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GROUND ZERO

A PhillipCapital India Publication

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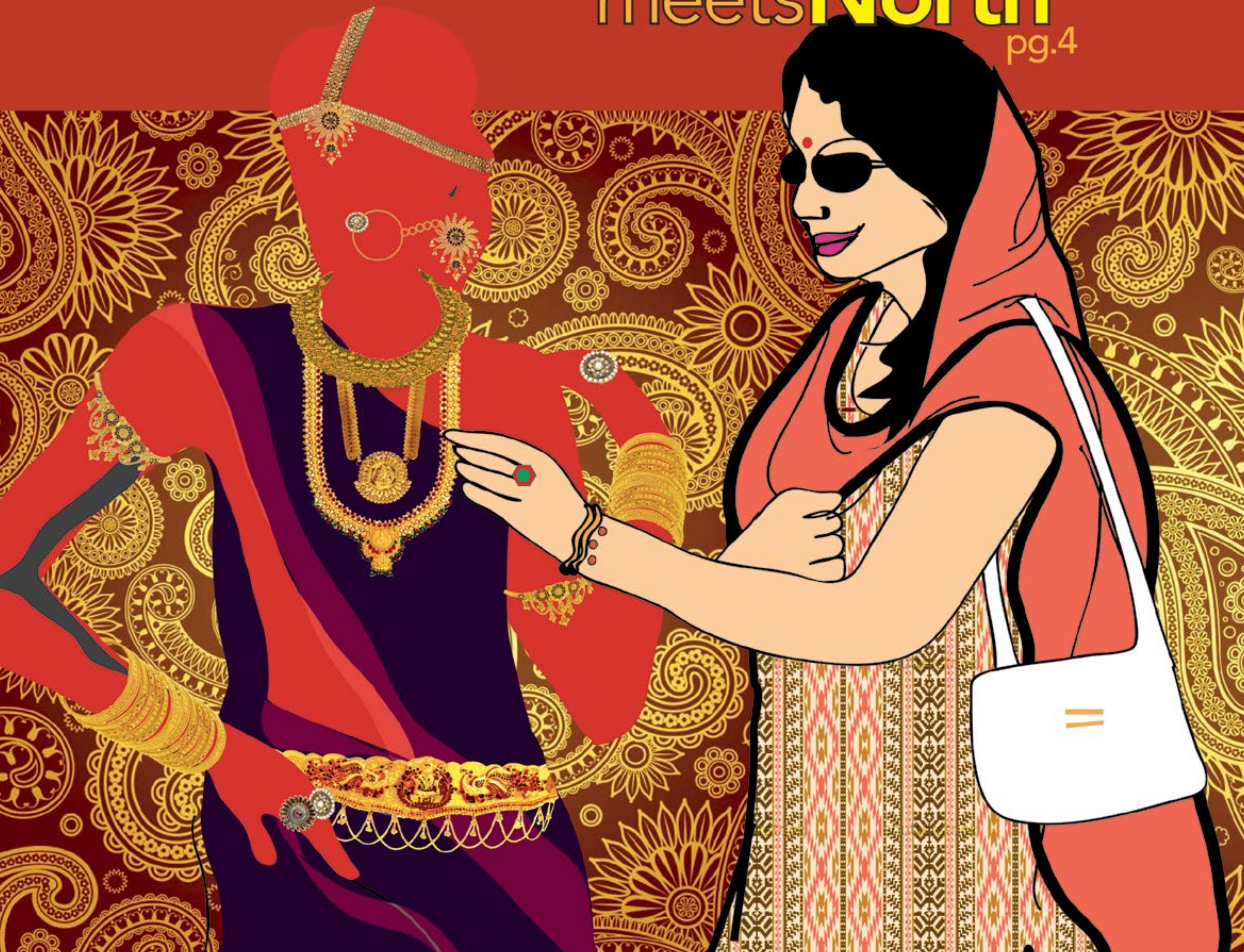

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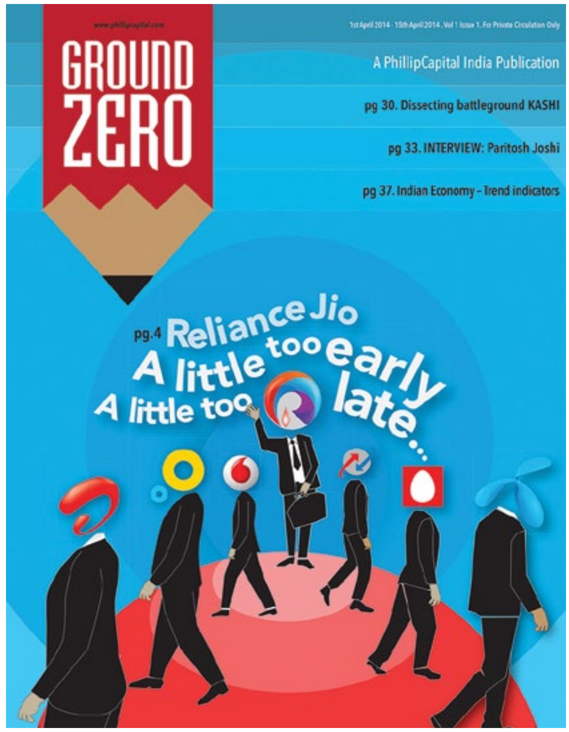
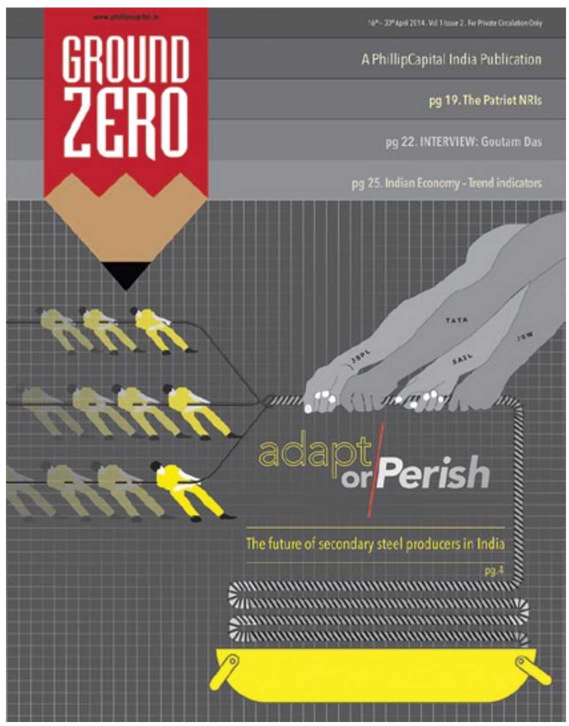
GROUND ZERO - PREVIOUS ISSUES





