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Asia Pacific/India
Equity Research
Investment Strategy

Corporate India

STRATEGY

Handbook on qualitative factors

Research Analysts

Nilesh Jasani
9122 6777 3720
nilesh.jasani@credit-suisse.com

Arya Sen
9122 6777 3807
arya.sen@credit-suisse.com

India Research Analyst Team
Nilesh Jasani
(Head of Research, Strategy)

Anand Agarwal
(Infrastructure & Cement, Property)

Govindarajan Chellappa
(Automobiles)

Venugopal Garre
(Media)

Prashant Gokhale
(Chemicals, Oil & Gas)

Neelkanth Mishra
(Pharmaceuticals)

Sanjay Mookim
(Oil & Gas)

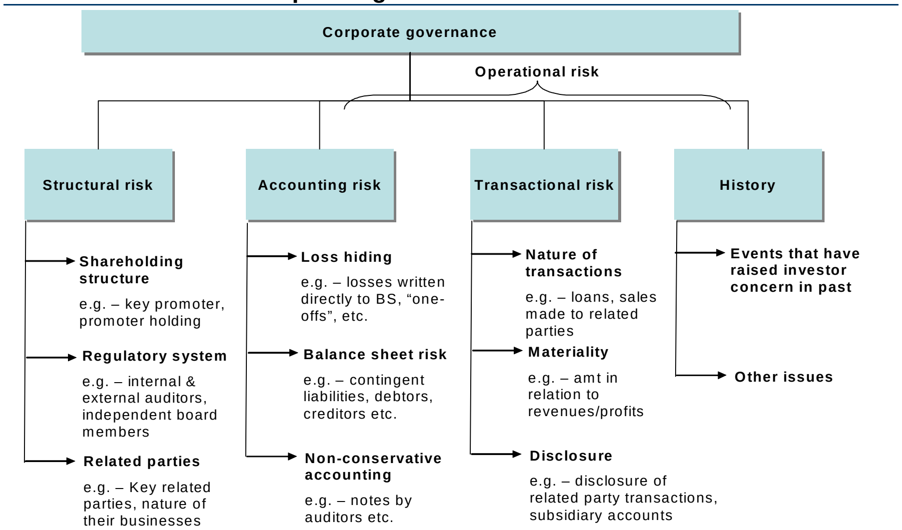
Amish Shah
(Construction)

Bhuvnesh Singh
(IT Services, Telecoms)

Aditya Singhania
(Banks)

Research assistants
Anubhav Aggarwal
R Harishankar
Swapnil Nadkar
K Rajasa
Deepak Ramineedi
Arya Sen
Anand Swaminathan
Sunil Tirumalai

Framework to assess corporate governance



Source: Credit Suisse estimates

- **It is clear after the Satyam incident that investors should focus on corporate governance issues, particularly because of losses incurred in the past 12 months that have failed to rise to the fore. As a result, we believe qualitative factors on management competence, honesty, a focus on core competency and internal processes will be as important as reported earnings and valuations in the next few quarters.**
- **We provide one-page details on companies under our coverage to look at the softer, qualitative aspects of their make-up. While we have worked on a questionnaire-based framework, our objective has been to focus more on the spirit of the exercise rather than the letter.**
- **Our framework analyses corporate governance on: 1) structural risks, 2) accounting risks, 3) transactional risks and 4) events/issues that raise investor concern. Through these we cover issues such as the extent of intra-group transactions, departures from conservative accounting and provide a summary of events that may have caused concerns in the past. Most of what we report as concerns is not wrong from a legal viewpoint but flags for investors what they should know.**
- **We resist needlessly quantifying the qualitative parameters and creating a contrived scorecard. The purpose of the report is to provide the first snapshot of corporate governance details, rather than arrive at any comparative list of winners and losers.**

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1H09: Corporate governance more important than ever

No one could have forecast a Satyam-like episode, yet there are reasons why we have been concerned about corporate governance risks in the past few months. We are now likely to see consolidation, not only in markets but also amongst companies as Corporate India passes through a three-staged process of: 1) loss recognition, 2) loss allocation and 3) recapitalisation. Unprecedented losses have been generated by the market fall and the economic slowdown of 2008. These losses now need to be allocated to someone's net worth. The process is likely to be painful and cause conflict between majority and minority shareholders, group companies and creditors. Investors may see many new ways in which they are reported or hidden in P&L statements. As a result, while we hope no other company has a situation similar to that of Satyam, we remain convinced that corporate governance will matter more than ever in the coming months.

Large-scale losses have been generated in the past few months, many of them in and around listed corporates

As they emerge, friction between stakeholders is likely

"Is Satyam alone?" is the question here

If the Satyam incident turns out to be an isolated one, it may be forgotten by investors after a few weeks without any medium-term de rating prospects for the market or investor flow damage. While we will only know with time the answer to the above question, investors should guard against the following risks:

(1) Losses exist for almost anyone invested in risky assets in 2008, particularly in 4Q08. Any company or major shareholder with a history of market activities is likely to have been affected by the messy financial markets of recent months.

Losses exist for most with a habit of trading in financial markets

(2) The gearing of majority shareholders and one-off losses could also arise and lead to unsavoury corporate governance concerns in cases where some parts of the group have been involved in real estate or construction-related activities.

(3) Many companies/groups, particularly those from the mid-cap segment, thought to be hiding losses are likely to find it difficult to obtain capital at the appropriate cost and in retaining normalcy in regular businesses.

A fundamental impact on companies under suspicion, even if they do not have losses

(4) As other Satyam stakeholders (including auditors, minority shareholders and regulators) make counter-claims many sentiment-sapping, headlines will probably emerge in the coming weeks.

(5) And lastly, regulations are bound to change. In the past few months, regulators – particularly the Reserve Bank of India in the case of banks – were turning more liberal with listed companies' disclosures and accounts. This trend could be sharply reversed with the call for better governance in the coming months.

Regulation tightening amid economic policy easing

Corporate India likely to face a painful loss allocation process

Unprecedented losses have been generated by the market fall and the economic slowdown of 2008. The losses could trigger innovative and often conflict-causing processes as they are marked to someone or the other's net worth. Investors may see many new ways in which they are reported or hidden in P&L statements, in our view. Regulators will play an important role in abetting or cleansing this process. Given the political environment, it is likely that regulators may facilitate the process in favour of majority, rather than minority, investors or creditors in 1H09. Inevitably, headline-grabbing events are likely to cause conflict between majority and minority shareholders, group companies and creditors. As a result, we believe qualitative factors on management competence, honesty, a focus on core competency, internal processes etc. will matter as much as reported earnings and valuations in the next few quarters.

Methodology: Analysing corporate governance across four areas

In the world of equity analysis, there is hardly any other aspect as subjective, controversial or as emotive as assessing a company's corporate governance. A common "fit-for-all" scorecard is neither easy to design nor appropriate. We have therefore refrained from needlessly quantifying the qualitative parameters and creating a contrived combined score. Instead, we provide one-page details on all companies under our coverage to look at the softer, qualitative aspects of their make up. While we have provided our analysts with a framework, we have asked the firms to use their discretion and to focus more on the spirit of the exercise rather than the letter.

Moving away from contrived governance rating or score as we believe that only details matter while assessing risks from soft factors

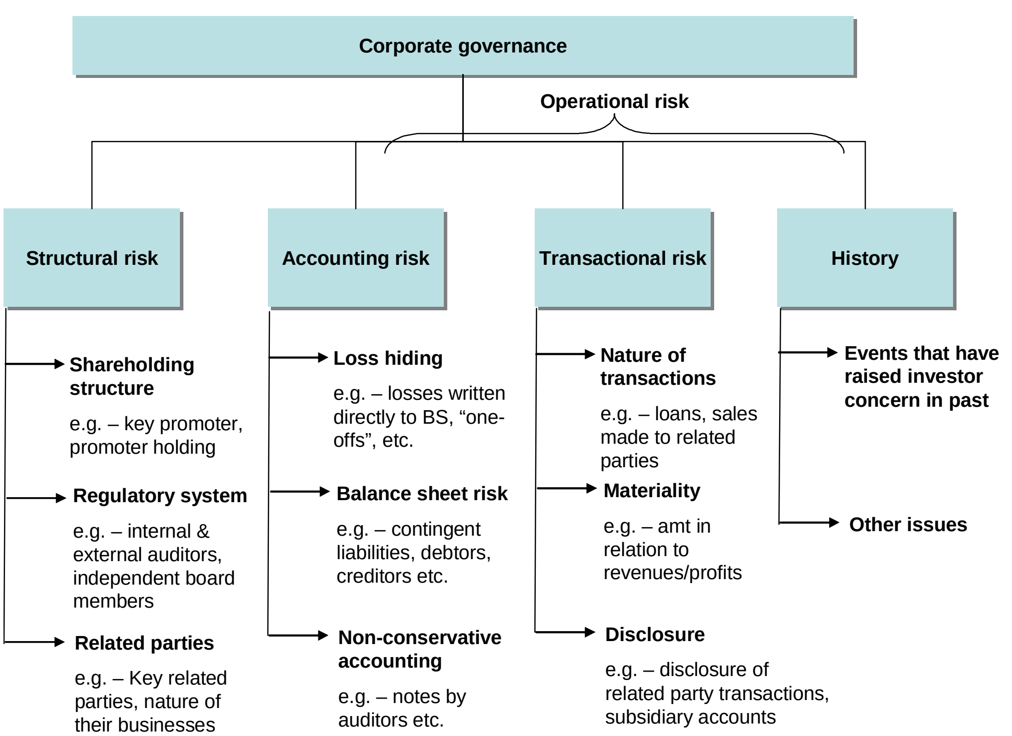
We analyse corporate governance based on: 1) structural risks, 2) accounting risks, 3) transactional risks and 4) previous events/issues that have concerned investors.

Through these four aspects we cover issues such as the extent of intra-group transactions, major departures from conservative accounting and a summary of events that might have caused shareholder concerns in the past. We also provide details of the main business groups they are part of, associated companies and businesses in the group as well as auditors and the number of independent directors on the board.

Discussed: group structures, associated businesses, key non-conservative accounting, related party transactions and events that have worried shareholders

Obviously fraud still happens even in countries with the toughest guidelines and governance scrutiny. At the end of the day, though, those with fraudulent intentions have succeeded even in countries with the strictest of guidelines and the most intense scrutiny. The purpose of this report is to provide the first snapshot of corporate governance details, rather than arrive at any comparative list of winners and losers. Essentially, our effort is to enlist those details, which have become extremely important from the viewpoint of conservative accounting and the knowledge of real profitability but are often missing in regular analysis.

Figure 1: **Framework to assess corporate governance**



Source: Credit Suisse estimates

Structural risks

Shareholding structure

Shareholding structure – both the key promoter and the extent of promoter holding – is potentially an indicator of the corporate governance risk for a company. While there can be exceptions – and Satyam is a case in point – generally risk is perceived to be higher in companies where promoter shareholding/vote share is high, as this makes it structurally easier to pass resolutions that might not be in the interest of the minority shareholder. That said, companies where the majority shareholder even with a relatively small shareholding wields excessive management control are also at risk in the current environment.

Generally, minority shareholders' interests are more at risk in companies where majority shareholders own too much or at times even too

Regulatory system

Apart from regulatory authorities, such as the SEBI (Securities and Exchange Board of India) and ICAI (Institute of Chartered Accountants of India), a system of checks and balances exists for every company in the form of the board of directors, plus financial and operational auditors. The independence and track record of these entities can provide valuable pointers towards the level of corporate governance. We prefer companies with a higher proportion of independent directors on its board and with auditors with a proven track record. At the end of the day, these independent directors must perform their duties to be effective and this is something that is beyond the scope of almost any analytical framework.

The starting point for internal checks and balances is the number of independent directors who of course, need to play their role in order to be effective

Related parties

In our view, companies with a large number of related parties (subsidiaries or otherwise) with interests in unrelated businesses are structurally more at risk. In addition to increasing the probability and number of related-party transactions, it also makes disclosure (even where provided) more difficult to analyse. In the current environment, the riskier companies are those with a large number of businesses, complex conglomerate structures, or with large plans for new businesses.

Even a simple count of businesses and subsidiaries is helpful in knowing the likely intra-group complexities

Accounting risks

Non-recurring items and their reporting

Existing accounting standards in India allow the booking of many charges or mark-to-market losses through direct entries to the balance sheet without passing it through the P&L. Current regulations also permit a somewhat opaque disclosure on non-recurring gains and losses as part of operating terms that investors should be aware of before conducting their fair-value analysis. Most importantly, investors should be especially careful where accounting policies undergo a change. Investors should not only be able to clearly see the non-recurring losses – actual or mark-to-market – but these should also infer the firm's trading habits based on how *truly* non-recurring such items are.

Current regulations allow many entries into balance sheets that could point to losses or impairments on various assets

Balance sheet risk

As has become evident after the Satyam case, balance sheets also need to be evaluated closely for risks. In particular, one must look at excessive or too little interest costs/yield, tax rates, liabilities hidden in special-purpose vehicles, liabilities that are reported as quasi-equity or reverse, intangible assets, etc.

Non-conservative accounting

Notes from auditors that usually precede the financial statements also provide flags for departures from conservative accounting or flouting of standard accounting policies. While the absence of any qualification from auditors may not necessarily absolve the company, the presence of flags should certainly act as a warning signal. Non-conservative accounting is also possible when redemption premium on out-of-money convertibles or losses on long-term derivative transactions, etc. are not charged properly.

Notes and direct adjustments against shareholders' funds provide the biggest examples of non-conservative accounting

Transactional risks

Nature of transactions

We flag a high degree of related-party transactions as a potential source of concern

While corporate governance issues can occur in almost all transactions entered into by the corporate, the risk tends to be higher when the transaction is with a related party. Related-party transactions can be in the form of sales, actual loans or even bank guarantees provided. Ideally, all such transactions need to happen at an "arm's length", i.e., as it would in the case of two independent parties. Yet in the absence of such comprehensive rules and regulations in India, it is common to come across incidences of abuse of related-party transactions, for example the transferring of value from one company to another or by inflating numbers. Related transactions with non-subsidiaries are even more important as they do not get suppressed in consolidated accounts.

Materiality of transactions

With respect to related-party transactions, we would be particularly concerned about those that are material in nature and can make a significant difference to a company's assets, liabilities or profits.

Disclosure

Often companies do not provide adequate disclosure of all related-party transactions. A lack of information needs to be treated conservatively from hereon. Disclosure of related-party transactions is necessary but it is not sufficient proof of good corporate governance.

Corporate governance history

History of investor concerns

Past friction between companies, majority and minority shareholders more important than almost anything else

Finally, there is no substitute for a good track record and experience. Whether or not a company raises a flag in terms of structural, accounting or transactional risks, if there have been events or issues in its or its shareholders' history that have raised investor concerns, one needs to at least be aware of it when choosing to invest in the company.

Company profiles

Aban Offshore

Sector: Oil & Gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 2: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Reji Abraham, India Offshore Inc, Aban Investments Pvt. Ltd**	Promoter holding (%)	**61**
Financial auditor(s)	**Ford, Rhodes, Parks & Co.**		
Internal auditor(s)			**n.a.**
Number of board members	**7**	Independent board members	**4**
Key related parties	**Not listed: Aban Singapore, Aban Pearl, Aban Energies**		
Businesses of key subsidiaries	**Aban Energies is engaged in maintaining windmills. Its other subsidiaries are engaged in offshore field services.**		
Businesses of other group cos			
% of revenue/profit in consolidated account not from parent			**67% / (-29%)**
Other/non-operating income as % of PBT (%)			**60**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

FCCB redemption premium is deducted from reserves

The FCCB redemption premium is deducted in the general reserve and does not go through either the P&L or the Securities Premium Account.

Any significant intangible asset/goodwill on its balance sheet?

Yes. Goodwill on acquisition of subsidiary amounts to 32% of total assets. This is not amortised and can be a large one-time hit on earnings.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company hedges its interest rate and forex exposure on foreign debt.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all subsidiaries. It has obtained approval from the Ministry of Company Affairs under section 212(8) of the Companies Act, 1956 for exemption from doing so.

Other issues

No disclosure of debt maturity details and derivative MTM losses

The company has large debt for the acquisition of Sinvest. Details of the tenure/ maturity of the debt and the MTM losses on associated derivatives are not disclosed. Debt covenants are not known and may be of concern given low interest cover.

ABB

Sector: Capital Goods

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 3: **Fact sheet**

Last balance sheet date	**31-Dec-07 (31-Dec-08 balance sheet not released yet)**		
Promoter(s)	**ABB group, Switzerland**	Promoter holding (%)	**52**
Financial auditor(s)	**S.R. Batliboi & Co.**		
Internal auditor(s)	**Company's own internal audit team**		
Number of board members	**9**	Independent board members	**4**
Key related parties	**Listed: ABB Ltd Zurich and subsidiaries**		
Businesses of key subsidiaries			**n.a.**
Businesses of other group cos.	**Engaged in the business of power and automation**		
% of revenues/profits in consolidated account not from parent			**n.a.**
Other/non-operating income as % of PBT			**9.4**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Forward contracts are used to hedge foreign currency risk

ABB uses forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Gross derivative contracts on 31December 2007 were Rs13.8 bn.

Any other significant departures from conservative accounting?

ABB changed its accounting policy for revenue recognition for large transformers from recognition on dispatch to recognition on *achievement* of contractual milestone basis from 1 January 2007. This led to additional revenue recognition of Rs434 mn and higher profit before tax of Rs60 mn during the year ended 31 December 2007.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Material related party transactions for the company?

The company has transactions of purchase and sale and technology payments with some related parties.

Does the company disclose the financials of key subsidiaries on a regular basis?

No subsidiaries

There are no subsidiaries and hence no consolidated financial statements. ABB publishes only its standalone results.

Events that raised investor concern

ABB's parent company recently made a provision of US$850 mn

ABB's parent company recently made a provision of US$850 mn in the face of corruption investigations in the US and Europe, attributing the set-aside to the expected impact of a pending tax dispute, asset write-downs, and restructuring charges.

ACC Limited

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Sector: Cement

Figure 4: **Fact sheet**

Last balance sheet date				**31-Dec-07**
Promoter(s)	**Holcim**		Promoter holding (%)	**46.2**
Financial auditor(s)	**M/s. S. R. Batliboi & Associates.**			
Internal auditor(s)				**No.**
Number of board members		**13**	Independent board members	**5**
Key related parties	**Listed: Ambuja, Holcim. Not Listed: ACC Concrete Ltd**			
Businesses of key subsidiaries	**ACC Concrete- Ready-mix concrete**			
Businesses of other group cos.	**Ambuja- Cement; Holcim – Global cement major**			
% of revenues/profits in consolidated account not from parent				**1%/-1%**
Other/non-operating income as % of PBT (%)				**8**
Any events that raised investor concerns				**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Yes. ACC in its earlier years was providing for the premium on the possible redemption of Foreign Currency Convertible Bonds (FCCB) against the securities premium account.

ACC was earlier capitalising premium on possible FCCB redemption

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes. ACC discloses detailed accounts of all its subsidiaries in its annual report. ACC also reports standalone and consolidated results every quarter.

ACC discloses detailed subsidiary financial statements in its annual report

Other issues

ACC and Ambuja are group companies engaged in the same business. This could give rise to potential conflicts regarding geographical presence, expansion, competition, etc.

ACC and Ambuja are group companies engaged in the same business

Ambuja Cements

Sector: Cement

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Figure 5: **Fact sheet**

Last balance sheet date			**31-Dec-07**
Promoter(s)	**Holcim**	Promoter holding (%)	**46.5**
Financial auditor(s)	**M/s. S. R. Batliboi & Associates.**		
Internal auditor(s)	**Yes**		
Number of board members	**14**	Independent board members	**5**
Key related parties	**Listed: ACC Ltd; Holcim**		
Businesses of key subsidiaries			**n.a.**
Businesses of other group cos.	**ACC- Cement; Holcim – Global cement major**		
% of revenues/profits in consolidated account not from parent			**2%/4%**
Other/non-operating income as % of PBT (%)			**7**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Yes. In 2007, Ambuja provided against the General Reserve an amount of Rs89 mn (0.5% of 2007 PBT) in respect of gratuity and compensated for the absence under the revised AS 15 on Employee Benefits.

Ambuja provided the additional liability under an AS15 revision against the General Reserve

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

Yes. In 2007, Ambuja sold its stake in Ambuja Cement Eastern Ltd (ACEL) to Holderind Investment as per an existing agreement amounting to Rs10.6 bn.

Ambuja sold a stake in ACEL to Holderind Investments

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all its subsidiaries. Ambuja obtained approval from the Ministry of Company Affairs under section 212(8) of the Companies Act, 1956, for exemption from doing so. Ambuja only reports standalone results every quarter given the non-materiality of its subsidiaries.

Other issues

Ambuja and ACC are group companies engaged in the same business

ACC and Ambuja are group companies engaged in the same business. This could give rise to potential conflicts regarding geographical presence, expansion, competition, etc.

