

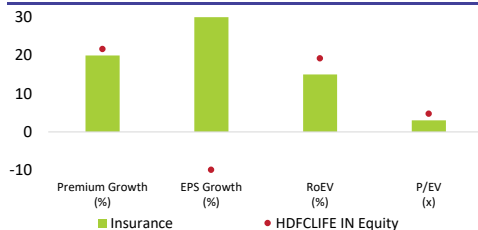
HDFC LIFE INSURANCE

COMPANY UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	734
12 month price target (INR)	740
Market cap (INR bn/USD bn)	1,485/20.3
Free float/Foreign ownership (%)	39.6/23.5
What's Changed	
Target Price	—
Rating/Risk Rating	—

INVESTMENT METRICS

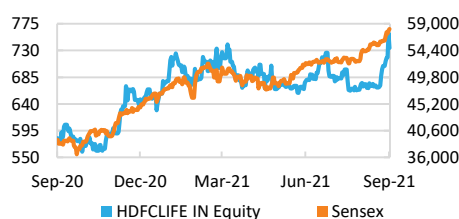


FINANCIALS

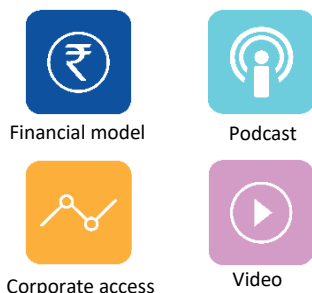
(INR mn)

Year to March	FY20A	FY21E	FY22E	FY23E
APE	74,100	83,720	1,06,360	1,22,695
EV	2,06,510	2,66,210	3,13,833	3,69,682
PAT	12,952	13,601	11,932	13,501
Diluted EPS (INR)	6.4	6.7	5.9	6.7
EPS growth (%)	1.4	5.0	(12.3)	13.1
VNB margin (%)	25.9	26.1	26.9	27.1
RoEV (%)	18.1	18.5	19.2	19.1
P/E (x)	114.7	109.2	124.5	110.0
P/EV (x)	7.2	5.6	4.7	4.0

PRICE PERFORMANCE



Explore:



Exide Life buy: Surprising, not definitive

HDFC Life announced 100% acquisition of Exide Life (ELI) for INR67bn, funded through a 89:11 stock-cash transaction at an implied valuation of 2.5x June 2021 EV. Traditionally, there has been limited appetite for small player acquisition despite cost rationalisation possibilities from scale. Question marks on the small players' distribution value add has settled the debate generally in favour of 'make', rather than 'buy'.

In this regard, current transaction marks a paradigm shift. Geographical complementarity & proprietary channel strengths have been highlighted as chief draw. But, valuations appear slightly onerous to us even in a best case scenario, but the quantitative impact on HDFC Life's fortunes remains limited, given transaction size. Retain 'HOLD'.

Acquisition driven by intent to augment distribution capability

Enhancement in proprietary channel appears to be one of the key rationales behind the deal. HDFC Life will gain access to more than 36.7K agents, thereby increasing its agency force by 34%. It will also add presence in tier 2 and 3 locations (60% of ELI's business) and South India (44% of ELI's business) compared to an urban-centric presence of HDFC Life. Jump in agency headcount is a boost as it would have taken 18-24 months to build the same organically. Scope for margin upgrade exists given scale of ELI along with current product mix (70% par, 13% non-par, 11% protection and 6% ULIP). These synergies should be realised over the next 18-24 months, that is, FY24. Most operating parameters of HDFC Life could improve moderately with a 9%/8%/10%/10% potential jump in total premium/Ind. APE/EV/AUM.

Deal contours: Muted impact on stock upside

HDFC Life announced 100% acquisition of ELI for INR66.9bn in an 89:11 stock cash transaction. It includes fresh issue of 87mn shares @ INR685 each and a cash pay out of INR7.3bn. Deal values ELI at 2.5x June 2021 EV, 35% discount to listed peers/proxy plays and 55% to HDFC Life. This, in our view, is expensive as only top 5-6 of the 25 life insurers in India create value and ELI is the left tail of this skewed distribution. Benefits of margin rationalisation/EV accretion are already captured in the price.