LETTER FROM THE MANAGING DIRECTOR

Gold had been a standard for monetary policy before it was supplanted by fiat currency in the 1930s. The last gold certificate and gold coin currencies were issued in the US in 1932. A total of 174,100 tonnes of gold have been mined in the human history, according to Gold Field Mineral Services. Globally 50% of gold is consumed for jewellery, 40% in investments and 10% in industry.

India is said to have over 21,000 tonnes of gold and is the world's largest gold consumer and the south Indian markets account for the bulk of the consumption. On Akshaya Tritiya, when gold is among the most searched word on the internet in India and one of the biggest occasions to purchase gold, we publish our cover story on jewelry retailing. The story "When South meets North" penned by retail analysts Abhishek Ranganathan and Neha Garg is an interesting tale of some of the biggest southern jewelers making forays in the northern market. The story brings out the fascinating trends and nuances of gold consumption in the two markets that holds the key to the success and a lasting change in the competitive landscape of the country. It is purely coincidental that the analysts are from south and north India respectively!

In this issue, we have also assessed the impact of the recent hail storms on farm output with first-hand interaction with farmers in Maharashtra, Karnataka, MP and UP. Lastly, a free-wheeling interaction with the Guru of the Cable distribution industry, provides a peek into the recent developments and challenges in the space.

15 more days to go for the election results!! Let's hope for the best!!

Best Wishes

Vineet

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JEWELRY RETAILING when South meets North

While south India remains the largest consumer of gold within India, some of the biggest southern players have entered the north. Malabar Gold, Kalyan Jewellers and Joyalukkas (incidentally all from Kerala) have been aggressively expanding outside south India. All three put together have an estimated turnover of Rs 300bn. As they venture into north India, Ground Zero explores the differences between the operating environment in the two regions and the strengths and weaknesses of these players and tries to answer the question — will southern players succeed in the North?

We explore some of the largest gold consuming cities of south India to look at current demand trends and buying behavior. We also try to understand the operating environment and business models of south jewelers as they go north. We found uncanny similarities and stark differences. Ground Zero research came across very interesting nuances peculiar to individual states where breaking the barrier doesn't seem all that easy. Trust, cultural beliefs, designs, and loyalty would test the business models, while the willingness to adapt and establish robust supply-chain management would determine sustainability. This story is about a confluence of cultures — a challenge to move towards de-centralized control of business. Mirroring Bollywood, our south meets north story evokes excitement, but has its twists, turns, and pitfalls.

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BY ABHISHEK RANGANATHAN & NEHA GARG

The dynamics of the south jewelry market – mature and competitive

"70% of the gold consumed in the country is actually bought on 'occasions' (weddings, engagements, festivals, etc.)"

– Amresh Acharaya, Director Investments, World Gold Council (WGC).

As per the WGC, 40% of India's gold consumption is in South India. It is home to the largest gold consuming state (Tamil Nadu) and the highest per-capita gold-consuming state (Kerala).

Kerala –Average sale of 100kg Gold per day
Tamil Nadu – Average sale 200kg Gold per day;
Chennai alone contributes to half of this

Decoding the buyers mindset

Source: PhillipCapital India Research

In the south, investment is a major motive

Moreover, south India seems to purchase gold with implicit investment motive. Motive is clearer and more evident in the South as gold coins and bars account for more than a third of gold purchases in many places. Interactions with members of the Madras Jewelry Association (MJA) indicate that around 30-40% of the purchased gold is in the form of coins and bars. As per WGC, 36% of gold is bought in the form of bars and coins. This number was 16% 10 years ago.

"Gold is amongst the top two searched words on the internet. The top-most searched word is stock market. During Akshay Tritiya, gold is the most searched word,"

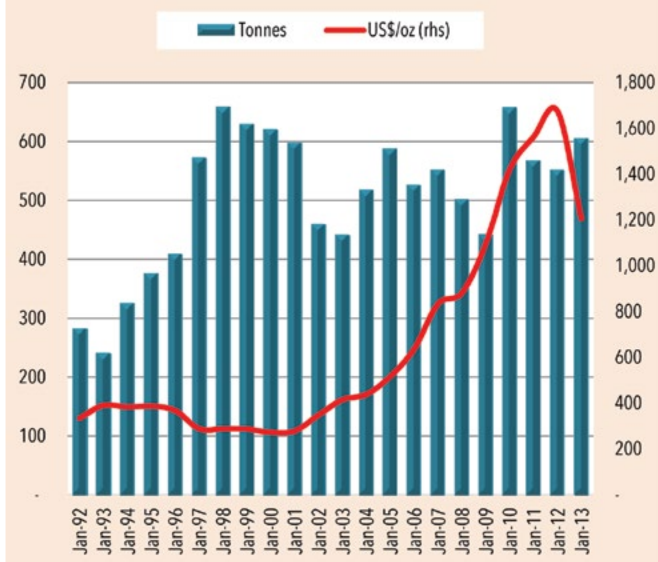
– Amresh Acharya, WGC.