Ashok Leyland

Sector: Auto

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 6: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Hinduja Automotive Ltd**	Promoter holding (%)	**50.98**
Financial auditor(s)	**M S Krishnaswami & Rajan, Deloitte Haskins & Sells**		
Internal auditor(s)	**n.a.**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**Listed: Hinduja Foundries, Nissan Motors, Continental AG. Not listed: Hinduja Automotive, Machen Holdings, Albonair GmbH, Avia Ashok Leyland Motors**		
Businesses of key subsidiaries			**n.a.**
Businesses of other group cos.	**Major group company is Hinduja Ventures which is diversified into technology, media, telecom, healthcare, hospitality and real estate**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
% of other other/non-operating income (%)			**11.6**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Gains and losses on cash flow hedges do not flow through the P&L from September 2008

No. However, from the quarter ended September 2008, the gains and losses on effective cash flow hedges are recognised in its hedge reserve account until the underlying forecasted transaction occurs. This is different from its earlier practice of calculating all gains and losses on forward contract to its P&L.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Hedging is done against foreign currency exposure, not for trading

Yes. The company uses derivative financial instruments to hedge certain currency exposures. Ashok Leyland also actively manages its currency/interest rate exposure and uses derivates to mitigate the risk from such exposure.

Any other significant departures from conservative accounting?

No. However, expenses related to the issue of foreign currency convertible notes (FCCNs) issued in April 2004 were charged to the securities premium account.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

Ashok Leyland has meaningful related-party loans

Yes. Outstanding balance of loans and advances (including accrued interest) to related parties amounted to Rs3.7 bn at end of FY08 (17% of FY08 net worth). Additionally, the company gave financial guarantees of Rs621 mn to its associate companies at the end of FY08.

Does the company disclose the financials of key subsidiaries on a regular basis?

Not applicable.

Axis Bank

Sector: Banks

Research Analyst
Aditya Singhania
+91 22 6777 3807
aditya.singhania@credit-suisse.com

Deepak Ramineedi
+91 22 6777 3942
deepak.ramineedi@credit-suisse.com

Figure 7: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Administrator of the Specified Undertaking of the Unit Trust of India – UTI ; Life Insurance Corp of India ; General Ins; Oriental Ins; National Ins; United Ins; New India Assurance Co ;**	Promoter holding (%)	**42.4**
Financial auditor(s)	**S.R. Batliboi and Co.**		
Internal auditor(s)	**Different departments have different internal auditors**		
Number of board members	**11**	Independent board members	**7**
Key related parties	**None**		
Businesses of key subsidiaries	**Private equity; sales (marketing credit cards and retail products)**		
Businesses of other group cos.			
% of profits in consolidated account not from parent (%)			**-2**
Other/non-operating income as % of PBT			**-12.5%**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

Loan loss provisioning is based on RBI guidelines.

Loan loss provisioning is per RBI guidelines

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Material related party transactions for the company.

No.

Does the company disclose the financials of all subsidiaries on a regular basis?

Axis does not report the financials of its subsidiaries on a quarterly basis, but the subsidiaries are not material. The financials are available in the annual report.

The financials of the subsidiaries are not reported on a quarterly basis, but they are not material

Bajaj Auto

Sector: Auto

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 8: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Bajaj group**	Promoter holding (%)	**50.28**
Financial auditor(s)	**Dalal & Shah**		
Internal auditor(s)	**n.a.**		
Number of board members	**16**	Independent board members	**9**
Key related parties	**Listed: Bajaj Holdings & Investments. Not listed: Bajaj Auto International Holding, P.T. Bajaj Auto Indonesia**		
Businesses of key subsidiaries	**P.T. Bajaj Auto Indonesia assembles and markets Bajaj Auto's products in Indonesia**		
Businesses of other group cos.	**Group companies operate in diverse areas including financial services, insurance, sugar and electrical appliances.**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
% of other other/non-operating income (%)			**44.6**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Bajaj Auto does not have any significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill of Rs3.1 bn at end of FY08 which was 19% of consolidated net worth.

Hedging is done against foreign currency exposure, not for trading

Does the company actively deal with derivatives/other financial market instruments?

Yes. Foreign currency derivatives are used to hedge risk associated with foreign currency exposure.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

30% of Bajaj Auto's sales are financed by Bajaj Auto Finance

Material related party transactions for the company?

We note that approximately 30% of Bajaj Auto's sales are financed by Bajaj Auto Finance.

Does the company disclose the financials of key subsidiaries on a regular basis?

Brief subsidiary financials are disclosed on an annual basis but not on a quarterly basis.

Events that raised investor concern

The rationale for Bajaj Auto's three way split in FY08 was unclear to some investors

The rationale for Bajaj Auto's three way de-merger (into holding company Bajaj Holdings & Investments (Bajaj Holdings and Investment (BJAT.BO, Rs232.05, not rated), auto business Bajaj Auto and financial services business Bajaj FinServ (BJFS.BO, Bajaj FinServ Ltd., Rs197.3, not rated) instead of a two way de-merger in FY08 was unclear to some investors based on the information available.

Bajaj Hindusthan

Sector: Sugar

Research Analyst
Arya Sen
+91 22 6777 3807
arya.sen@credit-suisse.com

Figure 9: **Fact sheet**

Last balance sheet date			**30-Sep-07**
Promoter(s)	**Shishir Bajaj, Kushagra Bajaj**	Promoter holding (%)	**46**
Financial auditor(s)	**Dalal & Shah**		
Internal auditor(s)	**Internal**		
Number of board members	**10**	Independent board members	**5**
Key related parties	**Listed: Bajaj Hindusthan Sugar & Industries (BHSIL), all Bajaj group companies. Not-listed: Bachhraj & Co., Bajaj Sevashram, Bajaj Eco-Tec**		
Businesses of key subsidiaries	**Sugar, paper-boards**		
Businesses of other group cos.	**Various**		
% of revenues/profits in consolidated account not from parent			**16%/n.a.**
Other/non-operating income as % of PBT			**n.a.**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Until 4Q08, the company did not pass MTM losses or gains on foreign currency debt through its P&L but directly adjusted the amount against provisions.

Bajaj Hindusthan had not been passing MTM losses through the P&L before the September 2008 quarter

Any significant intangible asset/goodwill on its balance sheet?

1) Bajaj Hindusthan has a contingent liability of about Rs1.6 bn on account of sugar cane payments for FY08. The case is pending in the Supreme Court. 2) In addition, the company has accounted for its cane prices for FY07 at lower than what it paid. The difference of about Rs 5 bn now lies in loans and advances and needs to be marked against its net worth of Rs14 bn.

Contingent liability of Rs1.6 bn for FY08 on account of cane payment

Net worth could decline by Rs5 bn on account of cane payment for FY07

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

The cane price for FY07 has been stated by most of its peers at a higher value.

Any qualification from auditors in last annual report/LRR?

Nothing of significance.

Related party transactions

Material related party transactions for the company?

Yes. The company has loaned money to its subsidiaries, particularly to BHSIL (Rs3.5 bn) and Bajaj Eco-Tec (Rs370 mn). It has also provided bank guarantees for loans to subsidiaries.

The company has given loans and bank guarantees to subsidiaries

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes. BHSIL, the key subsidiary is a listed company.

Balrampur Chini Mills

Sector: Sugar

Research Analyst
Arya Sen
+91 22 6777 3807
arya.sen@credit-suisse.com

Figure 10: **Fact sheet**

Last balance sheet date			**30-Sep-07**
Promoter(s)	**Vivek Saraogi**	Promoter holding (%)	**36**
Financial auditor(s)	**GP Agarwal & Co.**		
Internal auditor(s)	**Doshi, Bagri & Co.**		
Number of board members	**11**	Independent board members	**6**
Key related parties	**Not-listed: Indo-Gulf Industry, Avantika Ganna**		
Businesses of key subsidiaries	**Similar to parent**		
Businesses of other group cos.	**Similar to parent**		
% of revenues/profits in consolidated account not from parent			**1%/-23%**
Other/non-operating income as % of PBT (%)			**20**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Balrampur Chini has contingent liability of about Rs1.2 bn on account of cane payments for FY08. This amounts to more than 100% of last years' PAT. The case is pending in the Supreme Court.

Balrampur Chini has contingent liability of close to Rs1.2 bn on account of cane payments in FY08

Does the company actively deal with derivatives/other financial market instruments?

Yes. It uses derivatives mainly to hedge its interest rate and currency exposure on its foreign currency loans.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

Nothing of significance.

Related party transactions

Material related party transactions for the company?

Nothing material.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes. The full financial details of Indo Gulf Industries are provided in the annual report.

The company provides full financial details of Indo Gulf

Events/issues that raised investor concern

Nothing of significance.

Bharat Forge

Sector: Auto

Research Analyst
Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Figure 11: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Kalyani group**	Promoter holding (%)	**40.63**
Financial auditor(s)	**Dalal and Shah**		
Internal auditor(s)	**Mahajan & Aibara**		
Number of board members	**16**	Independent board members	**8**
Key related parties	**Not listed: CDP Bharat Forge, Bharat Forge America, Bharat Forge Kilsta AB, FAW Bharat Forge (Changchun). Kalyani Carpenter Special Steels**		
Businesses of key subsidiaries	**All subsidiaries in the auto components industry, none listed**		
Businesses of other group cos.	**Most group companies operate in the auto components and steel industries**		
% of revenues/profits in consolidated account not from parent			**52.8%/9.3%**
% of other other/non-operating income (%)			**22.2**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Bharat Forge does not have any significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet? Not significant

Does the company actively deal with derivatives/other financial market instruments?

Hedging is done against foreign currency exposure, not for trading

Yes. The company uses foreign exchange forward contracts to hedge its exposure against movements in foreign exchange rates. It does not enter into any derivative instruments for trading.

Any other significant departures from conservative accounting?

Gains or losses on export hedges do not flow through P&L until realised

The company has from FY09 decided to shift to Accounting Standard 30 'Financial Instruments Recognition and Measurement'. As a result, the impact of unrealised losses (net) consequent to foreign currency fluctuation in respect of effective hedging instruments, to hedge future exports are carried as a Hedging Reserve to be ultimately settled when the underlying transaction arises, in the P&L account as against the practice of recognizing the same in the P&L account, on valuation at the end of each period.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Bharat Forge does not have out-of-the-ordinary meaningful related party transactions

Material related party transactions for the company?

No. Balance receivables on loans to related parties at end of FY08 were Rs567 mn which was 3.8% of FY08 net worth of Rs14.7 bn.

Does the company disclose the financials of key subsidiaries on a regular basis?

Brief subsidiary financials disclosed on an annual basis but not on a quarterly basis.

Events that raised investor concern

Bharat Forge's purchase of aircraft and vehicles of Rs1.9 bn in FY08 (approximately 30% of FY08 capex) raised some investor concerns.

BHEL

Sector: Capital Goods

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 12: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Government**	Promoter holding (%)	**68**
Financial auditor(s)	**M/s M.L. Puri & Co**		
Internal auditor(s)	**Company's own internal audit team**		
Number of board members	**16**	Independent board members	**8**
Key related parties	**Unlisted: Powerplant Performance Improvement Ltd, BHEL-GE gas turbine Services Pvt Ltd**		
Businesses of key subsidiaries	**n.a.**		
Businesses of other group cos.	**JVs are into similar business of power equipment**		
% of revenues/profits in consolidated account not from parent			**n.a.**
Other/non-operating income as % of PBT (%)			**32**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Not a significant amount.

Does the company actively deal with derivatives/other financial market instruments?

As per management, BHEL has some exposure to forward contracts on account of its forex and commodity prices hedging. While the company could have had exposure to derivative contracts during the course of the year, there were no derivative instruments outstanding as on 31 March 2008.

Forward contracts are used to hedge foreign currency and commodity price fluctuations

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

n.a.

Bharat Petroleum

Sector: Oil & Gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 13: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Government of India/ BPCL Trust**	Promoter holding (%)	**64**
Financial auditor(s)	**B.K. Khare & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**Listed: Petronet LNG, Indraprastha Gas** **Not listed: Government of India, Numaligarh Refinery, BINA Refinery, Bharat PetroResources**		
Businesses of key subsidiaries	**NRL and Bina refinery are engaged in refining; BRPL is involved in E&P activities**		
Businesses of other group cos.	**Gas distribution; LNG receiving and re-gasification**		
% of revenues/profits in consolidated account not from parent			**1% /17%**
Other/non-operating income as % of PBT (%)			**44**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

BPCL does not have significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. BPCL hedges its commodity and interest rate risks using swaps.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

BPCL has extended loans to the Bina refinery project company

Material related party transactions for the company?

The company is constructing a 6 MT refinery at Bina in a JV. BPCL has extended loans to the project company.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes. The company discloses this information on an annual basis.

Other issues

Under-recoveries are a major concern

The company, on the directive of the Government of India, caps the prices of MS, HSD, LPG and SKO. The loss incurred, however, is not fully compensated for by the government. The oil bonds given are difficult to sell but do not have coupons much higher than government securities.

Bharti Airtel

Sector: Telecom

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 14: **Fact sheet**

Last balance sheet date	**31-Mar-08 (also releases quarterly audited balance sheet)**		
Promoter(s)	**Bharti Telecom, SingTel**	Promoter holding (%)	**67**
Financial auditor(s)	**SR Batliboi and associates (Indian GAAP)/Ernst & Young (US GAAP)**		
Internal auditor(s)	**Price Waterhouse Coopers**		
Number of board members	**14**	Independent board members	**7**
Key related parties	**Listed: SingTel; not ;listed: Bharti Telesoft, Bharti Wal-Mart**		
Businesses of key subsidiaries	**Telecom infrastructure, Undersea cable connectivity**		
Businesses of other group cos.	**Insurance, retail**		
% of revenues/profits in consolidated account not from parent			**5%/2%**
Other/non-operating income/exceptionals as % of PBT (%)			**3**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill from acquisition consolidation of around 12% of net worth.

Goodwill from acquisition consolidation of around 12% of net worth

Does the company actively deal with derivatives/other financial market instruments?

Yes. Bharti uses currency and interest rate derivatives to hedge its foreign currency exchange rate and interest rate exposure.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

Not significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases audited consolidated financial statements (including the balance sheet) on a quarterly basis. Only summary financial information about subsidiaries is presented on an annual basis, with an exemption under the Companies Act.

Bharti releases audited consolidated financial statements, including balance sheets, on a quarterly basis

Bosch

Sector: Auto

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 15: **Fact sheet**

Last balance sheet date			**31-Dec-07**
Promoter(s)	**Robert Bosch GmbH, Germany**	Promoter holding (%)	**69.73**
Financial auditor(s)	**Price Waterhouse & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**Listed: Bosch Chassis Systems; Not listed: Bosch Rexworth, Blaupunkt GmBH**		
Businesses of key subsidiaries	**No key subsidiaries**		
Businesses of other group cos.	**Most group companies operate in the auto components space**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
% of other other/non-operating income (%)			**44.2**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Bosch does not have significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Bosch does not have meaningful related-party transactions

Material related party transactions for the company?

Not significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

Subsidiary financials are disclosed on an annual basis but not on a quarterly basis.

Events that raised investor concern

Lack of sufficient communication with minority shareholders viewed as a concern

There have been no significant issues related to corporate governance in the past. However, we note that given the company's close relationship with its majority shareholder, its lack of communication with minority shareholders has been viewed as a concern.

Cairn India

Sector: Oil & Gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 16: **Fact sheet**

Last balance sheet date	**31-Dec-07 (accounting year has now changed to March year-end)**		
Promoter(s)	**Cairn U.K. Holdings**	Promoter holding (%)	**65**
Financial auditor(s)	**S.R. Batliboi & Associates**		
Internal auditor(s)	**n.a.**		
Number of board members	**9**	Independent board members	**3**
Key related parties	**Listed: Cairn Energy PLC, UK (Holding company)**		
Businesses of key subsidiaries	**Cairn Energy is a UK-based company engaged in E&P activities**		
Businesses of other group cos.			
% of revenues/profits in consolidated account not from parent			**99.9**
Other/non-operating income as % of PBT			**105**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Cairn does not have significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Yes. On account of consolidation with subsidiaries, goodwill is nearly 84% of total assets. The company has about US$650 mn of cash on balance sheet, which yielded 4% in 3Q CY08. As some cash is held in USD deposits, the weighted average return is expected to be muted.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company hedges its currency exposure using options.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

The company operates through several unlisted subsidiaries

Material related party transactions for the company?

The company operates through several unlisted subsidiaries. Its principal assets, which are the Rajasthan field and the cash on balance sheet, are also held in subsidiaries.

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all its subsidiaries. It has obtained approval from the Ministry of Company Affairs under section 212(8) of the Companies Act, 1956 for an exemption from doing so.

Other Issues

June 2008 saw a significant increase in taxes on account of employee stock options

The company in its June 2008 quarter bore the tax burden for employee stock options which led to a substantial increase in their fringe benefit tax. This issue was raised and questioned by investors.

Cipla

Sector: Pharmaceuticals

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 17: **Fact sheet**

Last balance sheet date				**31-Mar-08**
Promoter(s)	**Dr. Y. K. Hamied**		Promoter holding (%)	**39.4**
Financial auditor(s)	**RS Bharucha & Co; RGN Price & Co**			
Internal auditor(s)				
Number of board members		**9**	Independent board members	**6**
Key related parties	**n.a.**			
Businesses of key subsidiaries	**n.a.**			
Businesses of other group cos.	**n.a.**			
% of revenues/profits in consolidated account not from parent				**0%/0%**
Other/non-operating income as % of PBT (%)				**16**
Any events that raised investor concerns				**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in derivatives to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

N.a.

Other comments

Its limited interaction with the financial community reduces the visibility of near-term issues

No known issues, but limited interaction with financial community a concern. Discussion of business/operations only conducted once a year at the AGM – this makes the company's earnings opaque.

DLF Limited

Sector: Real Estate

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Figure 18: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**K. P. Singh**	Promoter holding (%)	**88.1**
Financial auditor(s)	**M/s. Walker, Chandiok & Co.**		
Internal auditor(s)	**No**		
Number of board members	**12**	Independent board members	**6**
Key related parties	**All Not listed. 245 subsidiaries, 12 partnership firms, 12 JVs; 124 entities under control of key management personnel**		
Businesses of key subsidiaries	**Real estate and hospitality**		
Businesses of other group cos.	**Real estate and hospitality**		
% of revenues/profits in consolidated account not from parent			**59%/67%**
Other/non-operating income as % of PBT (%)			**3**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet? No.

Any significant intangible asset/goodwill on its balance sheet? Yes. As of March 2008, DLF had goodwill of Rs20.9 bn for land purchases and consolidation of Aman Resorts.

Does the company actively deal with derivatives/other financial market instruments? No. However, DLF does use forward contracts and swaps to hedge its risks associated with fluctuations in foreign currency and interest rates.

Any other significant departures from conservative accounting? Yes. The company recognises revenues on a percentage of completion method even where the cash receipt is yet not due. Also, DLF capitalises on interest expense during the construction of the project.

Mismatch between revenue recognition and cash flow and capitalisation of interest expense goes against conservative accounting

Any qualification from auditors in last annual report/LR? No.

Related party transactions

Material related party transactions for the company? Yes. In FY08, DLF made sales of assets/real estate projects worth Rs55.6 bn (38% of FY08 revenues) to DLF Assets, a promoter-controlled private company. DLF has an outstanding receivable from promoter entities of Rs19.4 bn as of March 2008.

Does the company disclose the financials of key subsidiaries on a regular basis? No, the company does not disclose detailed accounts of all subsidiaries. DLF reports standalone and consolidated results every quarter.

Sale to entities controlled by the promoter contributed 38% to DLF's FY08 revenues

Other issues

- Previously, DLF has settled with minority shareholders who complained that they were denied participation in the company's rights issue in September 2005.
- DLF's dealings with the promoter entity have been questioned by investors. In FY08, DLF sold assets/real estate projects amounting to Rs55.6 bn to a promoter-controlled entity, DLF Assets. It also cancelled an earlier sale of assets worthRs18.9 bn.
- No transparency in the land acquisition process. Promoters have privately controlled entities from which DLF buys land. Also, its landbank disclosure in annual reports is inadequate.

Transparency in dealing with the promoter entity has been a concern

Dr. Reddy's

Sector: Pharmaceuticals

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 19: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Dr. Anji Reddy, GV Prasad, Satish Reddy**	Promoter holding (%)	**26.4**
Financial auditor(s)	**BSR & Co. for Indian GAAP, KPMG for US GAAP**		
Internal auditor(s)	**Internal audit team**		
Number of board members	**10**	Independent board members	**7**
Key related parties	**Unlisted: Betapharm, Aurigene Discovery, DRL Investments Limited**		
Businesses of key subsidiaries	**Betapharm: Distribution of pharmaceuticals**		
Businesses of other group cos.	**n.a.**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**23**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Yes. The company does not include MTM losses on forex from the balance sheet in P&L.

MTM losses on forex from balance sheet are not included in P&L

Any significant intangible asset/goodwill on its balance sheet?

Yes. There is goodwill of US$490 mn (mainly related to Betapharm).