Outlook & valuations: Synergy potential well priced; maintain 'HOLD'

HDFC Life indicated that ELI's margins are lower due to sub-scale presence. The issue of higher costs and lower productivity can be addressed by a wider gamut of products, better agency management, stronger 'HDFC' brand, improvement in persistency (13M: 75% for ELI vs 90% for HDFC Life) and higher cost efficiency led by economies of scale. We see merit in HDFC Life's ability to deliver on this front over the next 18-24 months. However, ELI's valuation at 2.5x June 2021 EV is fairly onerous and captures a large part of the synergy potential.

A legacy of sustained higher margin/growth than peers along with an impeccable pedigree support valuations (4.7x FY22E P/EV), but leave little margin of safety. We maintain 'HOLD/SN' with a TP of INR740.

Financial Statements

Policyholders' Account (INR mn)

Year to March	FY20A	FY21E	FY22E	FY23E
First year premium	60,443	68,584	89,438	1,02,526
Renewal premium	1,54,684	1,84,769	2,11,195	2,45,519
Single Premium	1,11,942	1,32,482	1,69,221	2,01,684
NBP	1,72,385	2,01,066	2,58,659	3,04,210
APE	74,100	83,720	1,06,360	1,22,695
Gross Premium	3,27,069	3,85,835	4,69,854	5,49,729
Net Premium	3,27,069	3,85,835	4,69,854	5,49,729
Income from Invest.	(33,109)	3,26,776	1,61,271	1,89,937
Other Income	3,487	4,420	2,017	2,219
Total Income	2,92,614	7,12,418	6,27,037	7,34,912
Commissions	(14,912)	(17,104)	(18,276)	(21,079)
Operating expenses	(42,669)	(45,860)	(61,081)	(71,465)
Other expenses	(10,697)	(4,426)	(5,895)	(6,897)
Total Expenses	(68,278)	(67,390)	(85,252)	(99,441)
Benefits paid (net)	(1,90,215)	(2,25,748)	(2,27,731)	(2,70,433)
Change in liab (net)	(24,408)	(4,08,296)	(3,04,442)	(3,54,133)
Surplus	9,714	10,984	9,612	10,906
Appropriations	2,200	(1,075)	0	0
Trf to Shareholder a/c	11,914	9,909	9,612	10,906

Key Ratios (%)

Year to March	FY20A	FY21E	FY22E	FY23E
APE growth	18.4	13.0	27.0	15.4
FYP growth	19.5	13.5	30.4	14.6
Single premium growth	12.9	18.3	27.7	19.2
Renewal prem. growth	8.8	19.4	14.3	16.3
VNB margin	25.9	26.1	26.9	27.1
VNB growth	24.9	14.1	30.5	16.3
EV growth	12.8	28.9	17.9	17.8

Shareholders' Account

Year to March	FY20A	FY21E	FY22E	FY23E
Trf from Policyhldr ac	11,914	9,909	9,612	10,906
Income from Invest.	4,378	6,476	6,978	7,424
Contri. to the PH a/c	(1,047)	(2,586)	(2,327)	(2,094)
PBT	13,117	13,535	13,875	15,698
Provision for taxation	(165)	66	(1,942)	(2,198)
PAT	12,952	13,601	11,932	13,501

Source: Company and Edelweiss estimates

Balance Sheet (INR mn)