Gold continues to be perceived as an investment — at the very least it straddles both savings and investment. Mr. Acharya explains, "People don't consider gold to be an expense. More than 50% gold is bought in rural areas where they have limited avenues to invest their savings. Only 40% of people have access to banking services. In India, 5% of savings is in physical gold and the percentage has been maintained over the years. 55% of savings are physical in nature and the rest are financial." The perception of gold in tier-3, 4, and 5 towns continues to be skewed towards investments compared to cities.

"In cities there are more avenues and distractions such as cars, luxury goods to spend money on, whereas these avenues are limited in smaller towns and cities. Hence propensity to consume gold there is higher."

– Mr. Rajesh Vummidi, member of the Madras Jewelry Association (MJA) corroborates

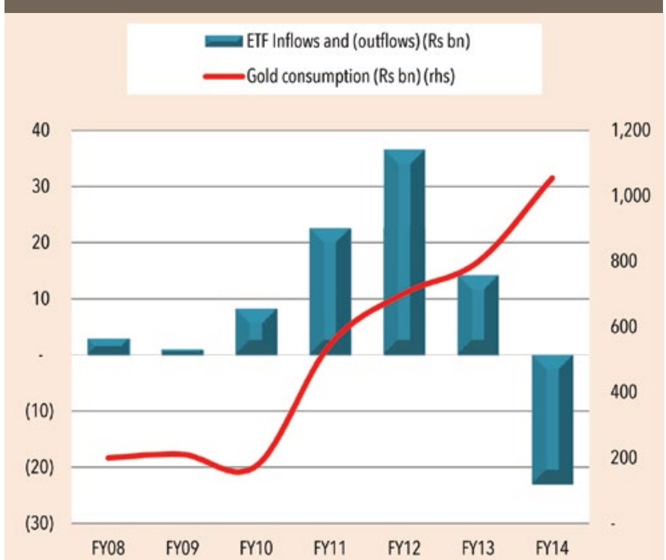
Gold consumption in India has been largely inelastic despite price rise



Source: World Gold Council, PhillipCapital India Research

The total corpus of Exchange Traded Funds (ETFs) is Rs 90bn of which around 50% are by corporates and family offices.

ETF vs. physical gold for India



Source: Amfi India, World Gold Council, PhillipCapital India Research

The real wedding planners

So what drives the sales of coins and bars? "We can't classify gold as investment as it's seldom sold," says Mr. Acharya of WGC. Most coins and bars are bought as a planned purchase for weddings in the family rather than as a pure financial investment. Trying to explain the buyer's mindset Mr. Vummidi of the MJA says, "As wedding jewelry designs change with time and can't be planned 25 years in advance, families in TN buy gold in the form of coins and bars at regular intervals. This helps the family mitigate gold price inflation over this duration and is the most cost effective way of procuring gold as it entails very little making charges."

"We can't classify gold as investment as it's seldom sold,"

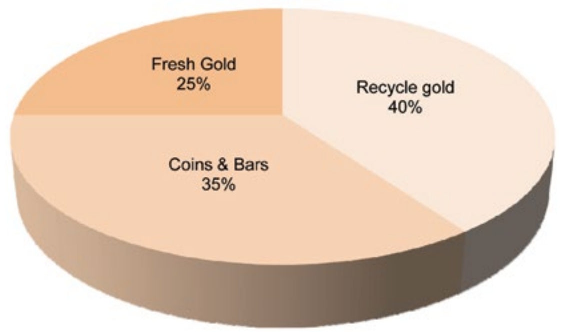
– says Mr. Acharya of WGC.

Investment demand (measured in Coins/bars) for gold has increased over last 10 years

Source: World Gold Council, PhillipCapital India Research

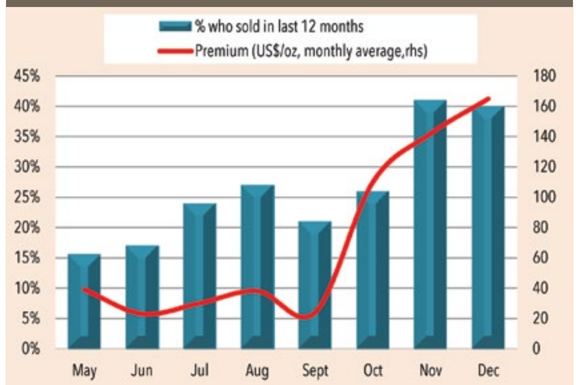
Therefore, recycling gold is a popular trend. Tamil Nadu has the highest share of recycled gold jewelry. Interactions and surveys across largest players firmly indicated that over 40% of the jewelry sales are from recycled gold. While this number does look high, it should be read keeping in mind the high share of coins/bars, which eventually get recycled mostly for weddings.

Composition of gold sale in Chennai



Source: MJA, PhillipCapital India Research

Proportion of recycled gold increased due to import restrictions on gold in FY14



Source: World Gold Council, PhillipCapital India Research

"Over 50% of the country's gold is bought for marriages or associated with marriages. It's seen as a way of giving wealth to the daughter or daughter-in-law"

– Amresh Acharya, WGC.

However, the timing and planning of gold purchase varies from state to state. In Kerala, the wedding jewelry is purchased closer to the wedding date and does not entail as much planning, says an associate of one the largest south-based jewelers. He further adds, "In Kerala, wedding purchases happen just before the wedding, hence it can be tracked, whereas in TN it's a planned purchase." Basically, purchases of gold are planned from the day a child is born into the family — a leading south jeweler said that the initial purchase of gold (in TN) will be in the form of coins and bars, not jewelry.

In this robust and intriguing market what drives the choice of the jeweler?

Quality conscious and extremely choosy customer

Buyers in south India, especially Kerala and TN, are extremely quality conscious and are well aware of purity and hallmarking. All the jewelers surveyed, including some family jewelers, in these states clearly said that purity was of paramount importance.