Dr. Reddy's balance sheet has goodwill of US$490 mn

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company deals in derivatives to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company reports consolidated and standalone financials quarterly in IFRS and Indian GAAP. Divisional sales and gross margin data are provided

Dr. Reddy's report consolidated financials quarterly in IFRS and Indian GAAP

Educomp Solutions

Sector: Education

Research Analyst
Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Figure 20: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Shantanu Prakash & Family**	Promoter holding (%)	**55**
Financial auditor(s)	**Anupam Bansal & Co.**		
Internal auditor(s)	**Rajnish & Associates, M/s Sanjay Kumar Agarwal**		
Number of board members	**5**	Independent board members	**3**
Key related parties	**Not listed: Edu-Infra, Edu-manage, Learning Leadership Foundation**		
Businesses of key subsidiaries	**School infrastructure, school management services**		
Businesses of other group cos.	**None**		
% of revenues/profits in consolidated account not from parent			**8%/1%**
Other/non-operating income/exceptionals as % of PBT (FY3/08) (%)			**17**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill and knowledge-based content of around 15% of net worth.

Does the company actively deal with derivatives/other financial market instruments?

Yes. Educomp uses currency derivatives to hedge exposure to foreign currency borrowings.

Any other significant departures from conservative accounting?

FCCB premium is present under contingent liabilities

The premium payable on the redemption of and expenses for the issue of FCCBs is included under contingent liabilities and not taken through the P&L.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company.

- Educomp has taken around a 69% stake in Educomp Infrastructure (not listed) and Educomp School Management (not listed) (both owned by the promoter previously).
- Educomp has given guarantees of Rs170 mn towards loans to related parties (6% of net worth as of March 2008).
- 10% of FY08 sales were to Learning Link Foundation (not listed) and Learning Leadership Foundation (not listed), which are promoter-owned companies.

10% of FY08 sales were to promoter-owned companies

Does the company disclose the financials of key subsidiaries on a regular basis?

Educomp releases standalone P&L on a quarterly basis, along with a condensed consolidated P&L. Audited consolidated financial statements, including the balance sheet, are released on an annual basis. Subsidiary financials are not released.

Everonn Systems

Research Analyst
Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sector: Education

Figure 21: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**P Kishore, PK Padmanabhan and family**	Promoter holding (%)	**28**
Financial auditor(s)	**P Chandrashekar**		
Internal auditor(s)			
Number of board members	**7**	Independent board members	**4**
Key related parties	**Not listed: Toppers Tutorial**		
Businesses of key subsidiaries	**Exam training, Publishing**		
Businesses of other group cos.	**None**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
Other/non-operating income/exceptionals as % of PBT (FY3/08)			**7**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill and knowledge-based content of around 14% of net worth.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

Nothing significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

Everonn releases unaudited consolidated P&L on a quarterly basis. Its audited consolidated financial statements (along with subsidiary financial statements) are disclosed annually.

GAIL

Sector: Oil & gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 22: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Government of India**	Promoter holding (%)	**57**
Financial auditor(s)	**Mehra Goel & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**Listed: Indraprastha Gas, Petronet LNG** **Non-listed: Government of India, GAIL Gas Ltd., GAIL Global (Singapore), Brahmaputra Cracker & Polymer Ltd. Mahanagar Gas, Bhagyanagar Gas**		
Businesses of key subsidiaries	**GAIL Gas is engaged city gas distribution; BCPL is engaged in refining/petrochemicals**		
Businesses of other group cos.	**Gas distribution; LNG receiving and re-gasification**		
% of revenues/profits in consolidated account not from parent			**4% /6%**
Other/non-operating income as % of PBT (%)			**14**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

GAIL does not have significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No. The company has about Rs43 bn in cash, which yielded 5% in the last reported quarter.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

None.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes. The company discloses this information on an annual basis.

Other issues

No history of corporate governance issues

GAIL is asked to pay cash subsidies to the retail marketing companies by the government of India – its majority shareholder. The amounts paid appear to be ad hoc. The company does not have much say in the payment of these subsidies. Subsidy payments have varied from 28-31% of post-subsidy EBITDA over the last three years.

Gammon India

Sector: Engineering & Construction

Research Analyst
Amish Shah
+91 22 6777 3743
shah.amish@credit-suisse.com

Figure 23: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Mr. Abhijit Rajan**	Promoter holding (%)	**31.1**
Financial auditor(s)	**M/s. Natvarlal Vepari & Co.**		
Internal auditor(s)	**Done by In-house internal audit team**		
Number of board members	**9**	Independent board members	**5**
Key related parties	**Listed: Gammon Infrastructure Projects Ltd. Not listed: Gammon Billimoria LLC, Gammon JMC, Gammon AL Matar JV**		
Businesses of key subsidiaries	**Gammon Infrastructure Projects Ltd (GIPL) is a holding company for various SPVs that implement infrastructure projects on BOT basis.**		
Businesses of other group cos.	**Gammon Realty is in the business of developing real estate. Gammon & Billimoria Ltd. is in the business of construction and setting up of infrastructure projects, both within or outside India.**		
% of revenues/profits in consolidated account not from parent			**12%/ n.a.**
Other/non-operating income as % of PBT (%)			**21**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet? No

Any significant intangible asset/goodwill on its balance sheet? No.

Gammon does not have any significant accounting issues …

Does the company actively deal with derivatives/other financial market instruments?

Gammon has entered into several forex derivative contracts to hedge its forex liabilities.

Any other significant departures from conservative accounting?

As per Gammon's 2008 annual report, it has significant contingent liabilities (Rs24.4 bn) relating to: 1) bank guarantees, 2) corporate guarantees, 3) claims not acknowledged as debts and 4) outstanding taxes pending the judgement of litigation/appeals.

… However, it is exposed to significant contingent liabilities

Any qualification from auditors in last annual report/LRR? No.

Related party transactions

Material related party transactions for the company?

1) As per Gammon's 2008 annual report, some of GIPL's (GAIN.BO, Rs68, not rated) subsidiaries have pledged their shares with banks/financial institutions as a collateral security for financial assistance received. 2) Gammon has loaned Rs461 mn (3% of its balance sheet) primarily to GIPL's subsidiaries and to Gammon & Billimoria.

GIPL's subsidiaries have pledged their shares as collateral to the financial institutions for financial assistance received

Does the company disclose the financials of key subsidiaries on a regular basis?

No. A substantial portion of its business is carried on via its 45+ subsidiaries, associates and JVs. However, it has received an approval under Section 212 (8) of the Companies Act, 1956, exempting it from disclosing their financials on a regular basis. Gammon has also not disclosed the details of its land bank at Gammon Realty or the historical financials of its three Italian acquisitions in FY09 (50-75% stakes acquired).

Gammon has not disclosed details of its land bank at Gammon Realty and the historical financials of its three Italian acquisitions

Events that raised investor concern

In November 2005, GIPL issued 6.4 mn shares to Mr. Abhijit Rajan and Mr. Himanshu Parikh at face value of Rs10/share. Within one month (December 2005), GIPL issued 16 mn shares to AMIF I Ltd at Rs75.88/share.

Promoters were issued equity in GIPL at valuations lower than its minority shareholders'

Glenmark Pharma

Sector: Pharmaceuticals

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 24: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Glenn Saldanha**	Promoter holding (%)	**52**
Financial auditor(s)	**PricewaterhouseCoopers**		
Internal auditor(s)	**R.G.N. PRICE & CO**		
Number of board members	**10**	Independent board members	**4**
Key related parties	**Unlisted: Glenmark Generics**		
Businesses of key subsidiaries	**Manufacturing and distribution of pharmaceuticals**		
Businesses of other group cos.	**n.a.**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**6**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Glenmark capitalises R&D cost for the products developed with partners as intangible assets

Yes. The company has been capitalising R&D expenses for products developed with its partners. These appear as intangible assets on the balance sheet.

Any other significant departures from conservative accounting?

Yes. Glenmark's R&D cost is lower than industry average partly because the company capitalises some of its R&D expenses.

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. It uses forward exchange contracts to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

N.a.

Other comments

R&D capitalisation overstates profits

- Capitalisation of R&D expenses overstates profits. This is allowed under accounting rules, but goes against conservative accounting norms. As Glenmark's peers' expenses are nearly all R&D, its margins are not comparable to the industry average.

Grasim Industries

Sector: Cement

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Figure 25: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Aditya Birla Group**	Promoter holding (%)	**25.2**
Financial auditor(s)	**M/s G.P. Kapadia & Co.**		
Internal auditor(s)	**Yes. Multiple firms**		
Number of board members	**9**	Independent board members	**5**
Key related parties	**Listed: Ultratech, Hindalco, Idea Cellular, Aditya Birla Nuvo, Aditya Birla minerals; Not listed: Aditya Birla Retail, Samruddhi Swastik Trading and Investment ltd, Novelis, Essel Mining**		
Businesses of key subsidiaries	**Ultratech – Cement; Samruddhi Swastik – Investment**		
Businesses of other group cos.	**Hindalco – aluminium & copper; Idea – telecoms; Aditya Birla Nuvo – insurance, BPO; Novelis – aluminium; Aditya Birla Retail – retailing; Essel – iron ore**		
% of revenues/profits in consolidated account not from parent			**40%/23%**
Other/non-operating income as % of PBT (%)			**13**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Yes. In FY08, Grasim provided against the General Reserve an amount of Rs97.6 mn (0.3% of FY08 PBT) in respect of gratuity and compensated absence under the revised AS 15 on Employee Benefits.

Grasim provided additional liability under the AS15 revision against the General Reserve

Any significant intangible asset/goodwill on its balance sheet?

Yes. At end-FY08, Grasim had Rs20 bn in goodwill arising from its investment in Ultratech.

Does the company actively deal with derivatives/other financial market instruments?

It uses Financial Derivative instruments such as swaps and options to hedge risks associated with fluctuations in forex and interest rates.

Any other significant departures from conservative accounting?

As per Grasim's FY08 annual report, it has significant contingent liabilities of Rs4.5 bn (16% of FY08 profits) relating to claims not acknowledged as debts.

Any qualification from auditors in last annual report/LRR? No.

Related party transactions

Material related party transactions for the company?

Yes. As of March 2008, Grasim had Rs5.1 bn invested in related-party companies and JVs (Rs1.7 bn in Idea; Rs1.1 bn in Hindalco) excluding the Rs25.3 bn investment in Ultratech.

Grasim has significant investments in related party companies

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all subsidiaries. It has obtained approval from the Ministry of Company Affairs under section 212(8) of the Companies Act, 1956 for exemption from doing so. However, Grasim reports standalone and consolidated results every quarter and provides a quarterly summary balance sheet.

The company does not disclose detailed subsidiary financials in its annual report

Other issues

A complex group structure with significant cross-shareholdings. Grasim holds 3.2% in Hindalco while Hindalco holds 2.5% in Grasim. Also, Grasim holds 3.5% and Hindalco 9.1% in Aditya Birla Nuvo. For Idea Cellular, Grasim holds 5.5%, Hindalco holds 7.3% and Aditya Birla Nuvo holds 27%.

Significant cross holdings across the Aditya Birla Group

Gujarat State Petronet

Sector: Oil & Gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 26: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Gujarat State Government**	Promoter holding (%)	**49**
Financial auditor(s)	**T.N. Shah & Co.**		
Internal auditor(s)	**KPMG**		
Number of board members	**10**	Independent board members	**4**
Key related parties	**Not listed: State Government of Gujarat, Gujarat State Petroleum Corporation (Holding Company), GSPC Gas Company, Sabarmati Gas, Gujarat State Energy Generation**		
Businesses of key subsidiaries			
Businesses of other group cos.	**GSPC is a vertically integrated energy company; GSPC gas operates gas retail outlets; GSEG is involved in power generation**		
% of revenues/profits in consolidated account not from parent			
Other/non-operating income as % of PBT (%)			**2.6**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

GSPL does not have significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

None.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company does not have material subsidiaries.

Other issues

The Gujarat government's proposed socio-economic payout is a concern

The Gujarat government has recently proposed that state-owned public sector companies contribute 30% of pre-tax profit for socio-economic development within the state. GSPL's board has already approved the payout proposal and is now awaiting shareholder approval.

HCL Technologies

Sector: IT services

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 27: **Fact sheet**

Last balance sheet date	**31-Mar-08 (Also releases unaudited quarterly balance sheet)**		
Promoter(s)	**HCL Corporation, Mr Shiv Nadar**	Promoter holding (%)	**67.3**
Financial auditor(s)	**Price Waterhouse.**		
Internal auditor(s)	**Done by company's audit team**		
Number of board members	**8**	Independent board members	**6**
Key related parties	**Listed: HCL Infosystems**		
Businesses of key subsidiaries	**IT infrastructure services**		
Businesses of other group cos.	**India domestic hardware sales**		
% of revenues/profits in consolidated account not from parent			**39%/26%**
Other/non-operating income/exceptionals as % of PBT (%)			**15**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. HCL Tech uses currency derivatives (forwards, options) to hedge its foreign currency exchange rate exposure. The company shifted from MTM accounting to cash flow hedge accounting in September 2007. Around US$156 mn in losses were on the balance sheet as of September 2008 (46% of annualised PBT).

HCL Tech uses cash flow hedge accounting for its forex derivatives

Any other significant departures from conservative accounting?

No.

Related party transactions

Material related party transactions for the company?

The company has given guarantees to third parties for credit facilities and leases of subsidiaries, worth Rs844 mn (2% of net worth).

Materials sourced from related companies (primarily HCL Infosystems) accounted for 13% of COGS for HCL Tech (about 2% of sales).

HCL Tech releases unaudited consolidated financial statements every quarter

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases unaudited consolidated financial statements every quarter under US GAAP, and unaudited standalone P&L under Indian GAAP. Standalone and consolidated financial statements are released annually. Only summary financial information about subsidiaries is presented on an annual basis.

Other comments

Mr Shiv Nadar's stake sale in HCL Infosystem before a negative corporate development in 2005 raised investor concerns.

HDFC

Sector: Banks

Research Analyst
Aditya Singhania
+91 22 6777 3807
aditya.singhania@credit-suisse.com

Deepak Ramineedi
+91 22 6777 3942
deepak.ramineedi@credit-suisse.com

Figure 28: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**None**	Promoter holding (%)	**-**
Financial auditor(s)	**Deloitte Haskins and Sells**		
Internal auditor(s)	**Aneja and Aneja, Goyal and Co and 3 other local auditors;**		
Number of board members	**15**	Independent board members	**10**
Key related parties	**HDFC Bank**		
Businesses of key subsidiaries	**Life and general insurance, asset management, private equity, sales**		
Businesses of other group cos.	**HDC Bank**		
% of revenues/profits in consolidated account not from parent			**-11**
Other/non-operating income as % of PBT			**-28**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Provision for contingencies of around Rs130-500 mn has been taken through the balance sheet annually for the past few years.

HDFC has adjusted the premium payable on the redemption of bonds through the Securities Premium account in the balance sheet over the life of the bonds

HDFC adjusts the premium payable on the redemption of bonds through the balance sheet

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company.

HDFC has invested in 26.2 mn warrants of HDFC Bank convertible in December 2009 at Rs1530/share.

HDFC has invested 26 mn warrants of HDFC Bank convertible in Decemer2009

HDFC Bank has a mortgage sourcing arrangement with HDFC for which it receives a fee and has an option to buy back up to 70% of the mortgages it sources. HDFC would charge a spread and take on the operations and credit risk. HDFC Bank does not do mortgages on its balance sheet.

Does the company disclose the financials of all subsidiaries on a regular basis?

HDFC provides limited details about its subsidiaries on a quarterly basis. Full financials are disclosed in the annual report.

HDFC Bank

Sector: Banks

Research Analyst
Aditya Singhania
+91 22 6777 3807
aditya.singhania@credit-suisse.com

Deepak Ramineedi
+91 22 6777 3942
deepak.ramineedi@credit-suisse.com

Figure 29: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**HDFC**	Promoter holding (%)	**19.4**
Financial auditor(s)	**Haribhakti and Co.**		
Internal auditor(s)	**Done by the company**		
Number of board members	**12**	Independent board members	**5**
Key related parties	**HDFC; HDFC Insurance ;HDFC Standard Life Insurance ; HDFC Asset Management;**		
Businesses of key subsidiaries	**Securities and broking**		
Businesses of other group cos.	**Mortgage lending, Life Insurance, Asset Management**		
% of revenues in consolidated account not from parent			**-0.3**
Other/non-operating income as % of PBT			**-11**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

The banks net profit would be lower by 10% in FY08 if HDFC Bank were following the fair value method of accounting for issue of Employee Stock Options.

Net profit would be 10% lower in FY08 if HDFC Bank were following the fair value method of accounting for the issue of ESOPs

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

HDFC Bank has a mortgage sourcing arrangement with HDFC for which it receives a fee and has an option to buy back up to 70% of the mortgages it sources. HDFC would charge a spread and take on the operations and credit risk. HDFC Bank does not do mortgages on its balance sheet.

HDFC Bank has issued 26.2 mn warrants to HDFC at a price of Rs1530/share, convertible by December 2009.

HDFC Bank sells Life Insurance for HDFC Standard Life Insurance.

Does the company disclose the financials of all subsidiaries on a regular basis?

The detailed financials of the subsidiary are not disclosed on quarterly and annual basis, but the revenues and profits from the subsidiaries are not significant.

Hero Honda

Sector: Auto

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 30: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Hero group – 28.96%, Honda Motors – 26%**	Promoter holding (%)	**54.96**
Financial auditor(s)	**A.F. Ferguson & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**17**	Independent board members	**8**
Key related parties	**Listed: Honda Motor. Not listed: Hero Cycles, Bhadurchand Investments, Hero Investments, Hero Honda Finlease**		
Businesses of key subsidiaries	**n.a.**		
Businesses of other group cos.	**Most group companies operate in the auto and auto components industries**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
% of other other/non-operating income			**13.1**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Hero Honda does not have any significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Hedging is done against foreign currency exposure, not for trading

Yes. Foreign currency derivatives are used to hedge risk associated with foreign currency transactions. All open positions as at the close of each year are valued by marking them to the market and provision is made for losses (if any).

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Hero Honda does not have out-of-the-ordinary meaningful related-party transactions

Material related party transactions for the company?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

Not applicable.

Events that raised investor concern

Honda's 100% subsidiary competes directly with Hero Honda in the two-wheeler market

Honda Motorcycles & Scooters India (HMSI, not listed), Honda's 100% subsidiary in India competes with Hero Honda (where the latter has a 26% stake) in the motorcycle and scooter markets. There has also been disagreement between Honda Motors (Honda Motor Corp. (7267, ¥1,945, UNDERPERFORM, TP ¥1,300, MW) and the Hero group regarding the merger of Hero Honda's components sourcing businesses (many owned by the Hero Group) with Honda Motors India (HMI, Not Listed) which was set up to synergise component sourcing for Honda's various JVs in India.

Hindalco

Sector: Metal and Mining

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 31: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Aditya Birla group**	Promoter holding (%)	**31.4**
Financial auditor(s)	**Singhi & Co.**		
Internal auditor(s)	**E&Y**		
Number of board members	**10**	Independent board members	**6**
Key related parties	**Listed: Aditya Birla Minerals, IDEA Cellular, Grasim Cement, Aditya Birla Nuvo. Not listed: Novelis; Essel Mining, Aditya Birla Retail**		
Businesses of key subsidiaries	**Aditya Birla Minerals engages in copper mining in Australia. Novelis is a downstream aluminum manufacturer.**		
Businesses of other group cos.	**IDEA Cellular is in telecoms, Grasim makes cement, Aditya Birla Nuvo is a diversified conglomerate and Essel mines iron ore.**		
% of revenues/profits in consolidated account not from parent			**68%/(Loss)**
Other/non-operating income as % of PBT (%)			**22**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Yes goodwill of US$1.77 bn for Novelis acquisition.

Hindalco carries goodwill of US$1.77 bn for the Novelis acquisition

Any other significant departures from conservative accounting?

Hindalco includes 8.66% of IDEA Cellular sales (it owns 8.66%) in its consolidated sales.

Hindalco consolidated 8.66% of IDEA's sales in FY08

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company uses forward exchange contracts and currency swaps to hedge its foreign currency exposures. Novelis tries to hedge all its exposure to Alumina, energy and currency.

Related party transactions

Material transactions with related parties?

Yes. As of 31 March 2008, Hindalco loaned Rs2.2 bn and had investments of Rs42 bn in its related parties (including Rs25 bn in AV Minerals).

Does the company disclose the financials of key subsidiaries on a regular basis?

No. The financials of the SPV holding, Novelis, are not available quarterly. Hindalco consolidated results are only reported annually.

Consolidated results are reported only annually

Other comments

- A complex group structure with significant cross-shareholdings: Hindalco owns 8.66% of IDEA Cellular.

Hindalco owns 8.66% of IDEA Cellular

- Opaqueness on bridge loan refinancing: No formal disclosure was made about the terms of debt raised to refinance the bridge loan and the losses booked during refinancing.