Year to March	FY20A	FY21E	FY22E	FY23E
Net worth	67,999	86,377	88,075	97,526
Policyholders' funds	6,53,204	8,80,780	11,52,433	14,80,645
Prov. For linked Liab	5,41,821	7,47,595	7,80,384	8,06,305
Funds for future app.	8,830	9,906	9,906	9,906
Total Liabilities	12,71,854	17,30,658	20,36,798	24,00,381
Shareholder invest.	58,555	85,421	70,460	78,020
Policyholders invest.	6,71,886	9,05,378	11,75,481	15,10,258
Linked assets	5,41,821	7,47,595	7,55,337	7,79,743
Total Fixed Assets	3,301	3,401	3,878	4,421
Net current assets	(6,699)	(15,378)	26,850	22,524
Other assets	2,991	4,240	4,792	5,415
Debit Balance in P&L	0	0	0	0
Total Assets	12,71,854	17,30,658	20,36,798	24,00,381

Assumptions

Year to March	FY20A	FY21E	FY22E	FY23E
GDP (YoY)	4.8	(7.0)	7.0	6.0
Repo rate	4.4	3.5	3.5	4.0
USD/INR (average)	70.7	75.0	73.0	72.0
Tax rate	1.3	(0.5)	14.0	14.0

Valuation

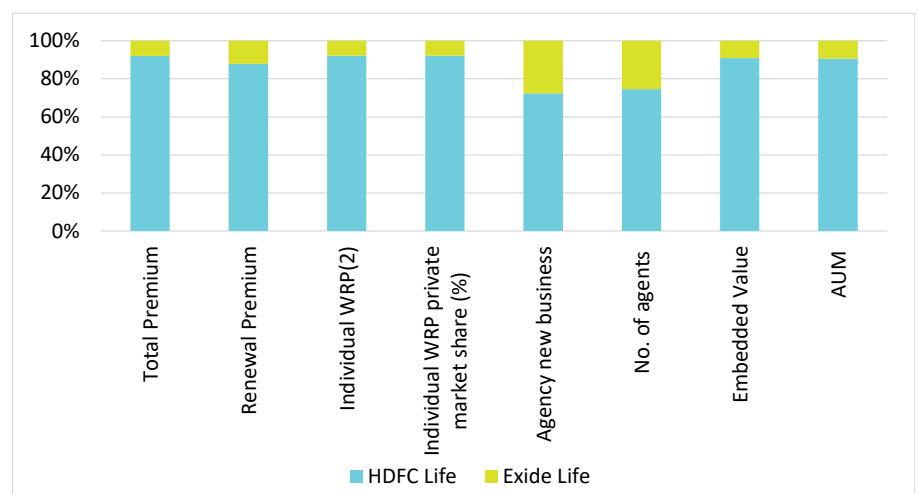
Year to March	FY20A	FY21E	FY22E	FY23E
Price / EV (x)	7.2	5.6	4.7	4.0
RoEV (%)	18.1	18.5	19.2	19.1
Price / Book (x)	21.8	17.2	16.9	15.2
Price / AUM (x)	1.2	0.9	0.7	0.6
ROA (%)	1.0	0.9	0.6	0.6
ROE (%)	20.8	17.6	13.7	14.5
EV as % of Valuation	13.9	17.9	21.4	25.2

Exhibit 1: Key pro-forma data

INRmn	HDFC Life	Exide Life	Combined
Total Premium	3,85,830	33,250	4,19,080
Renewal Premium	1,84,770	25,440	2,10,210
Individual WRP	69,980	5910	75,890
Individual WRP private market share (%)	15.5	1.3	16.8
Agency new business	9370	3580	12,950
No. of agents	1,07,895	36,710	1,44,605
Embedded Value	2,73,310	27,110	3,00,420
AUM	18,12,720	1,87,800	20,00,520