"Purity and quality is a first and foremost parameter for a consumer when it comes to the choice of jeweler,"

- says Mr. Vummidi, MJA.

Buyers are willing to pay a premium for purchases from reputed regional and national chains. Regional players in the south, especially in Kerala and Chennai, have kept pace with the customer's awareness and almost all the large players are considered to offer quality (purity). However, awareness and practice both would be lower in the smaller towns.

Preference for only gold, traditional and heavy designs; diamonds a distant runner up

The south India jewelry market is skewed towards gold and traditional designs; it is also extremely competitive. Consequently, the consumer awareness of making charges is very high. Unusually low making charges usually mean that there have been compromises on quality of workmanship by reducing man-hours.

The average making charges in south India for gold jewelry is around 10-15% and 15-25% for diamonds. However, the designs are more traditional and heavy. As one regional jeweler stated, "Customers want to bargain on making charges. Genuine negotiation is for only about 2-3% of total price but it's more about the satisfaction of bargaining".

"Customers want to bargain on making charges. Genuine negotiation is for only about 2-3% of total price but it's more about the satisfaction of bargaining".

Jewelers concur that on some differentiated products one can charge higher making charges. *The average gold consumed during a wedding in Chennai is 100gms.* However, there are signs of change in the South from heavy gold jewelry to lighter weights. As Mr. Vummidi of MJA pointed out, "Now the focus is on light-weight jewelry, even in weddings. Earlier a wedding kasu mala (neckwear) used to weigh 60gm. Now the new designs in kasu mala weigh only around 30gms and the balance 30gm is used for light-weight jewelry, which can be used more frequently/daily."

Kasu Mala – A traditional South Indian Wedding Neckwear

A visit to a Tanishq store and we were urged to test our existing gold jewelry on the famed Karat meter. On asking about their high making charges, we were told how purity was not uniform across non-Tanishq products, while a Tanishq product will always have uniform karatage and thus the customer always gets the promised purity.

One store manager, also an ex Tanishq Management Agent employee, now with a niche diamond brand stated that Tanishq gained market share in 2006-07 in Chennai after it repositioned itself on lines of purity and trust.

In the south, barring major cities such as Chennai and Hyderabad, diamonds are not very popular. "In the south, diamonds have to be colorless as colored ones are considered inauspicious", says Mr. Vummidi of MJA. He believes that diamonds are slowly gaining popularity in the south; existing gold buyers are willing to try diamonds. However, diamonds are still only 15-20% of the market.

Another Kerala-based player added that diamond jewelry would be approximately 7-10% of the market and studded (with stones) jewelry is growing fast. His view is that Kerala is a modern market and studded jewelry will gain share there over a period of time.

In general, most regional/local jewelers indicated that the large players such as Tanishq and Malabar have higher making charges. We delved deeper and had an insightful interaction with an ex-employee of Tanishq who is now employed with a competitor.

The gentleman who obviously does not want to be named stated that 60% of the designs in a Tanishq store are unique — the main reason given to customers about why their making charges seem high. Other regional players have common vendors and hence design is not necessarily unique. One of Tanishq's major competitors (south-based) also agreed that Tanishq's designs are unique and contemporary and hence the clientele base is different. Tanishq has its own state-of-the-art manufacturing unit and karigar (craftsman) park and in-house design team.

Visit to a Tanishq store in Chennai

A visit to two of the best-performing stores in Chennai and we find a promotion on making charges on wedding jewelry [picture]. When we asked about the high making charges (wastage as it is called in the south) the sales executive gave us a point-by-point answer with the help of a calendar-like brochure:

The Karat Meter- Used to test the purity of customer's old jewelry

The brochure used to explain various distinct qualities of a Tanishq product

Purity – It's even across a product (e.g., every portion of a ring would have even karatage, thus taking care of comparison with hallmarked gold).

Diamonds – Use the best quality diamonds after significant filtering. All diamonds in the jewelry are of the same size, dimensions, and quality.

Process – The most interesting bit. The input used in soldering a Tanishq product is indium whereas others use the much cheaper cadmium. Cadmium poses long-term health hazards to the karigars/gold smiths. Interestingly, indium costs 300x more than cadmium.

Designs – Designs are from across the country and in-house design teams send latest designs.

Finishing – As it controls the manufacturing process, the finishing of the product is top-notch and even across the product with no rough edges.

Lalitha Jewellers Case Study

Lalitha Jewelry is one of the prominent jewelers in Chennai with outlets in Madurai, Trichy, and even Bangalore. Lalitha has re-positioned itself in the market by claiming to offer the lowest making charges. It has embarked on an advertising spree on TV channels and newspapers showcasing its making charges as lowest in TN. A cursory visit during a working day around noon took us by surprise because the store was buzzing with customers (however, the parking lot was relatively empty) indicating that the wealthy buyers weren't shopping then.

We talked to Mr. Gopi, a senior sales person at the store. Since other players claimed that business has been slow we just had to ask them if the buzz that we saw that day was a one off — the answer was an emphatic no.

He said that apart from purity, making charges are a very important decision-making factor. Then design and advertisement are important drivers. Clearly, jewelry is sold and bought here more like an FMCG product!