Bridge loan refinancing details not disclosed

Hindustan Petroleum

Sector: Oil & gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 32: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Government of India**	Promoter holding (%)	**51**
Financial auditor(s)	**Sudit K. Parekh & Co., V. Sankar Aiyar & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**9**	Independent board members	**2**
Key related parties	**Listed: Mangalore Refineries & Petrochemicals** **Not listed: Government of India, HPCL-Mittal Energy, Prize Petroleum Co. Ltd, Bhagyanagar Gas**		
Businesses of key subsidiaries			
Businesses of other group cos.	**HMEL is engaged in refining. PPCL is involved in E&P activities.**		
% of revenues/profits in consolidated account not from parent			**5% /17%**
Other/non-operating income as % of PBT			**89**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

HPCL does not have significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company hedges its commodity risks and forex exposure on foreign debt.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

None.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company does not have any material subsidiaries.

Other issues

Under-recoveries a major concern

The company on the directive of the Government of India caps the prices of MS, HSD, LPG and SKO. The loss incurred, however, is not fully compensated for by the government. The oil bonds given are difficult to sell but do not have coupons much higher than government securities.

Hindustan Unilever

Sector: Consumer Staples

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 33: **Fact sheet**

Last balance sheet date			**31-Dec-07**
Promoter(s)	**Unilever**	Promoter holding (%)	**52.12**
Financial auditor(s)	**Lovelock and Lewes**		
Internal auditor(s)	**n.a.**		
Number of board members	**12**	Independent board members	**5**
Key related parties	**Listed: Unilever PLC, Unilever N.V. Not listed: Unilever India Exports, Modern Food, Unilever Nepal, Brooke Bond Group, Kimberly Clark Lever, Capgemini Business Services.**		
Businesses of key subsidiaries	**Ponds Exports carries out leather exports, Unilever Nepal is in the business of consumer staples**		
Businesses of other group cos.	**Most other group companies are fellow subsidiaries of Hindustan Unilever and are engaged in various businesses in consumer staples**		
% of revenues/profits in consolidated account not from parent			**1.4%/-0.57%**
% of other other/non-operating income			**21.2**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

HUL does not have any significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Hedging is done against foreign currency exposure, not for trading

Yes. The company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. It does not use any derivative instruments for trading.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

HUL does not have meaningful related-party transactions

Material related-party transactions for the company?

Related-party transactions are not significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

Brief subsidiary income statements and balance sheets are provided on an annual basis, but not quarterly.

Hindustan Zinc

Sector: Metal and Mining

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 34: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Anil Agarwal**	Promoter holding (%)	**64.9**
Financial auditor(s)	**Deloitte Haskins & Sells**		
Internal auditor(s)			
Number of board members	**10**	Independent board members	**5**
Key related parties	**Listed: Sterlite, Sesa Goa, Madras Aluminium. Not listed: Sterlite Energy and Bharat Aluminium (BALCO), Konkola Copper Mines**		
Businesses of key subsidiaries	**n.a.**		
Businesses of other group cos.	**Sterlite in copper production; Sterlite Energy in power generation, BALCO & Vedanta Aluminium in aluminium; Sesa Goa in Iron ore and Konkola Copper mines in copper smelting and refining**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**14**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company uses forwards, options and other derivative financial instruments to hedge its exposure to forex and commodity price risks.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material transactions with related parties?

Not significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

n.a.

Other comments

HZL's cash of Rs92 bn may remain on the books or be invested in capacity expansion until Sterlite acquires government stake

- An attraction for investors could be the Rs92 bn cash Hindustan Zinc (HZL) holds. However, Sterlite is in talks with the Indian government to acquire its stake in HZL, and until that happens, this cash is likely to remain on HZL's books or be invested in capacity expansion.
- For a full description on Sterlite, please refer to page 75.

ICICI Bank

Sector: Banks

Research Analyst
Aditya Singhania
+91 22 6777 3807
aditya.singhania@credit-suisse.com

Deepak Ramineedi
+91 22 6777 3942
deepak.ramineedi@credit-suisse.com

Figure 35: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**None**	Promoter holding (%)	**-**
Financial auditor(s)	**BSR and Co.**		
Internal auditor(s)	**Done by the company**		
Number of board members	**16**	Independent board members	**11**
Key related parties			
Businesses of key subsidiaries	**Securities; Primary Dealership; Life Insurance; General Insurance; Asset Management; Private equity; International Banks;**		
Businesses of other group cos.	**None**		
% of profits in consolidated account not from parent			**-(22)**
Other/non-operating income as % of PBT			**-38**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Material related party transactions for the company.

No.

Does the company disclose the financials of all subsidiaries on a regular basis?

ICICI discloses select financial and business data on a quarterly basis for its subsidiary businesses. Full financial details about the subsidiaries are available on an annual basis in the annual report.

Other comments

NBAP margins reported in December 2007 were higher than what its JV partner has reported

New business margins that ICICI reported (19% for the nine months ending Dec. 2007) for its insurance subsidiary were significantly higher than what Prudential (its JV partner) reported (12% for 2007) about the business

ICICI announced the creation of a holding company for its insurance and asset management subsidiaries with a minority stake sale to investors in early 2007 at a valuation of $10-12 bn. Subsequently, ICICI raised $5 bn in a secondary offering in mid-2007. The creation of the holding company and the related stake sale was later rejected by the RBI.

Idea Cellular

Sector: Telecoms

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 36: **Fact sheet**

Last balance sheet date	**31-Mar-08 (also releases quarterly unaudited balance sheet)**		
Promoter(s)	**Aditya Birla Group**	Promoter holding (%)	**49**
Financial auditor(s)	**Deloitte, Haskins & Sells**		
Internal auditor(s)	**Ernst & Young**		
Number of board members	**10**	Independent board members	**4**
Key related parties	**Listed: Hindalco, Grasim; not listed: ABNL**		
Businesses of key subsidiaries	**Telecom infrastructure**		
Businesses of other group cos.	**Cement, Aluminium, Financial services**		
% of revenue/profit in consolidated account not from parent			**0%/0%**
Other/non-operating income/exceptionals as % of PBT (%)			**2**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. Idea uses currency derivatives to hedge its exposure to foreign currency loans.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Material related-party transactions for the company?

Not significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases unaudited consolidated financial statements (including balance sheet) on a quarterly basis. Financials of subsidiaries are disclosed on an annual basis.

Idea releases unaudited consolidated financial statements, including its balance sheet, on a quarterly basis

Other comments

There was an overhang on Idea Cellular stock due to funding requirements of another promoter company – Hindalco which was resolved with Hindalco raising funds on its own.

IDFC

Sector: Banks

Research Analyst
Aditya Singhania
+91 22 6777 3807
aditya.singhania@credit-suisse.com

Deepak Ramineedi
+91 22 6777 3942
deepak.ramineedi@credit-suisse.com

Figure 37: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**None**	Promoter holding (%)	
Financial auditor(s)	**Deloitte Haskins and Sells**		
Internal auditor(s)	**Bansi Mehta and Co;**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**None**		
Businesses of key subsidiaries	**Private Equity; Securities and stock broking; Project Equity Urban Infra Dev; Asset Management Company;**		
Businesses of other group cos.			
% of profits in consolidated account not from parent			**-10**
Other/non-operating income as % of PBT			**-21**
History of corporate governance issues for the company/promoter			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

No significant departures from conservative accounting

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Material related-party transactions for the company.

No.

Does the company disclose the financials of all subsidiaries on a regular basis?

IDFC discloses limited details about its subsidiaries on a quarterly basis, but reports consolidated accounts quarterly. Full financials of subsidiaries are available in the annual report.

India Cements

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Sector: Cement

Figure 38: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**N. Srinivasan**	Promoter holding (%)	**28.1**
Financial auditor(s)	**M/s. Brahmayya & Co and M/s P.S. Subramania Iyer & Co.**		
Internal auditor(s)	**No**		
Number of board members	**12**	Independent board members	**9**
Key related parties	**Investment in IPL team "Chennai SuperKings"**		
Businesses of key subsidiaries	**n.a.**		
Businesses of other group cos.	**n.a.**		
% of revenue/profit in consolidated account not from parent			**n.a.**
Other/non-operating income as % of PBT (%)			**8**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

India Cements does not have any significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

ICEM does not provide for FCCB redemption premium

Yes. The company does not provide for premiums on the redemption of foreign currency convertible bonds (FCCBs) in its books.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Materially related-party transactions for the company?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all subsidiaries. It has obtained approval from the Ministry of Company Affairs under section 212(8) of the Companies Act, 1956 for exemption from doing so. India Cements only reports standalone results every quarter given the non-materiality of its subsidiaries.

Issues that raised investor concern

ICEM's decision to purchase a league team in IPL surprised investors

Investment of Rs3.6 bn in buying an Indian Premier League (IPL) team Chennai Super Kings raised concerns from investors about ICEM entering into unrelated field.

IBREL

Sector: Real estate

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Figure 39: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Sameer Gehlaut, Saurabh Mittal & Rajiv Rattan**	Promoter holding (%)	**26.1**
Financial auditor(s)	**Ajay Sardana Associates.**		
Internal auditor(s)	**Yes**		
Number of board members	**10**	Independent board members	**5**
Key related parties	**Listed: IBFSL, ISL, IPIT, Indiabulls Retail; Not listed: 245 subsidiaries, Indiabulls Power**		
Businesses of key subsidiaries	**Indiabulls Power- Power Generation; Indiabulls Retail- Retail; other subsidiaries- Real estate and hospitality**		
Businesses of other group cos.	**IBFSL- Financial services and financing; ISL- securities trading; IPIT- Real estate development and management**		
% of revenue/profit in consolidated account not from parent			**-6%/-15%**
Other/non-operating income as % of PBT (%)			**61**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

Yes. The company recognises revenues on percentage completion method even where the cash receipt is yet to become due. Also, IBREL capitalises interest expense during the construction of the project.

Mismatch between revenue recognition and cash flows and capitalisation of interest expense go against conservative accounting

Any qualification from auditors in the last annual report/LR?

No

Related party transactions

Materially related party transactions for the company?

Yes. As of March 2007, IBREL had inter-corporate deposits of ~Rs37.3 bn placed with associate companies. According to the company, the transaction has been reversed since.

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all subsidiaries. IBREL reports standalone and consolidated results every quarter.

Issues that raised investor concern

Deployment of surplus cash in ICDs with an associate company raised investor concern

- Surplus cash with IBREL given to IBFSL as inter-corporate deposits. This was reversed once investors raised questions about it.
- IBREL's Board has approved the cancellation and withdrawal of 1.5 mn stock options under the employee stock option scheme for 2008 at an exercise price of Rs495.7

Infosys Technologies

Sector: IT services

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 40: **Fact sheet**

Last balance sheet date	**31-Mar-08 (also releases quarterly balance sheet)**		
Promoter(s)	**Multiple including Narayana Murthy, Nandan Nilekani, S Gopalakrishnan, SD Shibulal and families**	Promoter holding (%)	**16.5**
Financial auditor(s)	**BSR & Co.**		
Internal auditor(s)	**M/s Singh Dev and Unni**		
Number of board members	**15**	Independent board members	**8**
Key related parties	**Not listed: Infosys BPO, Infosys Consulting**		
Businesses of key subsidiaries	**Consulting, BPO**		
Businesses of other group cos.	**None**		
% of revenues/profits in consolidated account not from parent			**6%/4%**
Other/non-operating income/exceptionals as % of PBT (%)			**13**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. Infosys uses currency derivatives (forwards, options) to hedge its foreign currency exposure. The company uses mark-to-market (MTM) accounting on all its derivatives, taking the gains/losses into P&L in the "other income" line.

Infosys uses MTM accounting on all forex derivatives

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company.

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases audited standalone and consolidated financial statements, including balance sheets, every quarter under both Indian GAAP and IFRS. Standalone and consolidated financial statements are released annually.

Infosys releases consolidated balance sheet every quarter, under both Indian GAAP and IFRS

Summary financial information about subsidiaries is given on an annual basis, with more information available upon request from shareholders.

Other comments

Infosys has started disclosing details about the banks in which its cash is parked, thus increasing its level of disclosure.

ITC

Sector: Consumer staples

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 41: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**British American Tobacco**	Promoter holding (%)	**32.02**
Financial auditor(s)	**A.F. Ferguson & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**15**	Independent board members	**9**
Key related parties	**Not listed – Fortune Park Hotels, Russell Credit, Srinivasa Resorts, Bay Islands Hotels, ITC Infotech, Wills Corp, Listed – Gujarat Hotels**		
Businesses of key subsidiaries	**Russell Credit – Investment company, Gold Flake Corp and Wills Corp – General trading, Landbase India – Hospitality, real estate development, ITC Infotech – IT services**		
Businesses of other group cos.	**No significant group companies**		
% of revenue/profit in consolidated account not from parent			**4.9%/1.2%**
% of other other/non-operating income			**13.4**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

ITC does not have any significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill is present but not significant.

Does the company actively deal with derivatives/other financial market instruments?

Hedging is done against foreign currency exposure, not for trading

Yes. The company uses forward exchange contracts and currency options to hedge its exposures in foreign currency related to firm commitments and highly probable forecast transactions.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

ITC does not have out of the ordinary meaningfully related party transactions

Materially related party transactions for the company?

Not significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

Brief subsidiary financials are disclosed on an annual basis but not on a quarterly basis.

IVRCL

Research Analyst
Amish Shah
+91 22 6777 3743
shah.amish@credit-suisse.com

Sector: Engineering & Construction

Figure 42: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Mr. Sudhir Reddy**	Promoter holding (%)	**9.57**
Financial auditor(s)	**M/s. Chaturvedi & Partners, M/s. Deloitte Haskins & Sells**		
Internal auditor(s)	**T. Vijay Kumar**		
Number of board members	**10**	Independent board members	**5**
Key related parties	**Listed subsidiary: IVR Prime Urban Developers Ltd. Unlisted subsidiaries: Salem Tollways Ltd, Kumarapalyam Tollways Ltd, Jalandhar Amritsar Tollways Ltd.**		
Businesses of key subsidiaries	**IVR Prime Urban Developers Ltd is in the business of the development of real estate, IVRCL Road Toll Holdings is the holding company for infrastructure BOT projects in the roads segment.**		
Businesses of other group cos.	**n.a.**		
% of revenue/profit in consolidated account not from parent			**5%/26%**
Other/non-operating income as % of PBT			**25**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

IVRCL does not have any significant accounting issues …

Any significant intangible asset/goodwill on its balance sheet?

Goodwill on consolidation accounts for 7% of its balance sheet size.

Does the company actively deal with derivatives/other financial market instruments? No.

Any other significant departures from conservative accounting?

As per IVRCL's 2008 annual report, it has significant contingent liabilities (Rs19 bn) relating to: 1) bank guarantees; 2) corporate guarantees; 3) claims not acknowledged as debts; 4) outstanding LCs; and 5) outstanding taxes pending the judgment of litigations/appeals.

… however, it is exposed to significant contingent liabilities

Any qualification from auditors in the last annual report/LRR?

No.

Related party transactions

Materially related party transactions for the company?

IVRCL has loaned Rs3.9 bn (15% of its balance sheet size) to its subsidiaries; primarily towards its 62.3% held and listed real estate subsidiary, IVR Prime Urban Developers Ltd (IVR.BO, Rs32, not rated).

IVRCL has loaned money to its subsidiaries – primarily towards its real estate subsidiary

Does the company disclose the financials of key subsidiaries on a regular basis?

IVRCL provides the financials of its listed subsidiaries – IVR Prime and HDO (HDRR.BO, Rs32, not rated) on a regular basis. However, the detailed financials of its 75 unlisted subsidiaries/fellow subsidiaries, associates and JVs are not disclosed.

IVRCL does not provide detailed financials of its unlisted subsidiaries/ associates/JVs regularly

Events that raised investor concern

IVRCL had acquired a 100% stake in an unlisted Oil & Gas exploration company, Alkor Petroo in Nov. 2007. However, as per its 2008 annual report, IVRCL's stake in Alkor dipped to 84.9% led by the capital infusion by the promoters – for which the approval from the minority shareholders of IVRCL was not taken.

Jaiprakash Associates

Research Analyst
Amish Shah
+91 22 6777 3743
shah.amish@credit-suisse.com

Sector: Engineering & construction

Figure 43: Fact sheet

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Mr. Jaiprakash Gaur**	Promoter holding (%)	**44.4**
Financial auditor(s)	**M/s. M.P. Singh & Associates**		
Internal auditor(s)	**N.A.**		
Number of board members	**20**	Independent board members	**10**
Key related parties	**Listed: Jaiprakash Hydro Power Ltd. (JHPL).** **Not listed: Jaiprakash Power Ventures Ltd (JPVL)**		
Businesses of key subsidiaries	**Jaypee Infratech – development of real estate and Taj Expressway, JPVL– operates a 400 MW hydro power plant and is the holding company for most of the power assets of JPA**		
Businesses of other group cos.	**Development of power plants, hotels, cement plants, real estate, etc.**		
% of revenue/profit in consolidated account not from parent			**5%/ 10%**
Other/non-operating income as % of PBT			**19%**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Yes. JPA capitalises marked-to-market losses/gains from its forex liabilities. Its estimated loss in FY08 was Rs123 mn (~2% of profits) and Rs1.5 bn for 2Q FY09 (~73% of profit).

JPA capitalises the mark-to-market losses on its forex liabilities

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

JPA has hedged the forex exposure towards its outstanding forex loans (ex-FCCBs).

Any other significant departures from conservative accounting?

As per JPA's 2008 annual report, it has contingent liabilities (about Rs46.5 bn) relating to: 1) bank guarantees, 2) corporate guarantees, 3) claims not acknowledged as debts, 4) outstanding LCs and 5) outstanding taxes pending the judgment of litigation/appeals.

JPA has significant contingent liabilities

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

1) As per JPA's 2008 annual report, its listed subsidiary – JHPL (JAPR.BO, Rs29, not rated) and unlisted subsidiaries – JPVL, Jaypee Karcham Hydro Corp. & Jaypee DSC Ventures, have pledged their shares with banks/financial institutions as collateral security for financial assistance received by them.

JPA's subsidiaries have pledged shares as collateral to financial institutions for financial assistance received

Does the company disclose the financials of key subsidiaries on a regular basis?

No. A substantial portion of its business is carried on through its 23 subsidiaries, associates and JVs; however, it has received an approval under Section 212 (8) of the Companies Act, 1956 exempting it from disclosing their financials on a regular basis.

The company does not disclose detailed subsidiary financials in its annual report

Events that raised investor concern

JPVL filed its DRHP on 8 January 2008. On 5 January 2008, Jaypee Group – Employees Welfare Trust (JEWT), bought 8 mn shares in JPVL for Rs15/share. On the same day, ICICI Bank and SBI were allotted 10.5 mn and 5 mn shares, respectively, at Rs234/share.

JEWT was issued equity in JPVL at valuations lower than it minority shareholders'

Jindal SAW

Sector: Steel pipe

Research Analyst
Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Figure 44: **Fact sheet**

Last balance sheet date			**31-Dec-07**
Promoter(s)	**P. R. Jindal**	Promoter holding (%)	**43.8**
Financial auditor(s)	**N.C. Aggarwal & Co.**		
Internal auditor(s)	**Axis Risk consulting, ASP & CO. Chartered Accountants**		
Number of board members	**10**	Independent board members	**5**
Key related parties	**Not listed : Jindal ITF, Hexa Securities & Finance, S.V. Trading**		
Businesses of key subsidiaries	**Jindal ITF- Infrastructure projects in water, power, ships and railway wagon manufacturing**		
Businesses of other group cos.	**n.a.**		
% of revenue/profit in consolidated account not from parent			**0%/0%***
Other/non-operating income as % of PBT (%)			**3**
Any events that raised investor concerns			**Yes**

*Source: Company data, Credit Suisse estimates, * contribution from non-pipe ventures not included*

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

JSAW includes forward cover gains/losses below EBITDA

- Inclusion of forex forwards cover gain/loss below EBITDA.
- MTM accounting for derivative losses (except for forward contracts) not done. This is in compliance with AS11, but against conservative accounting norms.

MTM accounting for derivative losses (except forwards) not done

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in derivatives to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

Only standalone results reported quarterly

No – only reports standalone results quarterly. Disclosure on new non-pipe ventures that are a significant part of capital employed is only annual.

Other comments

Divestment of US pipe mill in August 2007 was a related party transaction

The divestment of a US plate/pipe mill in August 2007 was a related party transaction and investors raised concerns about valuations for the two mills.

JSW Steel

Sector: Metal and mining

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 45: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Sajjan Jindal owned JSW Group**	Promoter holding (%)	**45.4**
Financial auditor(s)	**Deloitte Haskins & Sells**		
Internal auditor(s)	**Internal team**		
Number of board members	**14**	Independent board members	**6**
Key related parties	**Not listed: JSW Steel (USA) Inc, JSW Bengal steel, JSW Energy, JSW Aluminium, JSW Infrastructure**		
Businesses of key subsidiaries	**JSW Steel (USA) manufactures steel pipes and plates**		
Businesses of other group cos.	**JSW Energy is involved in power generation, JSW Aluminium in aluminium, and JSW Infrastructure in ports, etc.**		
% of revenue/profit in consolidated account not from parent			**16%/6%**
Other/non-operating income as % of PBT (%)			**18**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in forward exchange contracts and currency swaps to hedge its foreign currency and interest rate exposure.

Related party transactions

Material transactions with related parties?