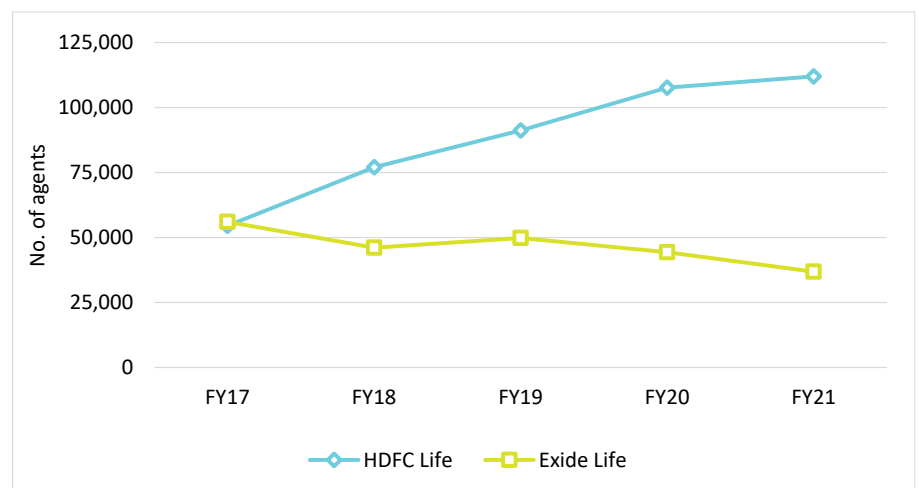
Source: Company, Edelweiss Research

Exhibit 2: Exide Life contributes 8-10% on most of the combined parameters



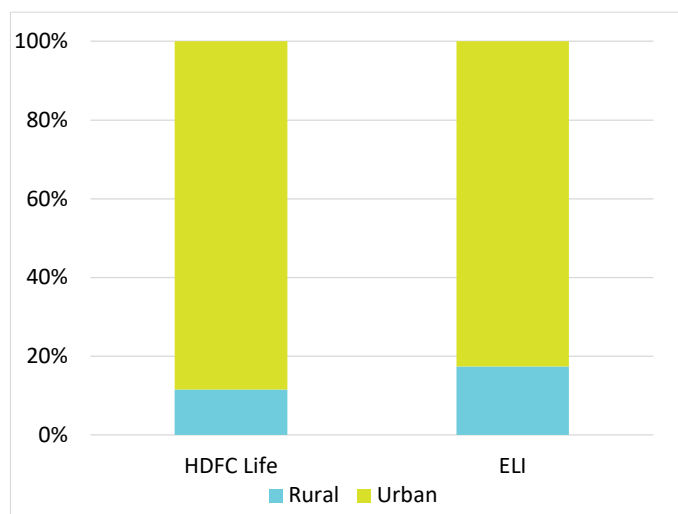
Source: Company, Edelweiss Research

Exhibit 3: Divergent trends in growth of agency channel for HDFC Life and ELI



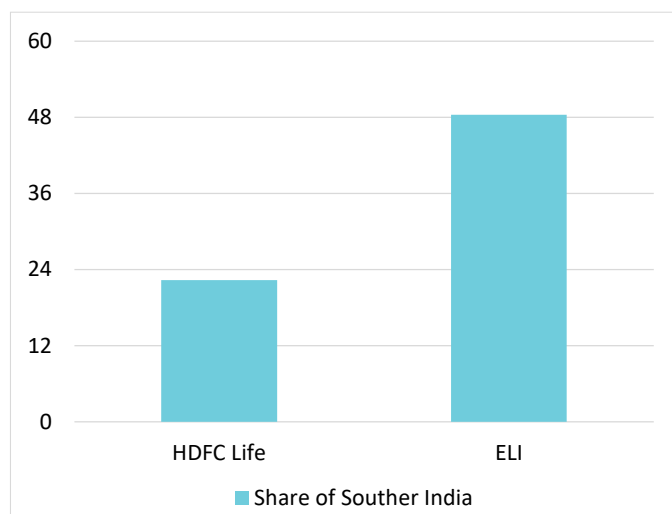
Source: Edelweiss Research, Company

Exhibit 4: Higher rural share of ELI



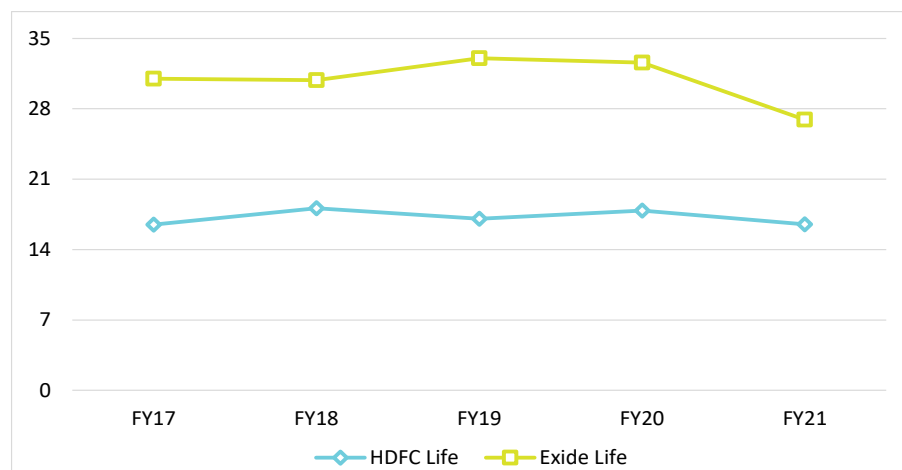
Source: Company, Edelweiss Research

Exhibit 5: Share of Southern India much stronger for ELI



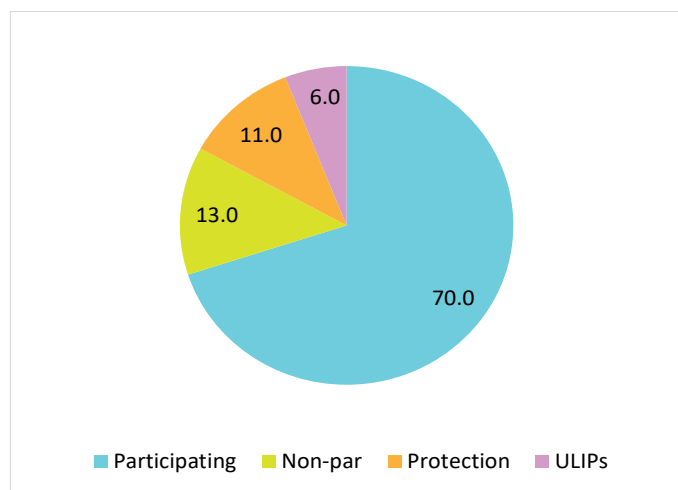
Source: Company, Edelweiss Research

Exhibit 6: Huge potential for cost optimisation exists