A sales executive at Lalitha Jewelry Store displaying the jewelry; the low making charges are highlighted

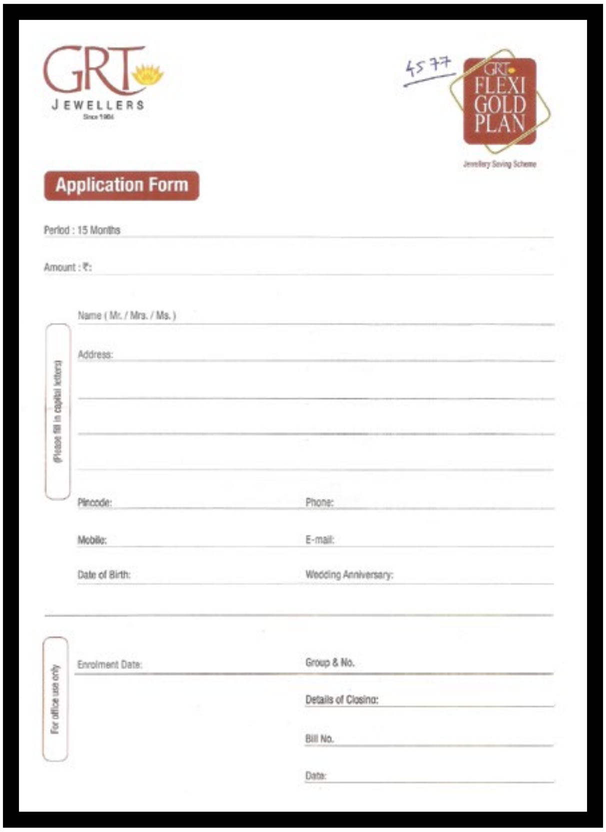
The store (a 4-storey building) we visited sells around 6kgs of gold everyday (annual sales of 2.5 tonnes) and carries around a 550-kg inventory at any given point of time. The average making charges is 7%. The showroom witnesses 300 footfalls a day of which there are 250 conversions (implying average ticket size of 24gms per customer).

Gold is the predominant jewelry sold, followed by silver and then diamonds. Cash purchases by customers constitute 40% of the turnover. 50% of the gold is sourced from recycled gold and it claims to add 750 members every month to its kitty of 10,000 members who are enrolled in its monthly deposit scheme.

"In our store everyone from an auto-rickshaw driver to a Mercedes Benz owner shops. We cater to all budgets and our motto is gold for everyone," said another senior sales person in Lalitha Jewelry.

Lalitha Jewlery Store at 1 PM on a weekday

Another intriguing aspect of the market is the tremendous customer loyalty that regional jewelers there enjoy. As gold and jewelry are planned purchases down south, jewelers have adapted and grown through a variety of monthly gold deposit schemes, where at the end of tenure, the buyer can purchase jewelry/gold for some discount or freebies. It is estimated that there are 11,000 gold savings schemes in the country.



GRT JEWELLERS Since 1964

4577

GRT FLEXI GOLD PLAN Jewellery Saving Scheme

Application Form

Period : 15 Months

Amount : ₹:

(Please fill in capital letters)

Name (Mr. / Mrs. / Ms.)

Address:

Pincode: Phone:

Mobile: E-mail:

Date of Birth: Wedding Anniversary:

For office use only

Enrolment Date: Group & No.

Details of Closing:

Bill No.

Date:

GRT's Gold Saving Schemes – uses a chit-fund model (notice the numerical code scribbled on the enrollment form) to pool deposits

Free Gold Jewellery Savings Scheme

Presenting the only Jewellery Savings scheme that gives you Gold, absolutely free ! Plus a lot more !! The One-of-its-kind 'Free Gold' Jewellery Savings scheme from Lalitha Jewellery Mart Pvt.Ltd.

Gold – Free !
Pay your installments for 18 months and we will pay your installment for the 19th month. Since gold is credited to your account against the monthly payments made, this Free Installment at the end of the scheme, translates to Free gold for you !

Making charges – Free* !
No Making charges for the Jewellery you buy upon maturity of the scheme.

Wastage – Free !
Wastage for the jewellery you select upon scheme maturity is absolutely free, when it doesn't exceed your accumulated weight. Even if it exceeds your accumulated weight, wastage is charged at just 1 to 8*% - and only for the differential weight (See table).

'Free' from fluctuating Gold prices !
Gold is credited to your account at the prevailing rate every month. So you are free from fluctuations in gold price.

VAT – Free
Value added tax (VAT) for the jewellery you buy will be borne by Lalitha Jewellery.

Freedom - to choose your EMI
Choose from a range of easy Installment options available – ₹ 1000 / ₹ 2000 / ₹ 5000 / ₹ 10000 / ₹ 15000 !

Sample calculation	Sample 1	Sample 2
Accumulated Gold Weight	36 gms	36 gms
Free Gold (Bonus) you get	2 gms	2 gms
Weight of gold jewellery you buy	38 gms	50 gms
Weight difference	–	12 gms
Actual Wastage	1 to 8*%	1 to 8*%
Wastage you're charged	FREE	Free for 38 gms; 1 to 8*% on 12 gms
Making Charge	FREE	FREE #
VAT	FREE	FREE

No Wastage

All jewels are 916 BIS Hallmarked

Lalitha's Gold Deposit Scheme and Making Charges

Flexi Gold Plan Redemption/Maturity Options

Option 1: Gold Weight Based option

For every monthly instalment, gold is credited to your account at the prevailing rate. When you purchase jewellery upon maturity, you enjoy special benefits, as below:

- No Value Addition (wastage) and No Making Charges except for special items on accumulated weight (upto 18%)
- No VAT (VAT will be borne by GRT upto 1%)

HOW IT WORKS ? (Option 1)

Gold weight accumulated	35gms	35gms	35gms	35gms
Plain gold jewellery selected	35gms	50gms	50gms	50gms
Difference in weight	Nil	15gms	15gms	15gms
Actual jewellery wastage	18%	18%	12%	22%
Customer's eligibility	18%	18%	18%	18%
Difference in wastage (VA) to be paid by customer	Nil	18% on 15gms	12% on 15gms	4% on 35gms + 22% on 15gms
Making charges	Nil	Nil	Nil	Nil
VAT* (Upto Weight Accumulated)	Nil	Nil	Nil	Nil

* The above table is for an illustrative purpose only.