Not significant.

Does the company disclose the financials of key subsidiaries on a regular basis?

Both consolidated and standalone results are reported quarterly.

JSW reports both consolidated and standalone results quarterly

Other comments

- The acquisition of a US plate/pipe mill in August 2007 was a related-party transaction, and investors raised concerns about valuations.
- Limited disclosure: Repayment schedule of the loan book not provided (Indian accounting rules do not mandate disclosure, so this is not illegal).
- JSW currently does not amortise FCCB redemption premiums. Treating CBs as equity was conservative when profits were high (though it inflated net worth), but now with profits low and conversion at 4x the current market price, it may start expensing.

Acquisition of US pipe mill was a related party transaction

Repayment schedule of the loan book not provided

Kotak Mahindra Bank

Sector: Banks

Research Analyst
Aditya Singhania
+91 22 6777 3807
aditya.singhania@credit-suisse.com

Deepak Ramineedi
+91 22 6777 3942
deepak.ramineedi@credit-suisse.com

Figure 46: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Uday Kotak**	Promoter holding (%)	**52.4**
Financial auditor(s)	**S R Batliboi and Co.**		
Internal auditor(s)	**Done by the bank's internal team**		
Number of board members	**10**	Independent board members	**6**
Key related parties			
Businesses of key subsidiaries	**Securities and broking; investment banking; life insurance; asset management; private equity**		
Businesses of other group cos.	**None**		
% of revenues/profits in consolidated account not from parent			**-70**
Other/non-operating income as % of PBT			**-21**
History of corporate governance issues for the company/promoter			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Material related party transactions for the company?

No.

Does the company disclose the financials of all subsidiaries on a regular basis?

One of the few companies to disclose financials of the subsidiaries quarterly

Kotak discloses the summary financials of all its subsidiaries consistently on a quarterly basis and the detailed accounts in the annual report.

L&T

Sector: Capital goods

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 47: Fact sheet

Last balance sheet date			**31-Mar-08**
Promoter(s)	**n.a.**	Promoter holding (%)	**-**
Financial auditor(s)	**M/s Sharp & Tannan**		
Internal auditor(s)	**Company's own internal audit team**		
Number of board members	**16**	Independent board members	**8**
Key related parties	**Not listed: L&T Finance, L&T IDPL, L&T Infotech**		
Businesses of key subsidiaries	**Infrastructure development and other diversified activities like finance, information technology**		
Businesses of other group cos.	**Diversified businesses – finance, construction, etc.**		
% of revenue/profit in consolidated account not from parent			**15%/7%**
Other/non-operating income as % of PBT (%)			**18**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

The company has amortised premiums on the redemption of debentures/bonds against the securities premium account through the balance sheet.

Any significant intangible assets/goodwill on its balance sheet?

Intangibles in the consolidated balance sheet were Rs17.4 bn against a balance sheet size of Rs244 bn.

Intangibles in the consolidated balance sheet were Rs17 bn against a balance sheet size of Rs244 bn

Does the company actively deal with derivatives/other financial market instruments?

The company uses forward contracts to hedge its forex and commodity price risks. Gross hedging-related derivative contracts outstanding as at 31 March 2008 were Rs113 bn at the standalone level and Rs143 bn at a consolidated level.

Any other significant departures from conservative accounting?

MTM losses in subsidiaries are not reflected in standalone profits declared quarterly. In the recent Satyam stake purchase, MTM losses would impact profits only on annual consolidation.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Materially related-party transactions for the company?

The company has purchase and sale transactions, and related payables and receivables with related parties.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company publishes standalone results on a quarterly basis, giving major information on key subsidiaries in its presentations. Furthermore, in addition to consolidated financial statements, the company also gives summary financials of the subsidiaries.

Events that raised investor concern

During FY08, L&T booked an MTM loss of Rs1.715 bn and Rs2.618 bn at the parent and consolidated levels, respectively, on hedging derivative contracts. The recent stake purchase in Satyam could see more MTM losses, raising questions on L&T's need to invest in capital markets.

Possible MTM losses on account of equity market operations raises concern

Lupin

Sector: Pharmaceuticals

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 48: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Desh Bandhu Gupta**	Promoter holding (%)	**50.6**
Financial auditor(s)	**Deloitte Haskins & Sells**		
Internal auditor(s)			
Number of board members	**10**	Independent board members	**4**
Key related parties	**Unlisted: Kyowa Pharmaceutical, Novodigm Ltd**		
Businesses of key subsidiaries	**Manufacturing and distribution of pharmaceuticals**		
Businesses of other group cos.	**n.a.**		
% of revenue/profit in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**18**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

FCCB redemption premium not expensed, as the company expects the FCCB to be converted into equity. This inflates net worth, but on current earnings treatment as equity is more conservative than treating FCCB as debt.

FCCB redemption premium is not expensed as Lupin expects it to convert to equity

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in derivatives to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

Both standalone and consolidated quarterly results reported. In addition, sales for different divisions are shared.

Lupin reports both consolidated and standalone results quarterly

Other comments

In 1998-99 Lupin made loans to promoter-owned real-estate companies – these loans were never repaid. Promoters had to sell a part of their stake to CVC (Citigroup Venture) and restructure the company in 2003.

In 1998-99 Lupin made loans to promoter-owned real-estate companies; promoters had to sell part of their stake to CVC

Mahindra & Mahindra

Sector: Auto

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 49: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Mahindra group**	Promoter holding (%)	**26.49**
Financial auditor(s)	**Deloitte Haskins & Sells**		
Internal auditor(s)	**No internal auditor, company has its own internal audit team**		
Number of board members	**12**	Independent board members	**8**
Key related parties	**Listed – Tech Mahindra, Mahindra & Mahindra Financial Services, Mahindra Forgings, Mahindra Lifespace Developers** **Not listed – Mahindra Renault, Mahindra Holidays & Resorts**		
Businesses of key subsidiaries	**Key subsidiaries operate in diverse areas including IT services (Tech Mahindra), real estate (Mahindra Lifespace Developers), auto components (Mahindra Forgings) and financial services (Mahindra & Mahindra Financial Services).**		
Businesses of other group cos.	**Most other group/associate companies operate in the auto and auto components industries**		
% of revenue/profit in consolidated account not from parent			**38.7%/29.8%**
% of other other/non-operating income			**24.4**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Mahindra does not have any significant accounting issues

Any P&L entries made directly in the balance sheet? No

Any significant intangible assets/goodwill on its balance sheet?

Goodwill at end of FY08 was Rs21.1 bn which was 34% of consolidated net worth.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company uses foreign currency forward contracts and currency options to hedge against foreign currency fluctuations. Changes in the fair value of contracts that are designated and effective as hedges of future cash flow are recognised directly in the hedging reserve account and the ineffective portion recognised immediately in the P&L statement.

FCCB redemption premium does not flow through P&L

Any other significant departures from conservative accounting?

No. We note, however, that the company charged premiums on FCCB redemption in the year of the FCCB issue directly to the securities premium account in the balance sheet.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

35% of Mahindra's vehicle sales are financed by subsidiary Mahindra & Mahindra Financial Services

Materially related party transactions for the company? Not meaningful. However, we note that approximately 35% of Mahindra's vehicle sales are financed by Mahindra & Mahindra Financial Services.

Subsidiary financials are disclosed annually only

Does the company disclose the financials of key subsidiaries on a regular basis?

Subsidiary financials are disclosed on an annual basis, but not on a quarterly basis.

Maruti Suzuki

Sector: Auto

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 50: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Suzuki Motor Corporation, Japan**	Promoter holding (%)	**54.21**
Financial auditor(s)	**Price Waterhouse**		
Internal auditor(s)	**Sahni, Natarajan and Bahl**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**Not listed – Suzuki Powertrain, Jay Bharat Maruti, Caparo Maruti, Machino Plastics, PT Indomobil Suzuki International, Belsonica Auto Components India** **Listed – Suzuki Motor Corporation, Japan**		
Businesses of key subsidiaries	**Maruti has six key subsidiaries which sell insurance to Maruti car owners in tie ups with National Insurance , Bajaj Allianz General Insurance, New India Assurance, Royal Sundaram Alliance Insurance, Iffco Tokyo General Insurance, and ICICI Lombard General Insurance**		
Businesses of other group cos.	**Suzuki Powertrain India Ltd. manufactures powertrain components.**		
% of revenue/profit in consolidated account not from parent			**0.01%/3.3%**
% of other other/non-operating income			**35.5**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Maruti does not have any significant accounting issues

Any P&L entries made directly in the balance sheet? No.

Any significant intangible assets/goodwill on its balance sheet? No.

Does the company actively deal with derivatives/other financial market instruments?

Hedging is done against foreign currency exposure, not for trading

Yes. Foreign currency covers are taken to reduce exposure on export receivables, raw materials and other imports, and foreign currency loans to changes in exchange rates.

Any other significant departures from conservative accounting? No.

Any qualification from auditors in last annual report/LRR? No.

Related party transactions

Materially related-party transactions for the company?

Maruti does not have meaningful related-party loans

The company has loans outstanding to JVs, associates, fellow subsidiaries and holding company at the end of FY08 to the tune of Rs819 mn and amounts recoverable from the same to the tune of Rs1.3 bn. The amounts are not meaningful in the context of its overall net worth of Rs84 bn. Sales of goods to related parties for FY08 was Rs1.3 bn, which was an insignificant 0.7% of its FY08 sales.

Does the company disclose the financials of key subsidiaries on a regular basis?

Brief income statement and balance sheet of subsidiaries are provided on an annual basis, but not on a quarterly basis.

Events that raised investor concern

In Sept. 2004, Suzuki Motor reversed its decision to set up two new subsidiaries in India after the government opposed the move

In September 2004, Suzuki Motor (7269, ¥1,277, N, TP ¥1,300, MW) announced plans to float two new subsidiaries in India – one to make diesel engines and the other to assemble cars. After the government opposed this move since it would be detrimental to Maruti shareholders, plans were modified so that Maruti owned a 70% stake in the car assembly joint venture and a 49% stake in the diesel engine joint venture.

MindTree

Sector: IT services

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 51: **Fact sheet**

Last balance sheet date	**31-Mar-08 (standalone balance sheet released every quarter)**		
Promoter(s)	**Ashok Soota, Subroto Bagchi & others**	Promoter holding (%)	**35**
Financial auditor(s)	**BSR & Associates**		
Internal auditor(s)	**Grant Thornton**		
Number of board members	**9**	Independent board members	**4**
Key related parties			
Businesses of key subsidiaries	**IC design**		
Businesses of other group cos.	**None**		
% of revenue/profit in consolidated account not from parent			**1%/1%**
Other/non-operating income/exceptionals as % of PBT (%)			**20**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

Goodwill from acquisition consolidation of around 4% of net worth.

Does the company actively deal with derivatives/other financial market instruments?

MindTree uses cash flow hedging to account for currency derivatives

Yes. MindTree uses currency derivatives (forwards) to hedge its foreign currency exchange rate exposure. The company uses cash-flow hedge accounting.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Related-party transactions

Materially related-party transactions for the company?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

MindTree releases standalone financial statements, including balance sheet, on a quarterly basis

It releases standalone financial statements every quarter. Audited consolidated and standalone financial statements are released annually. There is only summary financial information about subsidiaries presented on an annual basis, with an exemption under the companies act.

Nagarjuna Construction

Sector: Engineering & Construction

Research Analyst
Amish Shah
+91 22 6777 3743
shah.amish@credit-suisse.com

Figure 52: **Fact sheet**

Last balance sheet date	**31-Mar-08**		
Promoter(s)	**Dr. A V S Raju**	Promoter holding (%)	**24.4**
Financial auditor(s)	**M/s. M Bhaskara Rao & Co, M/s.Deloitte Haskins & Sells**		
Internal auditor(s)	**n.a.**		
Number of board members	**17**	Independent board members	**6**
Key related parties	**Unlisted companies: NCC Urban Infrastructure Ltd, NCC Infrastructure Holdings Ltd, NCC Vizag Urban Infrastructure Ltd**		
Businesses of key subsidiaries	**NCC Urban Infrastructure Ltd is engaged in the development of real estate, NCC Infrastructure Holdings Ltd is the holding company for infrastructure BOT projects.**		
Businesses of other group cos.	**n.a.**		
% of revenue/profit in consolidated account not from parent			**4%/ 3%**
Other/non-operating income as % of PBT (%)			**18**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

NCC does not have any significant accounting issues …

Any P&L entries made directly in the balance sheet? No.

Any significant intangible asset/goodwill on its balance sheet? No.

Does the company actively deal with derivatives/other financial market instruments? No.

Any other significant departures from conservative accounting?

… However, it is exposed to significant contingent liabilities

As per NCC's 2008 annual report, it has significant contingent liabilities (Rs20 bn) relating to: 1) bank guarantees, 2) corporate guarantees, 3) claims not acknowledged as debts, 4) outstanding LCs, 5) performance guarantees and liquidated damages, and 6) outstanding taxes pending the judgement of litigations/ appeals.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Materially related party transactions for the company?

NCC's subsidiaries have pledged shares as collateral for financial assistance received by them. NCC has lent money primarily to its real estate subsidiaries

1) As per NCC's 2008 annual report, various subsidiaries or step-down subsidiaries have pledged their shares with banks/financial institutions as collateral security for financial assistance received by them. 2) NCC has loaned a total of Rs2.3 bn (9% of its balance sheet size) to its subsidiaries; primarily toward its real estate subsidiaries – NCC Urban Infrastructure (not listed) and NCC Vizag Urban Infrastructure (not listed).

Does the company disclose the financials of key subsidiaries on a regular basis?

The company does not disclose detailed subsidiary financials in its annual report

No. A substantial portion of its business is carried on through its more than 55 subsidiaries, associates and JVs; however, it has received approval under Section 212 (8) of the Companies Act, 1956 exempting it from disclosing financials on a regular basis.

Events that raised investor concern

NCC's stake in its subsidiary NCC Vizag Urban Infrastructure (NVUIL) was reduced from 100% as of March 2007 to 95% as of March 2008. However, the approval from the minority shareholders of NCC was not taken in this regard.

National Aluminium

Sector: Metal and Mining

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 53: **Fact sheet**

Last balance sheet date				**31-Mar-08**
Promoter(s)	**Government of India**		Promoter holding (%)	**87.2**
Financial auditor(s)	**PA & Associates**			
Internal auditor(s)	**n.a.**			
Number of board members		**15**	Independent board members	**8**
Key related parties	**n.a.**			
Businesses of key subsidiaries	**n.a.**			
Businesses of other group cos.	**n.a.**			
% of revenues/profits in consolidated account not from parent				**0%/0%**
Other/non-operating income as % of PBT (%)				**22**
Any events that raised investor concerns				**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in forward exchange contracts.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes.

Other comments

Nalco's Navaratna status helps make investment decisions faster

Nalco was given Navaratna status in April 2008. This helps the company make investment decisions faster. Currently, the company has cash of Rs37 bn invested mostly in term deposits with banks.

NIIT Ltd

Sector: Education

Research Analyst
Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Figure 54: **Fact sheet**

Last balance sheet date	**31-Mar-08 (also releases quarterly consolidated balance sheet)**		
Promoter(s)	**Rajendra Pawar and others**	Promoter holding (%)	**31**
Financial auditor(s)	**Price Waterhouse Coopers**		
Internal auditor(s)	**Done by company's audit team**		
Number of board members	**7**	Independent board members	**4**
Key related parties	**Listed: NIIT Technologies**		
Businesses of key subsidiaries	**Corporate training in the US**		
Businesses of other group cos.	**IT services**		
% of revenue/profit in consolidated account not from parent			**54%/57%**
Other/non-operating income/exceptionals as % of PBT (FY3/08) (%)			**18**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

Goodwill on consolidation of around 57% of net worth.

Goodwill on consolidation on balance sheet is 57% of net worth

Does the company actively deal with derivatives/other financial market instruments?

Yes. NIIT uses currency derivatives to hedge its foreign currency exposure. It uses a combination of both cash flow hedging and MTM hedging.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No

Related party transactions

Materially related party transactions for the company?

- Loans given to NIIT Education Society and NIIT Institute of Information technology (both entities in which key management personnel are interested) over the past two years account for 7.5% of NIIT's net worth as of March 2008.
- NIIT Tech, a group company, recently disclosed that it had loaned Rs200 mn to an employee welfare trust, which invested the money in shares of NIIT Tech and NIIT Ltd.

Does the company disclose the financials of key subsidiaries on a regular basis?

NIIT releases unaudited consolidated P&L on a quarterly basis. Audited consolidated financial statements are disclosed annually.

ONGC

Sector: Oil & gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 55: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Government of India**	Promoter holding (%)	**74**
Financial auditor(s)	**K K Soni & Co., S C Ajmera & Co., PSD Associates, Singhi & Co., Padmanabhan Ramani & Ramanujam**		
Internal auditor(s)	**n.a.**		
Number of board members	**17**	Independent board members	**8**
Key related parties	**Listed: Mangalore Refinery and Petrochemicals Ltd., Petronet LNG** **Not listed: ONGC Videsh Ltd. Dahej SEZ**		
Businesses of key subsidiaries	**MRPL is engaged in refining and petrochemicals; OVL is engaged in international exploration & production**		
Businesses of other group cos.			
% of revenue/profit in consolidated account not from parent			**37%/16%**
Other/non-operating income as % of PBT (%)			**9**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

Yes. The company has goodwill due to consolidation amounting to 3% of the total assets.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

ONGC lends money for acquisitions at moderate interest rates

Materially related party transactions for the company

ONGC lends money to OVL to finance acquisitions at interest rates below market.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes. The company discloses this information on an annual basis.

Other issues

Subsidies demanded by the government cap ONGC's revenue

The Government of India, as majority shareholder, forces ONGC to pay a subsidy towards losses made in the retail marketing business, thereby, effectively capping its revenue. There is no formula for the calculation of these payments – even the company is unable to anticipate payment amounts with confidence. Subsidy payments have varied from 11-12% of post subsidy EBITDA over the past three years

Oracle Financial Services

Sector: IT services

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 56: **Fact sheet**

Last balance sheet date			**31-Mar-08 (Also releases quarterly balance sheet)**
Promoter(s)	**Oracle**	Promoter holding (%)	**81**
Financial auditor(s)	**SR Batliboi and associates**		
Internal auditor(s)	**Mukund M Chitale & Co.**		
Number of board members	**12**	Independent board members	**7**
Key related parties	**Listed: Oracle Corp**		
Businesses of key subsidiaries	**Risk management solutions**		
Businesses of other group cos.	**ERP software development**		
% of revenue/profit in consolidated account not from parent			**25%/1%**
Other/non-operating income/exceptionals as % of PBT (%)			**6**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Oracle Financial uses currency derivatives to hedge its foreign currency exchange rate exposure

Yes. Oracle Financial uses currency derivatives (forwards and options) to hedge its foreign currency exchange rate exposure.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

As per the last annual report, the company had dues of less than 0.5% of FY08 PBT towards unpaid fringe benefit taxes.

Related party transactions

Materially related party transactions for the company?

Around 2% of sales are to Oracle, which is also the largest shareholder of the company.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases both standalone and consolidated financial statements (unaudited, including balance sheet) on a quarterly basis. Only summary financial information about subsidiaries is presented on an annual basis, with an exemption under Companies Act.

Other comments

The company has recently stopped hosting analyst conference calls after quarterly results.

Parsvnath Developers

Sector: Real estate

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Figure 57: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Pradeep Jain & Family**	Promoter holding (%)	**80.3**
Financial auditor(s)	**M/s. Deloitte Haskins & Sells.**		
Internal auditor(s)	**No, in-house internal audit**		
Number of board members	**13**	Independent board members	**7**
Key related parties	**Not listed: 13 subsidiaries, 2 JVs; Additionally, 100+ entities under control of Key Management Personnel**		
Businesses of key subsidiaries	**Real estate and Hospitality**		
Businesses of other group cos.	**Real estate and hospitality**		
% of revenue/profit in consolidated account not from parent			**3%/4%**
Other/non-operating income as % of PBT (%)			**16**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

Yes. The company recognises revenues on a percentage completion method even where the cash receipt is yet to become due. Also, Parsvnath capitalises interest expense during the construction of the project.

The mismatch between revenue recognition, cash flows and capitalisation of interest expense goes against conservative accounting

Any qualification from auditors in last annual report/LRR?

No

Related party transactions

Materially related party transactions for the company?

Yes. Entities under control of the key management personnel acquire land on behalf of Parsvnath for which Parsvnath provides advances for the land acquisitions. Additionally, 4% of Parsvnath's revenues were from sales to related entities.

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all subsidiaries. Parsvnath reports standalone and consolidated results every quarter.

Other issues

- No transparency in the land acquisition process. Promoters have privately controlled entities from which Parsvnath buys land. Also, land bank disclosure in annual reports is inadequate.
- Inadequate disclosure with regard to projects under execution. No information on area sold, unsold areas or status of completion is available.