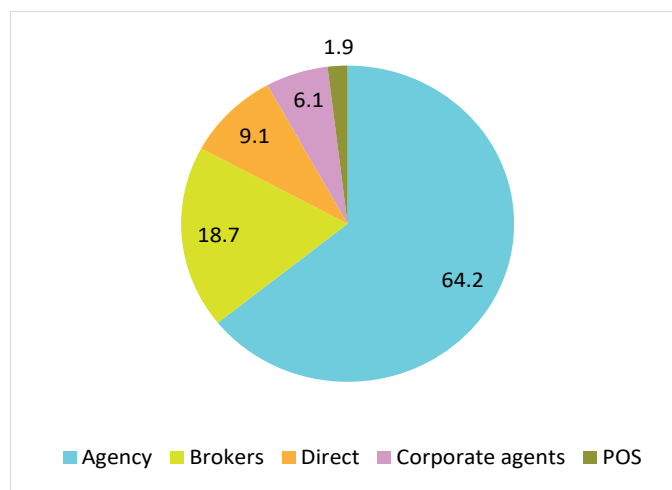
Source: Company, Edelweiss Research

Exhibit 7: Focus on non-linked products



Source: Company, Edelweiss Research

Exhibit 8: Agency dominates the distribution mix



Source: Company, Edelweiss Research

Company Description

HDFC Life has been consistently rated as one of the top players in India's life insurance sector on APE as well as NBP. It was set up in FY2000 as a joint venture between HDFC and Standard Life Aberdeen. The company offers a range of individual and group insurance solutions that meet various customer needs such as protection, pension, savings, investment and health, catering to a diverse range of customers. It was listed on NSE and BSE in FY18.