Option 2: Value Based option

- During maturity (16th month) you can purchase jewellery for the Total amount + One free instalment.
- No Making Charges* (except for special items)
- No VAT (VAT will be borne by GRT upto 1%)
- Value Addition (wastage) will be charged, according to the jewellery you choose.
- You can choose a special cash incentive / gift article from many options, at the end of the 15th month.

THE ACCRUED AMOUNT FOR THE VARIOUS SCHEMES (Option 2)

Scheme for 15 months (₹)	Total Amount (₹)	Cash Incentive / Gift Article on maturity (₹)	Value of jewellery you can purchase on maturity (including One free instalment) (₹)	Total (₹)
1,000	15,000	400	16,000	16,400
2,000	30,000	800	32,000	32,800
5,000	75,000	2,000	80,000	82,000
10,000	1,50,000	4,000	1,60,000	1,64,000

*VAT borne by GRT *Conditions apply

GRT's Gold Saving Schemes

Gold deposit scheme first originated in TN and GR Thangamaligai (GRT) is one of the largest players there. Customer loyalty in TN is largely through the monthly gold deposit schemes. "Chennai is perhaps the most matured market for gold jewelry. The array of deposit schemes and competitiveness in pricing and promotions is tremendous," says Baidik Sarkar, a finance professional and native of Chennai. He further adds, "In a GRT jewelry store, I can coax him into reducing the price further by saying Anna (means brother) konjum (some) discount…this way I have built a relationship with the jeweler over the years."

One family jeweler claimed that 20-25% of his business comes from deposit schemes. The average size of deposit is Rs 5,000 per month. Some schemes allow the buying of coins while schemes that waive off the one-month deposit are only for buying jewelry. Interestingly, the quantum of up-trading by his customers was in the range of 20-25% of the total deposit amount.

"Chennai is perhaps the most matured market for gold jewelry. The array of deposit schemes and competitiveness in pricing and promotions is tremendous," says Baidik Sarkar, a finance professional and native of Chennai.

It is quite evident that market in the South is mature with customers making systematic allocations towards gold purchases (as an asset or for weddings), high level of awareness of purity and making charges, and an array of deposit schemes and strong loyalty to the regional jewelers.

GRT's Diamond section

GRT's Gold section where all the action is...

The 2D market - Design and Diamonds

The demand drivers in north and west India remain wedding and events

The investment is in style and design

More than investment, the north Indian jewelry market is driven and motivated by end use, design, and style. Diamond jewelry comprises a larger share of the market — north is India's largest diamond jewelry market with a share of around 40%.

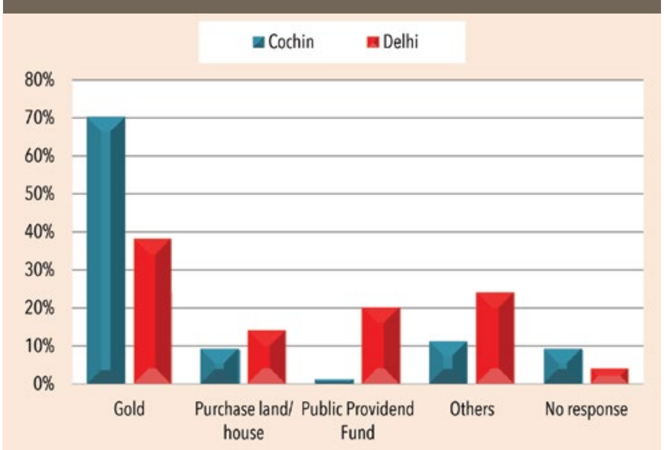
Mr. Sanjeev Bhatia, CFO, PC Jewellers succinctly describes the market, "In the north, the average buyer's implicit motive seems to be driven by fashion rather than investment." He goes on to add that, "Share of diamond jewelry is significantly high in the North. The sale of gold coins and bars is low. Gold coins and bars account for only 3-4% of PC Jewellers' turnover". Another interesting data, which validates this, is that recycled gold for jewelers in north is much lower than that in the south (40%). Jewelry out of recycled gold is on an average at only 10% for PC Jewellers. This is largely attributable to the preference for diamond and designer jewelry, where making charges are higher, and the accessory mindset of the consumer, whereas lower sale of coins means lower recycling.

Gold is purchased closer to weddings and 'occasions' and in the form of jewelry and coins. Coins and bars are used for gifting purposes during marriages. The biggest festival for gold coins purchases in the north is Dhanteras. However, when prices fell in Q1FY14, people across India including in the north bought gold six months before Dhanteras, which is quite unlike typical north Indian behavior. The average ticket size for gold consumption here is around 17gms says one leading jeweler.

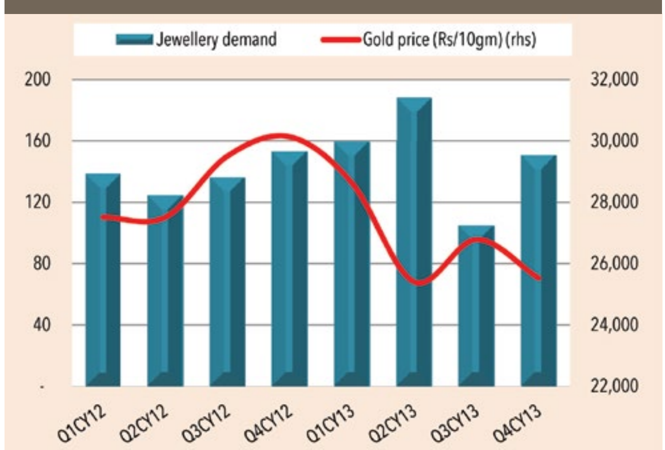
Interestingly, diamond purchases also spike during 'occasions'. One of the leading diamond players explains, "Karva Chaut is very big for diamonds. Women coax their husbands into buying diamond rings and sets as a reward for fasting."