Petronet LNG

Sector: Oil & gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 58: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**GAIL, BPCL, ONGC, IOC**	Promoter holding (%)	**50**
Financial auditor(s)	**V. Sankar Aiyar & Company**		
Internal auditor(s)	**n.a.**		
Number of board members	**14**	Independent board members	**5**
Key related parties	**Listed: GAIL, BPCL, ONGC, IOC**		
Businesses of key subsidiaries			
Businesses of other group cos.	**ONGC is an E&P company, GAIL is engaged in gas transportation and petrochemicals, BPCL, IOC are into refining and marketing of petroleum products**		
% of revenue/profit in consolidated account not from parent			
Other/non-operating income as % of PBT (%)			**7.5**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

PLNG does not have significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Materially related party transactions for the company?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company does not have subsidiaries.

Ranbaxy

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Sector: Pharmaceuticals

Figure 59: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Daiichi Sankyo**	Promoter holding (%)	**63.9**
Financial auditor(s)	**Indian GAAP: Walker, Chandiok & Co; US GAAP: Grant Thornton**		
Internal auditor(s)	**Internal audit team**		
Number of board members	**9**	Independent board members	**5**
Key related parties	**Listed: Daiichi, Zenotech; Unlisted : Terapia, Be-Tabs**		
Businesses of key subsidiaries	**Manufacturing and distribution of pharmaceuticals**		
Businesses of other group cos.	**n.a.**		
% of revenue/profit in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**62**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet? No.

Any significant intangible assets/goodwill on its balance sheet?

Yes. There is goodwill of US$386 mn which is mainly for the acquisition of Terapia in Romania.

Any other significant departures from conservative accounting?

Ranbaxy is not taking an MTM loss of Rs 12.5 bn to P&L, as it has not yet adopted AS 30

Yes. Ranbaxy had an MTM loss of Rs12.5 bn as of 30 September 2008 but has not provided for this, as the gain on fair valuation of underlying transactions is higher than the loss on derivatives. Auditors comment that the gain on underlying is "non-accounting" in nature. The company intends to adopt AS 30 pending which appropriate accounting treatment has not been imparted to the derivative loss.

Any qualification from auditors in last annual report/LRR? Please refer to the above point.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company deals in derivatives to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties? No.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company reports consolidated and standalone financials quarterly. Additionally, the company shares a geographical break-down of sales.

Other comments

Under earlier owners, there was lack of clarity on the price at which stake in Orchid Chemicals was transferred to Ranbaxy

- Under earlier owners, there were incidents like the involvement of promoter company Religare (RELG IN, Rs317.25) in acquiring a stake in Orchid Chemicals (OCP IN, Rs80), and there was a complete lack of clarity on the price at which this stake was transferred to Ranbaxy. However, with Daiichi (4568 JT, ¥1,915, O, TP ¥3,000, MW) as the majority shareholder, these issues are no longer relevant.
- The US Department of Justice is investigating a charge against Ranbaxy that it fabricated test data and then attempted to conceal that from FDA inspectors.

Reliance Communications

Sector: Telecoms

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 60: **Fact sheet**

Last balance sheet date	**31-Mar-08 (also releases unaudited quarterly balance sheet)**		
Promoter(s)	**ADAG Group**	Promoter holding (%)	**66**
Financial auditor(s)	**Chaturvedi & Shah/ BSR & Co.**		
Internal auditor(s)			
Number of board members	**5**	Independent board members	**4**
Key related parties	**Listed: Reliance Capital** **Not listed: Reliance General Insurance**		
Businesses of key subsidiaries	**Telecom Infrastructure, Undersea connectivity, Data centre services**		
Businesses of other group cos.	**Financial services, Power, Infrastructure, Entertainment**		
% of revenue/profit in consolidated account not from parent			**29%/52%**
Other/non-operating income/exceptionals as % of PBT (FY3/08) (%)			**38**
Any events/issues that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Yes. The company takes translation losses on foreign currency loans to balance sheet directly, by adjusting value of fixed assets.

Translation losses on foreign currency loans taken directly to balance sheet …

Any significant intangible assets/goodwill on its balance sheet?

There is goodwill from mergers of around 12% of net worth (March 2008).

Does the company actively deal with derivatives/other financial market instruments?

Yes. RCOM uses currency and interest derivatives to hedge its revenue and debt exposure in foreign currencies.

Any other significant departures from conservative accounting?

- The premium payable on redemption and issue expenses on issue of FCCBs is charged to the Securities Premium Account, and not taken through the P&L.
- The gains from derivatives used to hedge forex loans is taken through P&L, while the translation losses on those loans are taken through the balance sheet (*see above*)

… while gains on derivatives used to hedge loans taken through P&L

Related party transactions

Material related party transactions for the company?

RCOM has taken a loan of around Rs3.9 bn from group company, Reliance Capital (RCFT IN, Rs412) (~1.5% of outstanding loans as of March 2008).

Around 60% of liquid investments are placed in instruments of related parties.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases quarterly unaudited consolidated financial statements, including balance sheets. Audited consolidated and standalone statements are released annually. Only summary financial information about subsidiaries is presented on an annual basis.

Other comments

The dept. of telecom (DoT) is investigating into underpayment of license fees by RCOM, following an allegation by the TRAI.

Reliance Industries

Sector: Oil & gas

Research Analysts
Sanjay Mookim
+91 22 6777 3806
sanjay.mookim@credit-suisse.com

Prashant Gokhale
852 2101 6944
prashant.gokhale@credit-suisse.com

Rajasa K
+91 22 6777 3932
rajasa.k@credit-suisse.com

Figure 61: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Mukesh D. Ambani**	Promoter holding (%)	**49**
Financial auditor(s)	**Chaturvedi & Shah, Deloitte, Haskins & Sells, Rajendra & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**13**	Independent board members	**8**
Key related parties	**Listed: Reliance Petroleum Ltd. Reliance Industrial Infrastructure Ltd Not listed: Reliance Retail Ltd., Reliance Haryana SEZ Ltd., Reliance Ventures Ltd.**		
Businesses of key subsidiaries	**RPL is involved in refining; RRL builds/operates retail chains; Reliance Ventures is engaged in investments/ finance business**		
Businesses of other group cos.	**The group also has interests in SEZ construction, power generation, port operations, and natural gas pipelines in India**		
% of revenue/profit in consolidated account not from parent			**3%/0.3%**
Other/non-operating income as % of PBT			**4%** (excl RPL share sale)
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

RIL adjusts translation losses in its balance sheet

Any P&L entries made directly in the balance sheet?

Yes. RIL adjusts translations losses/gains on foreign debt against its assets. Depreciation on re-valued assets is adjusted against the re-valuation reserve. The re-valuation reserve is likely to be exhausted in FY09 – before the assets are depreciated.

Any significant intangible assets/goodwill on its balance sheet?

Yes. A revaluation reserve was created on de-merger. This was written down for the investments that were de-merged from the company (about Rs190 bn) in 2006.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company hedges its commodity, currency and interest rate risks.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in the last annual report/LRR.

The qualification in the LRR is for adjusting translation losses in its balance sheet.

Related party transactions

The company has investments in subsidiaries other than RPL/RRL

Materially related party transactions for the company?

RIL loans/advances to related entities were 7% of total assets at end-FY08. Amounts paid for power/port services to private group companies were 3% of total expenses.

Does the company disclose the financials of key subsidiaries on a regular basis?

Detailed accounts of major subsidiaries are not disseminated.

Other issues

Gains/losses made through commodity hedging activities are not identifiable. Inventory gains/losses reported by RIL have differed from trends reported by other Indian refiners so far in FY09. Some investors raised concern over recent corporate events such as the re-classification of promoter shares and attempted subsidiarisation of KG D6

Shree Renuka Sugars

Sector: Sugar

Research Analyst
Arya Sen
+91 22 6777 3807
arya.sen@credit-suisse.com

Figure 62: **Fact sheet**

Last balance sheet date			**30-Sep-08**
Promoter(s)	**Narendra Murkumbi**	Promoter holding (%)	**41**
Financial auditor(s)	**Ashok Kumar, Prabhashankar & Co.**		
Internal auditor(s)	**n.a.**		
Number of board members	**12**	Independent board members	**7**
Key related parties	**Not listed: Murkumbi Bio Agro, Murkumbi Industries, Renuka Commodities DMCC Dubai and KBK Chemicals & Engg.**		
Businesses of key subsidiaries	**Shree Renuka DMCC engages in sugar trading in Dubai, KBK Chemicals is a distillery**		
Businesses of other group cos.	**Murkumbi Bio Agro & Murkumbi Industries are holding companies for Shree Renuka**		
% of revenue/profit in consolidated account not from parent			**14%/30%**
Other/non-operating income as % of PBT (%)			**9**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Shree Renuka does not have any significant accounting issues

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company hedges its interest rate and forex exposure on foreign currency loans.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

Nothing of significance.

Related party transactions

The company has given guarantees for loans taken by other entities from banks or financial institutions

Materially related party transactions for the company?

The parent entity has loaned money to its subsidiaries. Also the company has given guarantees for loans taken by other entities from banks or financial institutions.

Does the company disclose the financials of key subsidiaries on a regular basis?

No disclosure of detailed subsidiary financials in annual report

No, the company does not disclose detailed accounts of all subsidiaries. It has obtained approval from the Ministry of Company Affairs under section 212(8) of the Companies Act, 1956 for exemption from doing so.

Siemens

Sector: Capital goods

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 63: **Fact sheet**

Last balance sheet date			**30-Sep-08**
Promoter(s)	**Siemens AG**	Promoter holding (%)	**55**
Financial auditor(s)	**BSR & Co**		
Internal auditor(s)	**Company's own internal audit team**		
Number of board members	**13**	Independent board members	**6**
Key related parties	**Not listed: Siemens Information Systems Ltd, Siemens Information Processing Services Pvt Ltd Listed: Siemens AG**		
Businesses of key subsidiaries	**Information processing, Building technologies**		
Businesses of other group cos.	**Healthcare, Transportation, Financial services, Real estate, Power etc.**		
% of revenue/profit in consolidated account not from parent			**14%/2%**
Other/non-operating income as % of PBT (%)			**15**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet? No.

Any significant intangible asset/goodwill on its balance sheet?

Intangibles in the consolidated balance sheet were Rs1.45 bn as against a balance sheet size of Rs23 bn.

Does the company actively deal with derivatives/other financial market instruments?

Siemens uses forward contracts to hedge its risks associated with foreign currency fluctuations. Gross forward contracts outstanding on 30 September 2008 were Rs92 mn.

Any other significant departures from conservative accounting? No.

Any qualification from auditors in last annual report/LRR?

No. While auditors have pointed out thefts by third parties and employees, the amount is insignificant and has either been recovered or is covered by insurance.

Related party transactions

Siemens has significant purchase, sale and other transactions with related parties

Materially related party transactions for the company?

Siemens has significant purchases, sales and other transactions with related parties. In addition, during FY08, the company disposed of some divisions to its fellow subsidiary for Rs1.7 bn.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company publishes only standalone results on a quarterly basis. Annually, the company gives out consolidated and standalone statements.

Events that raised investor concern

Siemens' involvement in the bribing of foreign officials and related manipulation of books of accounts outside India raises concern

1) Siemens' parent and some subsidiaries admitted in Dec. 2008 to spending around US$1.4 bn on bribing foreign officials and to related manipulating of account books outside India. 2) Siemens lowered its sales figures for FY08 by Rs1.2 bn and provided for losses of Rs551 mn, due to cost escalations under the percentage completion method. This raises some concerns about the accuracy of the cost estimates in revenue recognition. 3) The recent sale of divisions to the parent company/fellow subsidiaries raises questions on the valuations at which such assets have been transferred.

Simplex Infrastructures

Sector: Engineering & construction

Research Analyst
Amish Shah
+91 22 6777 3743
shah.amish@credit-suisse.com

Figure 64: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Mr B.D. Mundhra**	Promoter holding (%)	**49.4**
Financial auditor(s)	**Price Waterhouse**		
Internal auditor(s)	**M/s. Chaturvedi & Partners, M/s. Bharat Sarawagi, M/s. R. M. Daga**		
Number of board members	**11**	Independent board members	**6**
Key related parties	**n.a.**		
Businesses of key subsidiaries	**n.a.**		
Businesses of other group cos.	**Financing of infrastructure projects**		
% of revenue/profit in consolidated account not from parent			**n.a./n.a.**
Other/non-operating income as % of PBT (%)			**5**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Simplex does not have any significant accounting issues …

Any significant intangible assets/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

The company uses derivative instruments to hedge its foreign currency related exposures (revenues/liabilities).

Any other significant departures from conservative accounting?

As per Simplex's 2008 annual report, it has contingent liabilities primarily relating to: 1) bank guarantees, 2) corporate guarantees, 3) claims not acknowledged as debts and 4) outstanding taxes pending the judgement of litigations/appeals.

… however, it is exposed to significant contingent liabilities

Any qualification from auditors in last annual report/LRR?

The auditors in the company's FY08 annual report pointed out the non-provision of MTM losses on outstanding derivative instruments as at 31 March, 2008, amounting to Rs72.5 mn. However, this has been provided for during FY09.

Related party transactions

Material related party transactions for the company?

Billing and payments toward the construction work executed through JVs.

Does the company disclose the financials of key subsidiaries on a regular basis?

Not applicable.

Sobha Developers

Sector: Real estate

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Figure 65: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**P. N. C. Menon & Family**	Promoter holding (%)	**87**
Financial auditor(s)	**M/s. S. R. Batliboi & Associates.**		
Internal auditor(s)	**No**		
Number of board members	**8**	Independent board members	**4**
Key related parties	**Not listed: Sobha City; Additionally, 47 entities under control of key management personnel**		
Businesses of key subsidiaries	**Real estate and hospitality**		
Businesses of other group cos.	**Real estate and hospitality**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**2**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet? No.

Any significant intangible assets/goodwill on its balance sheet? No.

Does the company actively deal with derivatives/other financial market instruments? No.

Any other significant departures from conservative accounting?

Yes. Sobha recognises revenue on a percentage completion method even where the cash receipt is yet due. It also capitalises interest expenses during a project's construction.

Any qualification from auditors in last annual report/LRR? No.

Mismatch between revenue recognition, cash flows and capitalisation of interest expense go against conservative accounting

Related party transactions

Material related party transactions for the company?

Yes. In FY08, significant advances were given to Technobuild Developers (not listed), a promoter controlled entity for purchasing land on behalf of Sobha developers amounting to Rs5.4 bn.

Land purchase by promoter-controlled entities for Sobha developer results in material related party transactions

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all subsidiaries. Sobha only reports standalone results every quarter given the non-materiality of its subsidiaries.

Other issues

- There is no transparency in the land acquisition process. Promoters have privately controlled entities from which Sobha buys land. Also, landbank disclosure in annual reports is inadequate.
- In 1Q FY09, Sobha changed its accounting policy which effectively accelerates revenue. Previously, the company recognised revenue on land agreements only on the 20% completion of construction. Now the policy has been changed to recognise revenues on land agreements when 20% of the booking amount has been collected and sale agreements entered into.
- Sobha has made part payments for land in many cases where the land title still has to be transferred into its name. Its annual report carries very little detail regarding this.

Accounting policy change has surprised investors

State Bank of India

Sector: Banks

Research Analyst
Aditya Singhania
+91 22 6777 3807
aditya.singhania@credit-suisse.com

Deepak Ramineedi
+91 22 6777 3942
deepak.ramineedi@credit-suisse.com

Figure 66: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Govt of India**	Promoter holding (%)	**59.4**
Financial auditor(s)	**D R Sen and Co, Khandelwal Jain and Co and 13 other local auditors**		
Internal auditor(s)	**Done by the company**		
Number of board members	**11**	Independent board members	**2**
Key related parties	**Government of India**		
Businesses of key subsidiaries	**Seven associate banks, Life Insurance Co, merchant banking, mutual funds, credit card, factoring, security trading and primary dealership in the money market**		
Businesses of other group cos.	**None**		
% of profits in consolidated account not from parent			**26**
Other/non-operating income as % of PBT			**10**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

SBI has accounted for the additional pension liability of Rs42.5bn on the transition to AS-15 accounting norms (pension norms) by adjusting through the reserves.

Accounted for the additional pension liability of Rs42.5 bn by adjusting through the reserves

Any significant intangible asset/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

Loan loss provisioning is based on RBI guidelines and loan loss coverage is at 48% (September 2008).

Any qualification from auditors in last annual report/LRR?

No.

Material related party transactions for the company?

SBI is the main banker for significant number of central and state government departments. The bank has significant fee income from government of India for various government related services.

Does the company disclose the financials of all subsidiaries on a regular basis?

The company discloses only select information on a quarterly basis for its subsidiaries. The company's annual report has only the consolidated P&L and balance sheet. The detailed annual reports of its subsidiary companies are available on request.

Other comments

The recent actions taken by the government, which may be construed as a conflict of interest, urge government banks to increase loan growth targets and reduce interest rates on certain types of loans.

Potential conflict of interest with government as primary shareholder

Steel Authority of India

Sector: Metal and Mining

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 67: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Government of India**	Promoter holding (%)	**85.8**
Financial auditor(s)	**S.K. Mittal & Co., Ray & Ray**		
Internal auditor(s)	**n.a.**		
Number of board members	**22**	Independent board members	**10**
Key related parties	**n.a.**		
Businesses of key subsidiaries	**n.a.**		
Businesses of other group cos.	**n.a**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**21**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in forward exchange contracts.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

n.a.

Other comments

SAIL continues with its capacity expansion plan despite the decline in steel prices

SAIL has not deferred its capacity expansion plan of almost doubling its capacity despite significant declines in steel prices. SAIL's planned brownfield capex/tonne of US$1000-plus is high.

Sterlite Industries

Sector: Metals and mining

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 68: **Fact sheet**

Last balance sheet date			**30-Sep-08**
Promoter(s)	**Anil Agarwal**	Promoter holding (%)	**60.6**
Financial auditor(s)	**Chaturvedi & Shah; Das & Prasad**		
Internal auditor(s)			
Number of board members	**9**	Independent board members	**3**
Key related parties	**Listed: Hindustan Zinc, Sesa Goa, Madras Aluminium Not listed: Sterlite Energy and Bharat Aluminium (BALCO), Konkola Copper Mines, Vedanta Aluminium**		
Businesses of key subsidiaries	**Hindustan Zinc in Zinc production; Sterlite Energy is in power generation and BALCO & VAL engage in Aluminium production**		
Businesses of other group cos.	**Sesa Goa engages in Iron ore production, Konkola Copper mines in Copper smelting and refining**		
% of revenues/profits in consolidated account not from parent			**49%/76%**
Other/non-operating income as % of PBT (%)			**18**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet? No.

Any significant intangible assets/goodwill on its balance sheet? No.

Any other significant departures from conservative accounting? No.

Any qualification from auditors in last annual report/LRR? No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. It enters into forwards, options and swap contracts and other derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity price risks.

Related party transactions

Material transactions with related parties?

Yes. As of 31 March 2008, Sterlite loaned Rs4.2 bn, of which Rs4 bn went to Vedanta Aluminium (VAL), in which Sterlite holds 29.5% stake. Sterlite has invested Rs19 bn in VAL, and given guarantees of Rs20 bn (Rs19 bn for VAL) for its related parties. The exposure listed here to VAL is 19% of Sterlite's FY08 consolidated net worth.

Loans, investments and guarantees for Vedanta Aluminium (29.5% stake) amount to 19% of Sterlite's FY08 equity

Does the company disclose the financials of key subsidiaries on a regular basis?

No – BALCO's financials are not disclosed but annual results are available on request.

Other comments

- Sterlite had to withdraw its group restructuring in September 2008 after minority shareholders protested against it and the stock took a beating.
- SEBI prohibited Sterlite in 2001 from accessing the capital market for two years for alleged stock price manipulation in 1998.
- Sterlite buy-back offer in 2002 – both SEBI and the Department of Company Affairs opposed it, but the High Court ruled in favour of Sterlite.

Minority shareholder protest forced Sterlite to withdraw its restructuring

Sterlite was barred from capital markets for two years by SEBI in 2001

Sun Pharma

Sector: Pharmaceuticals

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 69: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Dilip S. Shanghvi**	Promoter holding (%)	**63.7**
Financial auditor(s)	**Deloitte Haskins & Sells**		
Internal auditor(s)	**Internal team**		
Number of board members	**7**	Independent board members	**4**
Key related parties	**Listed: Caraco, Sun Pharma Advanced Research (SPARC), Taro**		
Businesses of key subsidiaries	**Taro & Caraco: Manufacturing and distribution of pharmaceuticals**		
Businesses of other group cos.	**SPARC: Pharmaceutical research**		
% of revenue/profit in consolidated account not from parent			**30%/32%**
Other/non-operating income as % of PBT (%)			**9**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in forward exchange contracts and currency swaps to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties?

No.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes.

Other comments

Sun's low tax rate remains unexplained largely

Sun's low tax rate remains largely unexplained.