It reported AUM of INR1,310bn at Q2FY20 end and solvency ratio of 192%, above the regulatory threshold of 150%. HDFC Life has a market share of 15.2% on the basis of Individual WRP and 22.4% on the basis of NBP for 1HFY20.

HDFC Life has a balanced product mix with share of ULIPs, participating, non-participating and protection at 10%, 18%, 15% and 46% of NBP, respectively, in Q2FY20. Share of ULIPs is lower due to traction in non-par portfolio with the introduction of a new product.

On the distribution front, bancassurance contributes more than half of Individual APE (54%), while the balance comes from agency (15%), direct – including online channel (21%) and others - corporate agents and brokers (10%). HDFC Life continues to benefit from its presence across the country with 412 branches and additional distribution touch points through several partnerships. The partnerships comprise 230 plus bancassurance partners including NBFCs, MFIs, SFBs, etc., and 40 plus partnerships within non-traditional ecosystems.

Investment Thesis

HDFC Life is the third-largest private life insurer in India with an individual APE market share of 12.5% (FY19). It has been the unrivalled innovation champion in life insurance—particularly adoption of pure protection products and, lately, highly successful introduction of retirement planning offerings (Sanchay and Sanchay Plus). A premium is usually assigned to this business, considering the inherent value creation opportunity (not captured by its current fundamentals), its pension presence and prescient capacity build-up in a white space (retirement planning).

Key Risks

- Protracted weakness in capital markets affecting ULIP persistency: Limited renewals obviously hurt a largely fixed cost-quasi asset management business—through a rundown in asset size and consequent cost-driven profitability pressures
- Regulatory changes that can have a profound impact
- Technology-based disruption attempts, which may break the stranglehold of existing players, if new licenses are granted

Additional Data

Management

CEO	Vibha Padalkar
CFO	Niraj Shah
COO	Suresh Badami
Other	
Auditor	PWC LLP & G.M. Kapadia & Co.

Holdings – Top 10*

	% Holding		% Holding
Capital Group	2.71	Motilal Oswal A	0.91
Euro Pacific	2.17	Vanguard Group	0.82
JPMorgan Funds	1.36	Fidelity Intern	0.67
SBI Funds Manag	1.04	Kotak Mahindra	0.29
BlackRock Inc	0.98	Mirae Asset Glo	0.29

*Latest public data

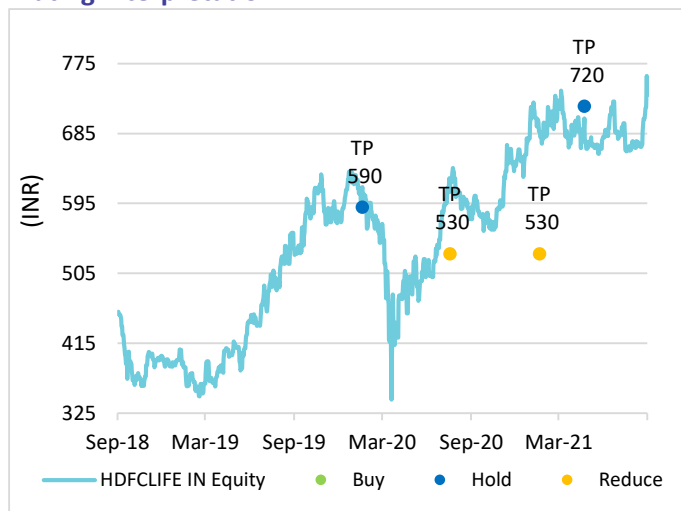
Recent Company Research

Date	Title	Price	Reco
19-Jul-21	Mortality reserving the only blip; <i>Result Update</i>	678.6	Hold
26-Apr-21	Robust showing along expected lines; <i>Result Update</i>	704.45	Hold
08-Feb-21	A balanced approach to business; <i>Company Update</i>	687.4	Reduce