The popularity of deposit and loyalty schemes is naturally low as the purchase of jewelry is not planned too much in advance. Most players use the deposit schemes as a means to draw customers into the store. It is positioned to help a housewife make small ticket purchases.

Gold is less of an investment in the North



Gold demand spiked in Q2CY13 when prices fell steeply



Source: CPPR (Centre for Comparative Studies), PhillipCapital India Research

Classic combination of Kundan and Minakari

As Mr. Acharya of WGC puts it, customers know they are being ripped off. However, leading players say that even the actual awareness levels drops in tier-3, 4, and 5 towns. Increased awareness of purity and trust will gradually shift demand to organized jewelers .

The wedding party starts late and continues longer

Here, 70% of the market is driven by weddings and 'occasions' related to weddings such as engagements, mehandi, sangeet ceremonies and cocktail parties, says Mr. Bhatia. People in the north buy wedding jewelry closer to the wedding date, to match with their wedding trousseau such as lehenga, etc.

Kundan and minakar are the two popular varieties of north Indian jewelry. They have been inspired from the designs and craftwork of Mughals and reflect the Mughal dynasty. A leading diamond player explains, "Uncut diamonds such as polkis is very popular in the North. We wouldn't be able to sell these in South where ruby jewelry is more popular."

The average gold consumed during a North wedding is around 100 gm and diamonds is around 3 carats.

In search of purity

In the north, purity still remains an unaddressed issue. "80% of North Indian jewelry market is unorganized. Unlike the south where there are prominent players such as GRT or PC Chandra in the East, north doesn't have major organized players like us," says Mr. Sanjeev Bhatia, CFO, PC Jewellers.

"80% of North Indian jewelry market is unorganized. Unlike the south where there are prominent players such as GRT or PC Chandra in the East, north doesn't have major organized players like us,"

- says Mr. Sanjeev Bhatia, CFO, PC Jewellers.

Though buyers are aware of trust and purity issues, they continue to patronize the unorganized market as the price points there are lower and it suits their budget. As Mr. Acharya of WGC puts it, customers know they are being ripped off. However, leading players say that even the actual awareness levels drops in tier-3, 4, and 5 towns. Increased awareness of purity and trust will gradually shift demand to organized jewelers .

In the absence of large regional players, Titan's Tanishq has spearheaded the agenda of purity and under-karatage. However, standardization/ certification of purity still remains an issue.

"Design is not for philosophy it's for life." Issey Miyake

Demand is shifting from unorganized players to organized ones as branded players also offer higher variety and range. While explaining the north-Indian buyer Mr. Bhatia says, "For the north Indian customers, design and diamonds-size matter more." As the buyer places design and studded jewelry as a priority over gold as an investment, she is willing to pay the higher making charges that these entail. Buyers are aware of making charges, but they are more aware of designs. Bhatia believes that customers enter a PC Jewellers store for the variety and range it offers.

A north Indian customer is fickle minded says a person associated with a niche pan-India jeweler — "A customer doesn't have loyalty to any particular store and will jump shops if there is a better design elsewhere."

The market is thus relatively complex with a larger share of unorganized players, lower degree of fair trade practice (for purity), and with customers who are focused on design and fashion and are fickle minded.

Entering North India

Making a mark and sustaining can be very challenging

One of the leading south-based players told us that, "It takes around three years to establish trust and reputation outside the home market. And it's not an easy business as it is all about satisfying the consumer and it entails product range, service, and flexibility. The customer needs lot of pampering." Since south India as a market is already saturated, the south-based players (Malabar, Kalyan, and Joyalukkas) are looking at making their mark on the north Indian jewelry market, which is still largely unorganized.

Presence of South based players in North)

Zone-wise	Malabar	Kalyan	Joyalukkas
North	2	5	2
South	65	41	40
West	5	8	5
East	1	0	1
Total stores	73	54	48

The purity card

Mr. Acharya of WGC said that, "Out of half a million jewelry retailers in India, only 10,000 outlets retail hallmarked gold. Awareness levels are low and choices are limited." Moreover, the practice and level of under-karatage is very high in the North.

Purity is one the positioning points for the South based players in North. As a west-based player put it, "South jewelers are considered more trustworthy. The north Indian market is fragmented and under-karatage is deeply prevalent there."

Mr. Acharya of WGC said that, "Out of half a million jewelry retailers in India, only 10,000 outlets retail hallmarked gold. Awareness levels are low and choices are limited."

Inventory and supply chain – the challenge behind all that glitter

South-based players come with the experience on operating a network of stores. A large network of stores and presence across India helps in strengthening a jewelry brand. However, with scale come the perils of managing high-value inventory across different locations. The fact that none of these players hedge gold is a risk to the balance sheet of the business as they expand. Titan is one of the few players to hedge gold.

The inventory designed for the heterogonous north market may turn slower in a relatively homogenous south and vice versa, thus multiplying the complexity.

As the variety of inventory increases, managing it becomes more complex. The inventory varies in every micro market within a region as well, and moving it over locations is challenging. Moreover, the inventory designed for the heterogonous north market may turn slower in a relatively homogenous south and vice versa, thus multiplying the complexity. The south players need to accept this and move away from centralized proprietary decision making to a de-centralized system. *A case in point is the recent closure of Kirtilals' Ludhiana store within three years of opening. Kirtilals is an extremely reputed diamond jeweler from TN and has been in the business for over 75 years in TN and has a strong presence across south India.*

One of the associates of a largest south based player acknowledged that, "Ability to have the right stock at the right location and a robust supply chain is fundamental to succeed in this business as we scale up."

Titan has been the leader of the pack in this aspect and runs a well-oiled supply chain seamlessly across its network. Titan's ability to manage inventory across 162 stores (including those operated by franchisees), integrate a robust demand forecasting mechanism with its supply chain, and manage its tail (slow-moving designs) sets it apart and helps it introduce new designs frequently.