Sun TV

Sector: Media

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 70: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Kalanithi Maran**	Promoter holding (%)	**77**
Financial auditor(s)	**M/s S.R.Batliboi & Associates**		
Internal auditor(s)	**K Ramakrishna and Company**		
Number of board members	**7**	Independent board members	**4**
Key related parties	**Not listed: Kal Comm Pvt Ltd, Kal Cables Pvt Ltd, Kal Radio Ltd**		
Businesses of key subsidiaries	**Media and entertainment**		
Businesses of other group cos.	**Media and entertainment**		
% of revenues/profits in consolidated account not from parent			**1%/-10%**
Other/non-operating income as % of PBT (%)			**11.4**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

Yes, Intangibles at the standalone level of Rs1.1 bn, against a total balance sheet size of Rs14.7 bn. Consolidated intangibles were Rs2.6 bn versus a balance sheet of Rs15.8 mn.

Does the company actively deal with derivatives/other financial market instruments? No

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Materially related party transactions for the company?

The company has made inter-corporate deposits to subsidiary companies for Rs1.6 bn as of 31 March 2008. During the year, there was also a repayment of Rs1.3 bn of deposits.

Does the company disclose the financials of key subsidiaries on a regular basis?

No. Sun TV does not share the financials of its radio business every quarter. Only in the annual numbers that the losses from this business are visible.

Events that raised investor concern

Purchase of promoter-owned channels, political relations, salary to promoters are some areas of concern

1) The purchase of promoter owned channels (Udaya and Gemini through the issuance of shares in Sun TV) was at 63x P/E; 2) the purchase of aircraft worth Rs980 mn as highlighted in the fixed assets of Sun TV (March 2008); 3) the political relations of promoters and subsequent family feud as well a recent patch up; and 4) the salary of promoters (650 mn last year amounting to over 12% of pre-tax profit).

Tata Communications

Sector: Telecoms

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 71: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Tata Sons, Govt. of India**	Promoter holding (%)	**76**
Financial auditor(s)	**SB Billimoria & Co.**		
Internal auditor(s)	**Axis Risk Consultants**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**Listed: TCS, Not listed: Neotel, Tata Teleservices**		
Businesses of key subsidiaries	**Undersea connectivity, Internet services**		
Businesses of other group cos.	**Auto, Steel, IT Services, Power, Finance**		
% of revenue/profit in consolidated account not from parent			**60%/(loss)**
Other/non-operating income/exceptionals as % of PBT (%)			**175**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill from acquisition consolidation of around 12% of net worth.

Goodwill from acquisition consolidation of around 12% of net worth

Does the company actively deal with derivatives/other financial market instruments?

Yes. Tata Communications uses currency and interest derivatives to hedge its exposure. It follows MTM accounting for these derivatives.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company.

Revenues are derived from and loans given to its South African entity, Neotel (not listed) but these are not significant. The company has significant transactions with Tata Teleservices (not listed), in which Tata Comm. holds a 15% stake and TCS, although these are not disclosed as related parties in its annual reports.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases unaudited standalone P&L only on a quarterly basis. Consolidated statements are released intermittently and on an annual basis. Only summary financial information about subsidiaries is presented on an annual basis.

Lack of consolidated quarterly disclosures and frequent transfer pricing changes limited insight into overall company performance

Other comments

Frequent changes in transfer pricing arrangements with international subsidiaries induce high volatility into the quarterly standalone statements. The lack of quarterly consolidated disclosures results in a limited view of the company's performance, as subsidiaries contribute over 50% of revenue.

Funding requirements at other Tata group companies could be an overhang on the stock.

The company also has a lot of surplus land over which the Tata Group has no control. The government has yet to make a decision on the disposal of this land.

Tata Consultancy Services

Sector: IT services

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 72: **Fact sheet**

Last balance sheet date			**31-Mar-08 (Also releases quarterly balance sheet)**
Promoter(s)	**Tata Sons**	Promoter holding (%)	**76.4**
Financial auditor(s)	**Deloitte Haskins & Sells.**		
Internal auditor(s)	**Ernst & Young**		
Number of board members	**11**	Independent board members	**6**
Key related parties	**Listed: Tata Communication** **Not listed: Tata Sons, Tata Teleservices**		
Businesses of key subsidiaries	**Geography specific IT services subsidiaries**		
Businesses of other group cos.	**Auto, Steel, Telecom, Power, Finance**		
% of revenues/profits in consolidated account not from parent			**19%/10%**
Other/non-operating income/exceptionals as % of PBT (%)			**7**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill from acquisition consolidation of around 10% of net worth.

Does the company actively deal with derivatives/other financial market instruments?

TCS uses cash flow hedge accounting for its forex derivatives

Yes. TCS uses currency derivatives (forwards, options) to hedge its foreign currency exchange rate exposure. The company follows cash flow hedge accounting. Around Rs6 bn in losses are in the balance sheet as of September 2008 (10% of annualised PBT).

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Material related party transactions for the company.

TCS has given guarantees of Rs20 bn (16% of net worth) to third parties on behalf of a subsidiary. Around 13% of sales are to related parties (primarily other Tata group companies).

Does the company disclose the financials of key subsidiaries on a regular basis?

TCS releases a consolidated balance sheet every quarter, under both Indian GAAP and US GAAP

The company releases audited consolidated financial statements every quarter under both Indian GAAP and US GAAP. Standalone and consolidated financial statements are released annually. Only summary financial information about subsidiaries is presented on an annual basis, with an exemption under the Companies Act.

Other comments

Funding requirements at other Tata group companies, such as Tata Motors (TAMO.BO, Rs156.70, NEUTRAL, TP Rs152.87), have been an overhang on the stock for some time. The promoters have sold more than 5.3% of their stake in the past six quarters.

Tata Motors

Sector: Autos

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 73: **Fact sheet**

Last balance sheet date	**31-Mar-08**		
Promoter(s)	**Tata Sons / Tata Group**	Promoter holding (%)	**33.34**
Financial auditor(s)	**Deloitte, Haskins & Sells**		
Internal auditor(s)	**No internal auditor, company has its own internal audit team**		
Number of board members	**12**	Independent board members	**5**
Key related parties	**Not listed – Tata Technologies, HV Axles, HV Transmissions, Telco Construction Equipment, Tata Motors Finance, TML Holdings (UK), TML Holdings (Singapore), Tata Sons, Fiat India.**		
Businesses of key subsidiaries	**HV Axles and HV Transmissions manufacture auto components, Tata Motors Finance provides vehicle financing, TML Holdings (UK) and TML Holdings (Singapore) are holding companies for JLR.**		
Businesses of other group cos.	**Group companies operate in diverse areas like steel (Tata Steel), IT services (TCS), telecom (Tata Communications) and staples (Tata Tea)**		
% of revenues/profits in consolidated account not from parent			**19.4%/6.5%**
% of other other/non-operating income			**18.8**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Tata Motors does not have any significant accounting issues

Any P&L entries made directly in the balance sheet? No.

Any significant intangible asset/goodwill on its balance sheet?

Goodwill amounted to Rs5.7 bn at the end of FY08 which was 6.5% of FY08 consolidated book value.

Hedging is done against foreign currency exposure, not for trading

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments.

FCCB redemption premium does not flow through P&L

Any other significant departures from conservative accounting?

No. We note, however, that the company charged premiums on FCCB redemptions in the year of the FCCB issue to the securities premium account in the balance sheet.

Any qualification from auditors in last annual report/LRR? No.

Related party transactions

Tata Motors has meaningful related party loans

Materially related party transactions for the company?

Tata Motors has given finance of Rs18.4 bn in FY08 to related parties, or 23.5% of its FY08 net worth of Rs78.4 bn. We also note that 34% of Tata Motors' domestic sales were financed by Tata Motorfinance (TMF), a combination of Tata Motors Finance Ltd (Not listed) and Tata Motors' vehicle financing division)

Detailed disclosures on JLR are not provided regularly

Does the company disclose the financials of key subsidiaries on a regular basis?

Detailed disclosures on key subsidiary Jaguar Land Rover (JLR) (Not listed) are not yet provided on a regular basis even when it is meaningful to overall company results, for instance JLR contributed 54% to Tata Motors' consolidated FY08 EBITDA. Brief subsidiaries' financials are provided on an annual basis but not on a quarterly basis.

Events that raised investor concern

The valuation process for Tata Motors's stake divestment in Tata AutoComp Systems was not viewed as transparent

Inadequate disclosure on the business of Jaguar Land Rover (JLR) has been a key area of investor concern in the past year. We also note that in 1QFY09, Tata Motors divested its stake in subsidiary Tata AutoComp Systems (not listed) to group company Tata Capital where the valuation process was not viewed as transparent.

Tata Steel

Sector: Metals and mining

Research Analyst
Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Figure 74: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Tata Group**	Promoter holding (%)	**34**
Financial auditor(s)	**Deloitte Haskins & Sells**		
Internal auditor(s)	**Internal team**		
Number of board members	**14**	Independent board members	**8**
Key related parties	**Tata Group has interests in multiple sectors** **Subsidiaries: Listed: Tata steel Thailand** **Not listed: Corus, Nat steel**		
Businesses of key subsidiaries	**Steel manufacturing**		
Businesses of other group cos.	**Tata Group has interests in multiple sectors**		
% of revenues/profits in consolidated account not from parent			**85%/54%**
Other/non-operating income as % of PBT (%)			**7**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

MTM losses on the pension fund were booked on the balance sheet. Before the company shifted to IFRS, it had booked MTM gains on the pension fund in P&L.

MTM losses on the pension fund were booked on the balance sheet after Tata steel shifted to IFRS

Any significant intangible assets/goodwill on its balance sheet?

Yes goodwill of US$3.6bn due to the acquisition of Corus.

Consolidated B/S carries goodwill of US$3.6 bn due to the Corus acquisition

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR.

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company deals in forward exchange contracts and currency swaps to hedge its foreign currency and interest rate exposures.

Related party transactions

Material transactions with related parties?

Tata steel had contingent liabilities under guarantees of Rs11.1 bn as of 31 March 2008 which are basically to Corus JVs and for projects undertaken by its distribution & building systems division. These are part of normal business.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes – both consolidated and standalone results provided quarterly.

Tata steel reports both consolidated and standalone results quarterly

Other comments

Tata Steel has already amortised the entire redemption premium on its convertible bonds (CARS). While this was not processed through P&L, this precludes any risk of a major loss being booked if and when these bonds are redeemed, and is a conservative step.

Tata Steel has already amortised all the redemption premium on its convertible bonds

Tech Mahindra

Sector: IT services

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 75: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Mahindra & Mahindra, British telecom**	Promoter holding (%)	**83**
Financial auditor(s)	**Deloitte Haskins & Sells.**		
Internal auditor(s)	**Done by company's audit team**		
Number of board members	**11**	Independent board members	**4**
Key related parties	**Listed: British Telecom**		
Businesses of key subsidiaries	**R&D services, Geography specific IT services**		
Businesses of other group cos.	**Auto, Finance**		
% of revenue/profit in consolidated account not from parent			**4%/1%**
Other/non-operating income/exceptionals as % of PBT (%)			**85**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

n.a.

Does the company actively deal with derivatives/other financial market instruments?

Yes. Tech Mahindra uses currency derivatives (forwards) to hedge its foreign currency exchange rate exposure. The company uses cash-flow hedge accounting.

Any other significant departures from conservative accounting?

Tech Mahindra recognises upfront contract payments in normal business as exceptionals

The company treats upfront payments for business contracts as exceptionals, even though these are part of normal business working. Further, the company includes tax write-backs into gross profit.

Any qualification from auditors in last annual report/LRR.

No.

Related party transactions

Tech Mahindra releases audited consolidated P&L on a quarterly basis, but no balance sheet

Materially related party transactions for the company?

Around 60% of sales for the company are from BT (BT.L, 127.70p, NEUTRAL, TP 170.00p, MW), which is also a significant shareholder in the company (>30%). This could be at potential risk if BT's stake goes down significantly reducing its interest in Tech Mahindra.

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases audited consolidated P&L every quarter (but not the balance sheet). Audited consolidated and standalone financial statements are released annually. Only summary financial information about subsidiaries is presented on an annual basis.

TV18

Sector: Media

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 76: Fact sheet

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Raghav Bahl & group**	Promoter holding (%)	**51**
Financial auditor(s)	**Deloitte Haskins & Sells**		
Internal auditor(s)	**GS Ahuja and company**		
Number of board members	**6**	Independent board members	**3**
Key related parties	**RRB Holdings Pvt Ltd, BK Media Pvt Ltd, iNews.com Ltd**		
Businesses of key subsidiaries	**Media**		
Businesses of other group cos.	**Media**		
% of revenues/profits in consolidated account not from parent			**27%/-447%**
Other/non-operating income as % of PBT (%)			**73**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Premiums on the redemption of Rs4.9 mn (a small amount) in convertible debentures routed through the balance sheet.

Any significant intangible asset/goodwill on its balance sheet?

Consolidated intangibles of Rs1.6 bn (small amount) against a Rs11.2 bn balance sheet.

TV18 hedges foreign exchange exposure through forward contracts

Does the company actively deal with derivatives/other financial market instruments? The company hedges foreign exchange exposure through forward contracts. Outstanding forward contracts as of 31 March 2008 were US$9 mn (an insignificant amount).

Any other significant departures from conservative accounting? No.

Any qualification from auditors in last annual report/LRR?

Qualifications in the annual report pertain to the un-audited accounts of an associate and transactions with companies in which directors were interested

Consolidated: the profit, investment and reserve amounts in 31 March 2008 were net of adjustments to an associate, whose accounts were unaudited. Standalone: Unsecured loans given to four companies in which directors were interested. Year-end balances were Rs53.9 mn, maximum outstanding, Rs108.6 mn. Interest charged appeared reasonable, but the terms of repayment were not specified. Central government's approval was pending for transactions of Rs11.7 mn.

Related party transactions

Materially related party transactions for the company?

Significant loans and advances due from related parties

TV18 booked revenues from related parties; transferred assets to TEML and other entities for Rs193 mn and Rs8.6 mn, respectively, during FY08. The company had significant loans and advances due from related parties. Corporate guarantees given to subsidiaries, fellow subsidiaries and associates/JVs were Rs4.6 bn, Rs320 mn and Rs1.6 bn for FY08.

Does the company disclose the financials of key subsidiaries on a regular basis? Yes.

Events/issues that raised investor concern

1) The funding of Viacom 18 JV, a group company of TV18, was done by TV18 instead of IBN18 (a JV partner for Viacom). The premium at which these funds are to be returned to TV18 is not disclosed; 2) the web business is operated out of several subsidiaries; 3) some new business, such as the launch of a Hindi business newspaper retail broking venture, were called off.

Ultratech Cement

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Sector: Cement

Figure 77: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Aditya Birla Group**	Promoter holding (%)	**54.8**
Financial auditor(s)	**M/s. Deloitte Haskins & Sells & M/s G.P. Kapadia & Co.**		
Internal auditor(s)	**Yes. Multiple firms**		
Number of board members	**12**	Independent board members	**4**
Key related parties	**Listed: Grasim, Hindalco, Idea Cellular, Aditya Birla Nuvo, Aditya Birla minerals** **Not listed: Aditya Birla Retail, Samruddhi Swastik Trading and Investment ltd, Novelis, Essel Mining**		
Businesses of key subsidiaries	**Grasim – Cement, VSF**		
Businesses of other group cos.	**Hindalco- Aluminium & Copper; Idea- Telecom; Aditya Birla Nuvo- Insurance, BPO; Novelis- Aluminium; Aditya Birla Retail- Retailing; Essel- Iron ore**		
% of revenues/profits in consolidated account not from parent			**2%/0%**
Other/non-operating income as % of PBT (%)			**7**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Ultratech provided an additional liability under the AS15 revision against the general reserve

Yes. In FY08, Ultratech provided against the General Reserve an amount of Rs23.5 mn (0.2% of FY08 PBT) in respect of gratuity and compensated absence under the revised AS 15 on employee benefits.

Any significant intangible asset/goodwill on its balance sheet? No.

Does the company actively deal with derivatives/other financial market instruments?

The company enters into financial derivative instruments such as swaps and options, to hedge risks associated with fluctuations in foreign exchange and interest rates.

Any other significant departures from conservative accounting?

Ultratech has significant contingent liabilities

As per Ultratech's FY08 annual report, it has contingent liabilities of Rs1.5 bn (15% of FY08 profits) relating to: 1) sales tax liability, 2) excise duty, 3) royalties on Limestone/Marl, 4) customs and 5) others.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company. No.

Does the company disclose the financials of key subsidiaries on a regular basis?

Ultratech discloses detailed subsidiary financial statements in annual report

Yes. The company discloses detailed accounts of all its subsidiaries in its annual report. Ultratech reports only standalone results every quarter given the non-materiality of its subsidiaries.

Other issues

Grasim and Ultratech are group companies engaged in the same business. This could give rise to potential conflicts regarding geographical presence, expansion and competition.

Unitech Limited

Research Analyst
Anand Agarwal
+91 22 6777 3796
anand.agarwal@credit-suisse.com

Sector: Real estate

Figure 78: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Ramesh Chandra & Family**	Promoter holding (%)	**74.3**
Financial auditor(s)	**M/s. Goel Garg & Co.**		
Internal auditor(s)	**Yes**		
Number of board members	**10**	Independent board members	**5**
Key related parties	**Listed: Unitech Corporate Parks: Not listed: Unitech Wireless; 316 subsidiaries, 21 JVs and associates; Additionally, four entities under control of key management personnel**		
Businesses of key subsidiaries	**Real estate and Hospitality; Unitech Wireless: Telecom**		
Businesses of other group cos.	**Real estate and hospitality**		
% of revenues/profits in consolidated account not from parent			**31%/38%**
Other/non-operating income as % of PBT (%)			**2**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet? No.

Any significant intangible assets/goodwill on its balance sheet?

Yes. As of 31 March 2008, Unitech had goodwill of Rs1.1 bn from land purchases.

Does the company actively deal with derivatives/other financial market instruments? No.

Any other significant departures from conservative accounting?

Yes. The company recognises revenues on a percentage completion method even where the cash receipt is yet to become due. Also, Unitech capitalised interest expense during the construction of the project.

Mismatch between revenue recognition, cash flows and capitalisation of interest expense goes against conservative accounting

Any qualification from auditors in last annual report/LRR? No.

Related party transactions

Materially related party transactions for the company?

Yes. In FY08, loans taken from key management personnel and controlled entities amounted to Rs3.5 bn.

Does the company disclose the financials of key subsidiaries on a regular basis?

No, the company does not disclose detailed accounts of all subsidiaries. Unitech reports standalone and consolidated results every quarter.

Other issues

Transparency levels on land acquisitions and business progress have been a concern

- Unitech has made an investment in telecoms, an unrelated business at a time when the real estate business needed funds.
- No transparency in the land acquisition process. Promoters have privately controlled entities from which Unitech buys land. Also, landbank disclosure in annual reports is inadequate.
- Inadequate disclosure with regards to projects under execution. No information on areas sold, or unsold areas, or status of completion is available.

United Spirits

Sector: Consumer staples

Research Analyst
Govindarajan Chellappa
+91 22 6777 3715
govindarajan.chellappa@credit-suisse.com

Swapnil Nadkar, CFA
+91 22 6777 3804
swapnil.nadkar@credit-suisse.com

Figure 79: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**UB group**	Promoter holding (%)	**36.6**
Financial auditor(s)	**Price Waterhouse**		
Internal auditor(s)	**n.a.**		
Number of board members	**8**	Independent board members	**5**
Key related parties	**Listed: UB Holdings, United Breweries, Shaw Wallace, Mangalore Chemicals & Fertilizers** **Not listed: Whyte & Mackay, USL Holdings, Royal Challengers, Four Seasons Wines, McDowell Nepal, Bouvet Ladubay, Primo Distributors, Zelinka**		
Businesses of key subsidiaries	**All subsidiaries are involved in the manufacture/distribution/sales of alcoholic beverages including IMFL, scotch whisky and wine.**		
Businesses of other group cos.	**United Breweries – Beer, Kingfisher Airlines – Aviation, UB Holdings – Holding company, Mangalore Chemicals & Fertilizers – Chemicals, Force India Formula One Team Ltd. – Car racing**		
% of revenue/profit in consolidated account not from parent			**33.4%/-14.4%**
% of other other/non-operating income (%)			**10.0**
History of corporate governance issues for the company/promoter			**No**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

United Spirits does not have any significant accounting issues

Any P&L entries made directly in the balance sheet? No.

Any significant intangible asset/goodwill on its balance sheet?

Yes. The company had goodwill on books amounting to Rs53.3 bn at end of FY08 which was 256% of its FY08 consolidated net worth.

Hedging is done against foreign currency exposure, not for trading

Does the company actively deal with derivatives/other financial market instruments? Yes. The company hedges its foreign currency exposures.

Any other significant departures from conservative accounting?

FCCB redemption premium does not flow through P&L

No. We note, however, that the company charges premiums on FCCB redemption directly to the securities premium account in the balance sheet.

Any qualification from auditors in last annual report/LRR? No.

Related party transactions

United Spirits has meaningful related party loans as well as guarantees

Materially related party transactions for the company?

At the end-FY08, finance (including loans and equity contributions in cash or kind) to related parties amounted to Rs6.7 bn, 33% of FY08 net worth. Guarantees and collateral given by the company to related parties amounted to Rs24.8 bn.

Does the company disclose the financials of key subsidiaries on a regular basis? Brief subsidiary financials disclosed on an annual basis but not on a quarterly basis.

