravankara	5.2	2.7	43.3	2.3	0.6	54.2

Source: Company, Kotak Institutional Equities

ANNEXURE I

Unitech's revenue recognition policy

10. RECOGNITION OF INCOME

a) Real Estate Projects

Real Estate Projects undertaken up to 31st March' 2004.

(i) Revenue is recognized to estimate the profit @ 20% of actual receipts and installments fallen due during the year towards booking of plots/constructed properties, subject to final adjustment, on the completion of the respective project.

(ii) Real Estate Projects undertaken on and after 1st April, 2004.

i. Revenue from real estate projects is recognized on the "Percentage of Completion Method" of accounting. Revenue comprises the aggregate amounts of sale price in terms of the agreements entered into and is recognized on the basis of percentage of actual costs incurred thereon, including proportionate land cost and total estimated cost of projects under execution, subject to such actual costs being 20 percent or more of the total estimated cost.

ii. Where aggregate of the payment received provide insufficient evidence of buyers commitment to make the complete payment, revenue is recognized only to the extent of realization.

iii. The estimates of the saleable areas and costs are reviewed periodically by the management and any effect of changes in estimates is recognized in the period such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, the loss is recognized immediately.

(iii) The interest on delayed payment and maintenance charges are accounted for on realization due to uncertainty of recovery of the same.

(iv) The Sale proceeds of the Investments held in the Subsidiaries, Joint Ventures and Associates developing Real Estate Projects are included in real estate revenue, net of cost.

b) Revenue from Sale of Land/Land Rights held by the Company itself and its wholly owned subsidiaries are recognised under the head as "Sales and Others Receipts" net of cost.

Source: Company, Kotak Institutional Equities

Unitech's accounting policy on consolidation

(A) Principles of consolidation

The consolidated financial statements include the financial statements of parent company and its subsidiaries and joint ventures (collectively referred to as "Unitech Group") on the following basis:

- The consolidated financial statements have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses. However, no effect in respect of different method of charging depreciation by various subsidiaries, other than the method adopted by parent company, has been considered.
- Investments in Associate Companies have been accounted as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statement" notified by the companies (Accounting Standards) rules, 2006.
- Investment in Joint Ventures have been accounted as per Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" notified by the companies (Accounting Standards) rules, 2006.
- The excess of cost to the Parent Company of its investment in the Subsidiary over the Company's portion of equity of the Subsidiary is recognized in the financial statement as Goodwill.
- Goodwill arising out of consolidation is not being amortized.
- The excess of company's portion of equity of the subsidiary as at the date of its investment is treated as capital reserve.
- Minority interest in the net assets of consolidated subsidiaries consist of:

  (a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

  (b) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- Intra group balances and intra group transactions and unrealized profits have been eliminated in full.

Source: Company, Kotak Institutional Equities

Sobha changed its accounting policy in FY2009

(b) Change in accounting policies

With effect from April 1, 2008, the Company has changed its accounting policy for revenue recognition for sale of undivided share of land [group housing] on the basis of certain minimum level of collection of dues from the customer and/ or agreement for sale being executed rather than criteria relating to the project reaching a significant level of completion, to align it with revenue recognition policy for sale of villa plots. As a result revenue and profits before taxes are higher by Rs.59.61 million and Rs.14.84 million respectively for the year ended March 31, 2009.

Source: Company, Kotak Institutional Equities

Sobha's revenue recognition policy

a. Recognition of revenue from property development

Recognition of revenue from construction activity

Revenue from real estate under development/ sale of developed property is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements, except for contracts where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards. In such cases, the revenue is recognised on percentage of completion method, when the stage of completion of each project reaches a significant level which is estimated to be atleast 25% of the total estimated construction cost of the project. Revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Land costs are not included for the purpose of computing the percentage of completion.

Recognition of revenue from sale of undivided share of land [group housing]

Revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements and/ or minimum level of collection of dues from the customer.

Recognition of revenue from sale of villa plots

Revenue from sale of villa plots is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements.

Source: Company, Kotak Institutional Equities

HDIL's revenue recognition policy

5. Revenue recognition

The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred during the year are debited to work-in-progress account. The income is accounted for as and when the projects get completed or substantially completed and then revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale:

a) Unit in Real Estate:

Revenue is recognised when the significant risks and rewards of ownership of the units in real estate have passed to the buyer.

b) Rent:

Revenue is recognised on accrual basis

c) Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Dividends:

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

e) Share of profit-Partnership firms:

Share of profit/(loss) from partnership firms is accounted for in respect of the financial year ending on or before the balance sheet date.

f) Share in revenue of Entertainment Vertical:

Revenue is recognised on accrual basis.

Source: Company, Kotak Institutional Equities

IBREL's revenue recognition policy

(viii) Revenue Recognition:

Interest income and Income from Real Estate Project Advisory is recognised on an accrual basis.

Dividend income is recognised when the right to receive the dividend is unconditionally established at the Balance Sheet date.

Revenue from each Real Estate Development project is recognized.

a) On the basis of "Percentage Completion Method".
b) The percentage completion method is applied on a cumulative basis in each accounting year to the current estimate of contract revenue and contract cost.
c) When the stage of completion of each project reaches a significant level which is estimated to be at least 25% of the total estimated construction cost of the project.

Revenue income and cost / expenditures in case of short term works contracts that are entered and completed during the period are accounted for on accrual basis as they are earned or incurred.

Construction revenue / income and cost / expenditures for contracts are accounted on accrual basis as they are earned or incurred as per Accounting Standard (AS) 7 (Revised) "Construction Contracts" as notified under the Companies (Accounting Standards) Rules, 2006.