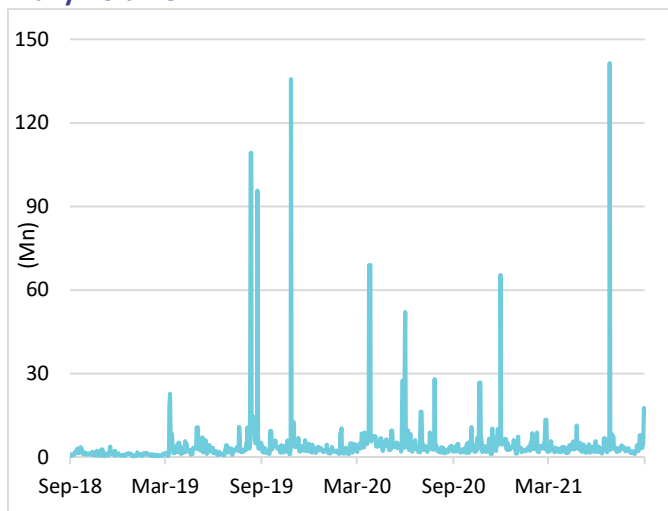
Recent Sector Research

Date	Name of Co./Sector	Title
18-Aug-21	SBI Life Insurance	Business in top gear; <i>Company Update</i>
11-Aug-21	Max Financial	Decent show; margin hit temporary; <i>Result Update</i>
26-Jul-21	SBI Life Insurance	Decent show despite covid blues; <i>Result Update</i>

Rating Interpretation



Daily Volume



Rating Distribution: Edelweiss Research Coverage

	Buy	Hold	Reduce	Total
Rating Distribution*	173	55	19	248
	>50bn	>10bn and <50bn	<10bn	Total
Market Cap (INR)	215	42	4	261

*1 stocks under review

Rating Rationale

Rating	Expected absolute returns over 12 months
Buy:	>15%
Hold:	>15% and <-5%
Reduce:	<-5%

DISCLAIMER

Edelweiss Securities Limited ("ESL" or "Research Entity") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and related activities.

This Report has been prepared by Edelweiss Securities Limited in the capacity of a Research Analyst having SEBI Registration No. INH200000121 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ESL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. ESL reserves the right to make modifications and alterations to this statement as may be required from time to time. ESL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ESL is committed to providing independent and transparent recommendation to its clients. Neither ESL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of ESL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of ESL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

ESL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the ESL to present the data. In no event shall ESL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the ESL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

ESL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. ESL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with ESL.

ESL or its associates may have received compensation from the subject company in the past 12 months. ESL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. ESL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or ESL's associates may have financial interest in the subject company. ESL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. ESL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

ESL has financial interest in the subject companies: No

ESL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

ESL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by ESL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years except that ESL had submitted an offer of settlement with Securities and Exchange commission, USA (SEC) and the same has been accepted by SEC without admitting or denying the findings in relation to their charges of non registration as a broker dealer.

A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons

This research report is a product of Edelweiss Securities Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Edelweiss Securities Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Edelweiss Securities Limited has entered into an agreement with a U.S. registered broker-dealer, Edelweiss Financial Services Inc. ("EFSI"). Transactions in securities discussed in this research report should be effected through Edelweiss Financial Services Inc.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of Edelweiss Securities Limited ("ESL"), which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by ESL only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

ESL is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) ESL is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) ESL's head office or principal place of business is located in India; (iii) all or substantially all of ESL's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against ESL because of the above; and (v) the name and address of the ESL's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Edelweiss Investment Advisors Private Limited ("EIAPL") (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to EIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact EIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Disclaimer for Hong Kong persons

This report is distributed in Hong Kong by Edelweiss Securities (Hong Kong) Private Limited (ESHK), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

Copyright 2009 Edelweiss Research (Edelweiss Securities Ltd). All rights reserved.

Aditya Narain

Head of Research

Aditya.narain@edelweissfin.com