Events that raised investor concern

At the end of FY08, UB Holdings had pledged 10% of its United Spirits stock

During FY08, one of the company's subsidiaries Royal Challengers Sports (not listed) purchased the perpetual franchise rights for the Bangalore Royal Challengers IPL Twenty-20 cricket team. At end-FY08, UB Holdings (UBHL.BO, United Breweries (Rs105.8, not rated) (United Spirits' parent company) had pledged about 10% of its holding stock in UNSP to secure borrowings of its associate/subsidiary companies.

UTV

Sector: Media

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 80: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Rohinton, Disney**	Promoter holding (%)	**83**
Financial auditor(s)	**M/s Price Waterhouse & Co**.		
Internal auditor(s)	**GM Kapadia and company**		
Number of board members	**8**	Independent board members	**4**
Key related parties	**Unlisted: Television News and Entertainment, Vijay Broadcasting Pvt Ltd, UTV Global Broadcasting Ltd**		
Businesses of key subsidiaries	**Media and entertainment**		
Businesses of other group cos.	**Media and entertainment**		
% of revenues/profits in consolidated account not from parent			**34%/94%**
Other/non-operating income as % of PBT (%)			**16**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

1) The translation exchange loss of Rs53.2 mn (tiny amount) on translation of financial statements into rupees has been routed through foreign currency translation reserve in the balance sheet; and 2) the cost of films are usually placed under inventory and thereafter transferred to P&L based on the accounting policy for amortisation of films.

Any significant intangible assets/goodwill on its balance sheet?

Consolidated intangibles, mostly comprising goodwill, were Rs0.74 bn versus a balance sheet size of Rs8.3 bn.

Does the company actively deal with derivatives/other financial market instruments? No

Any other significant departures from conservative accounting?

UTV decreased the first-year amortization of cost of movie rights acquired or produced from 75% until FY07 to 60% from FY08

The company decreased the first-year amortisation of cost of movie rights acquired or produced from 75% until FY07 to 60% from FY08. The amortisation is made proportionately based on management's estimate of revenues from each of these rights. The balance 40% for FY08 (25% for FY07) is amortised over the balance license period or based on management estimate of future revenue potential.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Material related party transactions for the company?

The company has given corporate guarantees and collaterals to the tune of Rs0.97 bn and has outstanding advances receivable of Rs2.2 bn in respect of common control entities as of 31 March 2008.

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes.

Events that raised investor concern

Accounting policy regarding amortisation of a film's costs has been raised by investors as a concern.

Welspun Gujarat

Sector: Steel pipes

Research Analyst
Anubhav Aggarwal
+91 22 6777 3808
anubhav.aggarwal@credit-suisse.com

Neelkanth Mishra
+91 22 6777 3716
neelkanth.mishra@credit-suisse.com

Figure 81: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**B.K. Goenka**	Promoter holding (%)	**43.9**
Financial auditor(s)	**MGB & Co**		
Internal auditor(s)	**Suresh Surana and Associates**		
Number of board members	**12**	Independent board members	**7**
Key related parties	**Non-Listed : Welspun Natural Resources, Welspun trading limited, Welspun power and steel, Dahej Infrastructure, Welspun Realty private limited**		
Businesses of key subsidiaries	**Welspun Natural Resources – oil and gas exploration**		
Businesses of other group cos.	**Welspun power and steel – steel manufacturing**		
% of revenues/profits in consolidated account not from parent			**0%/0%**
Other/non-operating income as % of PBT (%)			**4**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates,

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes – the company used derivatives to hedge its foreign currency exposure.

Related party transactions

Material transactions with related parties?

Yes – Welspun had transactions worth Rs11.5 bn with Welspun trading limited in FY08 (29% of FY08 net sales). Additionally, the company has contingent liabilities: corporate guarantees of Rs2.4 bn and bank guarantees of Rs9 bn.

Welspun had transactions worth Rs11.5 bn with Welspun trading in FY08 (29% of FY08 net sales)

Does the company disclose the financials of key subsidiaries on a regular basis?

The company reports quarterly standalone financials and audited annual consolidated financial statements. It does not disclose detailed accounts of all subsidiaries as it has taken an exemption from the Ministry of Corporate Affairs. However, the detailed financials are available on request.

Welspun does not publish detailed accounts of all subsidiaries, as it has taken an exemption from the Ministry of Corporate Affairs

Wipro Ltd

Sector: IT services

Research Analyst
Bhuvnesh Singh
+65 6212 3006
bhuvnesh.singh@credit-suisse.com

Sunil Tirumalai
+91 22 6777 3714
sunil.tirumalai@credit-suisse.com

Figure 82: **Fact sheet**

Last balance sheet date			**31-Mar-08 (Also releases quarterly balance sheet)**
Promoter(s)	**Mr Azim H Premji**	Promoter holding (%)	**79.4**
Financial auditor(s)	**BSR & Co.**		
Internal auditor(s)	**Done by company's audit team**		
Number of board members	**7**	Independent board members	**6**
Key related parties			
Businesses of key subsidiaries	**Apart from IT services, Wipro has engineering, BPO, data centre services and consumer care businesses**		
Businesses of other group cos.	**None**		
% of revenues/profits in consolidated account not from parent			**13%/7%**
Other/non-operating income/exceptionals as % of PBT (%)			**8**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible asset/goodwill on its balance sheet?

No.

Does the company actively deal with derivatives/other financial market instruments?

Yes. Wipro uses currency derivatives (forwards, options) to hedge its foreign currency exchange rate and interest exposure. The company uses a combination of MTM accounting and cash-flow hedging. Around Rs1.4 bn of losses are present in the balance sheet as of September 2008 (4% of annualised PBT)

Wipro uses a combination of MTM and cash-flow accounting for its currency hedges

Any other significant departures from conservative accounting?

No.

Related party transactions

Does the company disclose the financials of key subsidiaries on a regular basis?

The company releases audited consolidated financials, including balance sheet, every quarter under both Indian GAAP and US GAAP. Standalone and consolidated financial statements are released annually. Only summary financial information about subsidiaries presented on an annual basis, with more details available on shareholder request.

Wipro releases consolidated balance sheets every quarter, under both Indian GAAP and US GAAP

Other comments

- High promoter holding and low free float caused share price volatility from 1999-2002.
- Wipro recently announced that it has been debarred from direct bidding for IT services contracts from the World Bank for offering shares to World Bank employees. The programme was approved by the SEC.

Zee Entertainment

Sector: Media

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 83: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Essel group (Subash Chandra)**	Promoter holding (%)	**41.5**
Financial auditor(s)	**M/s MGB & Co**		
Internal auditor(s)	**Guru and Ram , Chennai**		
Number of board members	**11**	Independent board members	**7**
Key related parties	**Apac Media Ventures Ltd, Asia Today Ltd & other Zee companies**		
Businesses of key subsidiaries	**Media and Broadcasting**		
Businesses of other group cos.	**Media and Broadcasting, Distribution, Sports, Infrastructure, Packaging, Satellite, Education, Social services**		
% of revenues/profits in consolidated account not from parent			**43%/23%**
Other/non-operating income as % of PBT (%)			**22.3**
Any events that raised investor concerns			**Yes**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

Premium payable on redemption of bonds Rs7 mn has been provided and adjusted against securities premium for the year ended 31 March 2008.

Any significant intangible assets/goodwill on its balance sheet?

Yes. Intangibles in the consolidated accounts were Rs13 bn versus a balance sheet size of Rs33.6 bn.

Does the company actively deal with derivatives/other financial market instruments?

Yes. The company enters into interest rate swaps. Nominal amounts of interest rate swaps outstanding as at 31 March 2008 amount to Rs3.2 bn.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

Auditors have pointed to a receivable of Rs239 mn claimed from a competing broadcaster, which is under litigation. In the opinion of management, based on the legal opinion, this claim is considered good and recoverable.

Auditors point to a Rs239mn receivable under litigation, which management considers good and recoverable

Related party transactions

Material related party transactions for the company.

Company has given loans and advances and guarantees to subsidiary companies (Rs5.5 bn as of March 2008) and other related parties. There are also purchase and sale transactions with related parties.

Does the company disclose the financials of key subsidiaries on a regular basis? Yes.

Events that raised investor concern

Cash is kept in the current account and is non-interest bearing. (It is deployed in new business initiatives as per management.) Tax write-backs in the June 2008 quarter were a non-cash item, but routed through the P&L (Sept. 2008 write-back was a cash flow item).

Cash is kept in the current account and is non-interest bearing

Zee News

Sector: Media

Research Analyst
Venugopal Garre
+91 22 6777 3872
venugopal.garre@credit-suisse.com

Harishankar Ramamoorthy
+91 22 6777 3792
harishankar.ramamoorthy@credit-suisse.com

Figure 84: **Fact sheet**

Last balance sheet date			**31-Mar-08**
Promoter(s)	**Essel group**	Promoter holding (%)	**54**
Financial auditor(s)	**M/s MGB & Co**		
Internal auditor(s)	**Guru and Ram**		
Number of board members	**5**	Independent board members	**3**
Key related parties	**Not listed: Zee Akash News Pvt Ltd & other Zee companies** **Listed: Zee Entertainment Enterprises Ltd**		
Businesses of key subsidiaries	**Media and broadcasting**		
Businesses of other group cos.	**Media and broadcasting**		
% of revenues/profits in consolidated account not from parent			**3%/-1%**
Other/non-operating income as % of PBT			**2.2**
Any events that raised investor concerns			**No**

Source: Company data, Credit Suisse estimates

Accounting policies

Any P&L entries made directly in the balance sheet?

No.

Any significant intangible assets/goodwill on its balance sheet?

No. At both standalone and consolidated levels, the company has only computer software to the tune of Rs14.5 mn.

Does the company actively deal with derivatives/other financial market instruments?

No.

Any other significant departures from conservative accounting?

No.

Any qualification from auditors in last annual report/LRR?

No.

Related party transactions

Materially related party transactions for the company.

The company has purchase and sales transactions with related parties. There are also corporate guarantees and balances due to and from related parties.

Corporate guarantees and balances due to and from related parties

Does the company disclose the financials of key subsidiaries on a regular basis?

Yes. Profit/loss figures are highlighted in quarterly filings.

Companies mentioned (1/4)

Figure 85: **Companies mentioned**

Company	BB Code	Rating	CMP	TP	Currency
ABB	ABBN VX Equity	U	14	14	CHF
Aban Offshore	ABAN IN Equity	O	599	1,261	INR
ABB	ABB IN Equity	O	459	580	INR
ACC Limited	ACC IN Equity	N	499	590	INR
Aditya Birla Minerals	ABY AU Equity	N	0.16	0.55	AUD
Aditya Birla Nuvo	ABNL IN Equity	NOT RATED	551		INR
Ambuja Cements Ltd	ACEM IN Equity	N	71	71	INR
Apollo Hospitals Enterprise	APHS IN Equity	U	425	453	INR
Ashok Leyland	AL IN Equity	N	15	14	INR
Axis Bank	AXSB IN Equity	U	444	495	INR
Bajaj Auto	BJAUT IN Equity	O	462	687	INR
Bajaj Hindusthan Limited	BJH IN Equity	N	60	67	INR
Bajaj Hindusthan Sugar & Industries	BJHS IN Equity	NOT RATED	17		INR
Balrampur Chini Mills Ltd	BRCM IN Equity	O	54	86	INR
Bank of Baroda	BOB IN Equity	N	241	260	INR
Bank of India	BOI IN Equity	U	254	250	INR
Bharat Forge Limited	BHFC IN Equity	O	80	193	INR
Bharat Heavy Electricals	BHEL IN Equity	O	1,404	1,630	INR
Bharat Petroleum	BPCL IN Equity	O	385	408	INR
Bharti Airtel	BHARTI IN Equity	O	635	950	INR
Bosch Limited	BOS IN Equity	O	3,018	4,166	INR
British Telecom	BT/A LN Equity	N	123	170	GBp
Cairn Energy Plc	CNE LN Equity	U	1,754	1712	GBp
Cairn India	CAIR IN Equity	N	156	161	INR
Canara Bank	CBK IN Equity	N	201	180	INR
Caraco	CPD US Equity	NOT RATED	5		INR
Cardiff	CDFF LN Equity	NOT RATED	540		INR
CESC	CESC IN Equity	U	238	314	INR
Cipla	CIPLA IN Equity	N	183	220	INR
Crompton Greaves	CRG IN Equity	N	128	208	INR
Cummins India	KKC IN Equity	U	202	176	INR
Daiichi	4568 JT Equity	O	1,895	3,000	JPY
DLF	DLFU IN Equity	U	196	185	INR
Dr. Reddy's Laboratories	DRRD IN Equity	O	447	810	INR
Educomp Solutions	EDSL IN Equity	O	2,084	2,700	INR
Everonn Systems	ESIL IN Equity	O	202	245	INR
GAIL (India)	GAIL IN Equity	O	208	323	INR
Gammon India Ltd	GMON IN Equity	N	74	128	INR
General Electrical	GE US Equity	N	14	17	USD
Glenmark Pharma	GNP IN Equity	O	266	350	INR

Note: Ratings – O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM; Source: Bloomberg, Credit Suisse estimates

Companies mentioned (2/4)

Companies mentioned

Company	BB Code	Rating	CMP	TP	Currency
Grasim Industries	GRASIM IN Equity	O	1,284	2,213	INR
Gujarat State Petronet Limited	GUJS IN Equity	N	31	61	INR
HCL Infosystems	HCLI IN Equity	NOT RATED	78		INR
HCL Technologies	HCLT IN Equity	U	118	150	INR
HDFC	HDFC IN Equity	O	1,566	2,199	INR
HDFC Bank	HDFCB IN Equity	N	938	1,226	INR
Hero Honda Motors	HH IN Equity	O	845	982	INR
Hindalco Industries Ltd	HNDL IN Equity	N	50	105	INR
Hindustan Petroleum	HPCL IN Equity	N	281	259	INR
Hindustan Unilever	HUVR IN Equity	O	251	262	INR
Hindustan Zinc Limited	HZ IN Equity	O	349	450	INR
Holcim	HOLN VX EQUITY	U	53	41	CHF
ICICI Bank	ICICIBC IN Equity	N	424	428	INR
Idea Cellular	IDEA IN Equity	O	44	60	INR
IDFC	IDFC IN Equity	N	60	64	INR
I-Flex Solutions	OFSS IN Equity	U	454	800	INR
India Cements	ICEM IN Equity	O	106	168	INR
Indiabulls Financial Services	IBULL IN EQUITY	NOT RATED	101		INR
Indiabulls Properties Investment Trust	IPIT SP EQUITY	NOT RATED	0.22		INR
Indiabulls Real Estate	IBREL IN Equity	N	112	166	INR
Indiabulls Retail Services	IBRET IN EQUITY	NOT RATED	16		INR
Indiabulls Securities	IBSEC IN EQUITY	NOT RATED	19		INR
Indian Bank	INBK IN Equity	U	127	115	INR
Indian Oil Corp Ltd.	IOCL IN Equity	NOT RATED	438		INR
Indian Overseas Bank	IOB IN Equity	N	67	87	INR
Indraprastha Gas	IGL IS Equity	NOT RATED	108		INR
Infosys Technologies	INFO IN Equity	O	1,267	1,650	INR
ITC	ITC IN Equity	O	172	213	INR
IVRCL Infrastructures and Projects	IVRC IN Equity	O	112	265	INR
Jaiprakash Associates	JPA IN Equity	O	66	99	INR
Jindal Saw Ltd	JSAW IN Equity	N	226	470	INR
JSW Steel	JSTL IN Equity	O	212	350	INR
Kotak Mahindra Bank	KMB IN Equity	N	316	501	INR
Lanco Infratech Ltd.	LANCI IN Equity	O	116	153	INR
Larsen & Toubro	LT IN Equity	O	717	1,115	INR
Lupin	LPC IN Equity	N	606	620	INR
Madras Aluminium	MAL In Equity	NOT RATED	54		INR
Mahindra & Mahindra	MM IN Equity	N	325	540	INR
Mangalore Petrochemicals & Refinery	MRPL IN Equity	NOT RATED	38		INR
Maruti Suzuki India Limited	MSIL IN Equity	O	590	635	INR

Note: Ratings – O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM;
Source: Bloomberg, Credit Suisse estimates

Companies mentioned (3/4)

Companies mentioned

Company	BB Code	Rating	CMP	TP	Currency
Mindtree Consulting	MTCL IN Equity	U	239	310	INR
Nagarjuna Construction Company Ltd	NJCC IN Equity	O	58	83	INR
National Aluminium Co.	NACL IN Equity	U	183	325	INR
National Thermal Power Corp	NATP IN Equity	N	180	160	INR
NIIT	NIIT IN Equity	U	23	25	INR
NIIT Tech	NITEC IN Equity	NOT RATED	55		INR
Nissan Motors	7201 JT EQUITY	U	326	325	JPY
Oil & Natural Gas Corporation	ONGC IN Equity	N	649	965	INR
Old Mutual	OML LN Equity	NOT RATED	56		INR
Oracle Corp	ORCL US Equity	N	17	16	USD
Orchid	OCP IN Equity	NOT RATED	83		INR
Parsvnath Developers	PARSV IN Equity	U	39	40	INR
Petronet LNG	PLNG IN Equity	O	37	65	INR
Prudential	PRU LN Equity	N	336	472	GBp
Punj Lloyd	PUNJ IN Equity	N	114	222	INR
Punjab National Bank	PNB IN Equity	N	455	417	INR
Ranbaxy Laboratories	RBXY IN Equity	O	218	220	INR
Reliance Capital	RCFT IN Equity	NOT RATED	429		INR
Reliance Communication	RCOM IN Equity	U	183	260	INR
Reliance Industrial Infrastructure Ltd.	RIIL IN Equity	NOT RATED	335		INR
Reliance Industries	RIL IN Equity	N	1,217	1,504	INR
Reliance Infrastructure	RELI IN Equity	O	541	967	INR
Reliance Petroleum Ltd.	RPET IN Equity	NOT RATED	80		INR
Religare	RELG IN Equity	NOT RATED	321		INR
Sesa Goa	SESA IN Equity	NOT RATED	78		INR
Shree Renuka Sugars Limited	SHRS IN Equity	O	72	111	INR
Siemens	SIE GR Equity	O	43	60	EUR
Siemens India	SIEM IN Equity	N	215	307	INR
Simplex Infrastructures Ltd	SINF IN Equity	O	137	395	INR
SingTel	ST SP Equity	O	2.5	3.55	SGD
Sobha Developers	SOBHA IN Equity	N	84	125	INR
SPARC	SPADV IN Equity	NOT RATED	45		INR
State Bank Of India	SBIN IN Equity	U	1,164	1,054	INR
Steel Authority of India	SAIL IN Equity	O	79	125	INR
Sterlite Industries (India) Ltd	STLT IN Equity	O	260	500	INR
Sun Pharmaceuticals	SUNP IN Equity	O	1,120	1,370	INR
Sun TV	SUNTV IN Equity	N	167	183	INR
Suzlon Energy	SUEL IN Equity	O	51	149	INR
Suzuki Corporation	7269 JT EQUITY	N	1,269	1277	JPY
Tata Communications	TCOM IN Equity	N	464	375	INR

Note: Ratings – O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM; Source: Bloomberg, Credit Suisse estimates

Companies mentioned (4/4)

Companies mentioned

Company	BB Code	Rating	CMP	TP	Currency
Tata Consultancy Services	TCS IN Equity	O	503	725	INR
Tata Motors	TTMT IN Equity	N	153	153	INR
Tata Power Company	TPWR IN Equity	N	773	936	INR
Tata Steel	TATA IN Equity	O	204	320	INR
Tata Steel Thailand	TSTH TB Equity	NOT RATED	1.09		INR
Tech Mahindra	TECHM IN Equity	U	240	490	INR
Thermax	TMX IN Equity	N	176	251	INR
TV 18	TLEI IN Equity	U	85	220	INR
Ultratech Cement Ltd	UTCEM IN Equity	O	371	616	INR
Unilever NV	UNA NA EQUITY	U	18	17.16	Euro
Unilever PLC	ULVR LN EQUITY	U	1,568	1544	GBp
Union Bank of India	UNBK IN Equity	N	154	144	INR
Unitech	UT IN Equity	N	29	62	INR
Unitech Corporate Parks	UCP LN EQUITY	NOT RATED	11		INR
United Spirits	UNSP IN Equity	O	725	1,015	INR
UTV Software	UTV IN Equity	N	262	688	INR
Vedanta	VED LN Equity	U	605	700	GBp
Voltas	VOLT IN Equity	O	47	103	INR
Welspun Gujarat Stahl Rohren	WGS IN Equity	O	93	170	INR
Wipro	WPRO IN Equity	O	238	340	INR
Zee Entertainment	Z IN Equity	N	121	173	INR
Zee News	ZEEN IN Equity	O	31	48	INR
Zenotech	ZTL IN Equity	NOT RATED	110		INR

Note: Ratings – O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM;

Source: Bloomberg, Credit Suisse estimates

Disclosure Appendix

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Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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CREDIT SUISSE (Hong Kong) Limited
Asia/Pacific: +852 2101-6000