Air Transportation Income is recognised when service is rendered.

Profit/ Loss on sale of investment are recognized on the date of the transaction of sale and are computed with reference to the cost of the investment.

Source: Company, Kotak Institutional Equities

DLF's revenue recognition policy

9. Revenue recognition

(i) Revenue from constructed properties

Revenue from constructed properties other than SEZ projects, is recognised on the 'percentage of completion method'. Total sale consideration as per the agreements to sell constructed properties entered into is recognised as revenue based on the percentage of actual project costs incurred thereon to total estimated project cost, subject to such actual cost incurred being 30 per cent or more of the total estimated project cost. Project cost includes cost of land, cost of development rights, estimated construction and development cost of such properties. The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognised in the period such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, the loss is recognised immediately.

For SEZ projects, revenue from development charges is recognised on the 'percentage of completion method'. The total development charges as per the Co-Developer agreement entered into is recognised as revenue based on the percentage of actual project cost incurred thereon to total estimated project cost subject to such actual cost incurred being 30% or more of the total estimated project cost. The project cost includes estimated construction and development cost of such project excluding cost of land which is not sold/ transferred. Revenue from lease of land pertaining to such projects is recognised in accordance with the terms of the Co-Developer agreements on accrual basis.

(ii) Sale of land and plots

Sale of land and plots (including development rights) is recognised in the financial year in which the agreement to sell is executed. Where the Company has any substantial obligations, revenue is recognised on 'percentage of completion method' as per 9 (i) above.

(iii) Construction contracts

Revenue from cost plus contracts is recognised with respect to the recoverable costs incurred during the period plus the margin in accordance with the agreement.

(iv) Power Supply

a. Revenue from power supply together with claims made on customers is recognised in terms of power purchase agreements entered into with customers.

b. Revenue from energy systems development contracts is recognised on percentage of completion method and accounted for inclusive of excise duty recovered, where applicable. Accordingly, revenue is recognised when cost incurred (including appropriate portion of allocable overheads) on the contract is estimated at 30 per cent or more, on the total cost to be incurred (including all foreseeable losses and an appropriate portion of allocable overheads) for the completion of contract, wherever applicable.

c. Revenue from wind mill power projects is recognised on the basis of actual power sold (net of reactive energy consumed), as per the terms of the relevant power purchase agreements entered into with respective parties.

(v) Hospitality services and Recreational facility income

a. Subscription and non refundable membership fee is recognised on proportionate basis over the period of the subscription/membership.

b. Revenue from food and beverage is recorded net of sales tax/value added tax and discounts.

c. Sales of merchandise are stated net of goods sold on consignment basis as agents.

d. Revenue from hotel operations and related services is recognised net of discounts and sales related taxes in the period in which the services are rendered.

e. Income from golf operations, course capitation, sponsorship etc. is fixed and recognised as per the agreement with the parties, as and when services are rendered.

f. Sale of cinema tickets is stated net of discounts.

(vi) Others

a. Revenue from design and consultancy services is recognised on percentage of completion method to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

b. Revenue in respect of maintenance services is recognised on an accrual basis, in accordance with the terms of the respective contract.

c. Dividend income is recorded when the right to receive the dividend is established.

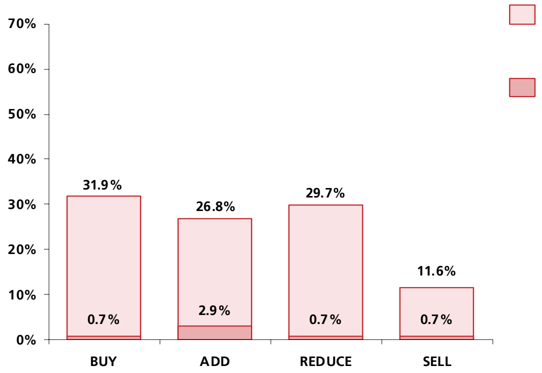
d. Rent and licence fees, service receipts and interest from customers under agreements to sell is accounted for on an accrual basis except in cases where ultimate collection is considered doubtful.

e. Income from interest is accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest.

Source: Company, Kotak Institutional Equities

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

Kotak Institutional Equities Research coverage universe
Distribution of ratings/investment banking relationships



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

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

* The above categories are defined as follows: Buy = We expect this stock to outperform the BSE Sensex by 10% over the next 12 months; Add = We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months; Reduce = We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months; Sell = We expect this stock to underperform the BSE Sensex by more then 10% over the next 12 months. These ratings are used illustratively to comply with applicable regulations. As of 30/6/2009 Kotak Institutional Equities Investment Research had investment ratings on 138 equity securities.

Source: Kotak Institutional Equities — As of June 30, 2009

Ratings and other definitions/identifiers

Definitions of ratings

BUY. We expect this stock to outperform the BSE Sensex by 10% over the next 12 months.

ADD. We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months.

REDUCE. We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months.

SELL. We expect this stock to underperform the BSE Sensex by more than 10% over the next 12 months.

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

Other definitions

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

Other ratings/identifiers

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

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

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

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

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

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

Corporate Office

Kotak Securities Ltd.
Bakhtawar, 1st Floor
229, Nariman Point
Mumbai 400 021, India
Tel: +91-22-6634-1100

Overseas Offices

Kotak Mahindra (UK) Ltd
6th Floor, Portsoken House
155-157 The Minories
London EC 3N 1 LS
Tel: +44-20-7977-6900 / 6940

Kotak Mahindra Inc
50 Main Street, Suite No.310
Westchester Financial Centre
White Plains, New York 10606
Tel:+1-914-997-6120

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may participate in the solicitation of such business. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which include earnings from investment banking and other business. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

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

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

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