Can low making charges substitute for designs? No

The other aspect which they would play on is pricing. As one the players puts it, "We come from a very competitive market where customer expects good pricing, great designs, and excellent service"

South players entering the north will be competitive in terms of pricing at least in the initial years as they establish a presence in the region. While all of them maintain that it's the unorganized market that will move towards them, the fact is that the unorganized market still continues to thrive because of its competitive price points. Kalyan Jeweller's ad campaigns in the west and the north was to position itself on purity and low making charges. However, one of Kalyans' competitors states, "Kalyan advertises low making charges but actually they are higher. For every like-to-like product, our making charges are lower."

In any case, making charges is not the magic ingredient in the north. Mr. Acharya of WGC says, "Making charges are relevant to the consumer but not all important as they don't materially affect the cost." Mr. Bhatia of PC Jewellers corroborates that "Making charges are linked more to the designs than for brand and purity. If there is another organized player nearby then purity is not an USP." Designer items and unique designs tend to command a premium as there is seldom any direct comparison. According to Mr. Bhatia, "For designer items, making charges cannot be compared. It can be compared for items such as machine-made bangles and chains". Here begins the challenge for the South-based players — how to deliver unique designs and diamond jewelry up north vs. delivering more conservative and traditional designs, gold jewelry, and coins to the investment-motivated South Indian.

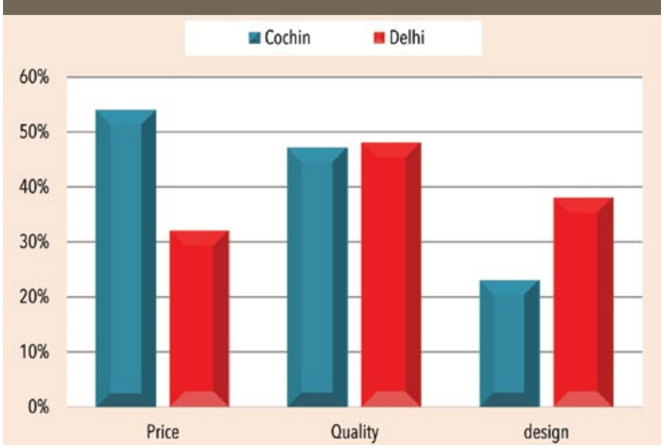
The jewelry purchased in north India for weddings comprises studded, diamond, and kundan, and is generally more contemporary.

A Mumbai-based player with a presence in the north adds, "A customer enters the store for variety and range, then she likes the design, and then she enquires about making charges. South-based players tend to stock more south-Indian designs and more plain gold jewelry. Their customer base in the North seems to be south-Indians residing in the north."

Some of the differences in designs are the setting of diamonds – south-based players tend to retail closed-setting diamonds (popular in the south) while in the north, open setting is preferred.

A quick survey at a Kalyan Jewellers' store reveals that designs seem skewed towards south Indian designs and inventory towards gold.

Design is given much higher preference in the North



Source: CPPR (Centre for Comparative Studies), PhillipCapital India Research

South Indian designs at a Kalyan Jewellers Store in North India

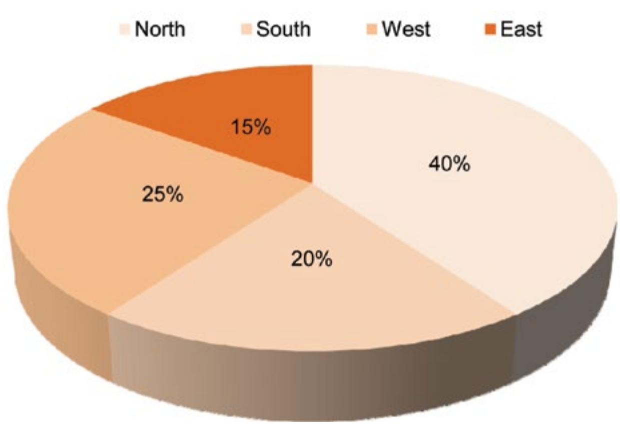
The 2-D challenge – Designs and Diamonds

"There has been a push towards studded jewelry because it's a very opaque market. Diamond doesn't have a proper secondary market. Consumers buy more diamonds because of marketing efforts by De Beers. It's (diamonds) marketed as an aspirational product. De Beers has done a fantastic job. It was never marketed as an investment purely an aspirational product." A gold industry expert

However, he cautions that diamond jewelry is an opaque market and only a few jewelers have technical knowledge about diamonds and the rest go by the certification of the suppliers. Therefore, customer trust becomes very important in an era where customers are researching more (on the internet) before they buy.

The south players, which are used to catering to gold-oriented purchases, are facing a totally different market in the north, where the diamond market is large and designs are based on larger stones. The shift to diamonds has happened faster in the North. Mr. Bhatia of PC Jewellers says, "Upper class has already shifted to diamonds as they don't won't adorn themselves with only gold. If someone was buying four sets of gold wedding jewelry earlier, they buy one or two diamond sets now."

Diamond Jewelry Market in India
(based on sale of rough and polished diamonds)



Source: PhillipCapital India Research

The established players in the north such as PC Jewellers and Tanishq are very strong in diamond and the studded jewelry segment courtesy their designs and trust they enjoy. Kalyan Jewellers' collection in the west and north is skewed towards gold and their diamond collections sport south Indian designs.

Literally cashing in on the brand

The option of making large-ticket purchases in cash at large branded stores will attract clientele. Nearly 40-50% of jewelry purchases across north are in cash. This is true for the south as well but there recycled gold accounts for 40% of sales. Therefore, the discerning spender of cash at unorganized outlets now has the choice of spending it in a branded outlet without worrying about compliance. The rule, basically mandates furnishing of PAN card for any purchase in Cash over Rs 500,000. But most jewelers easily break it by splitting the bills.

One of the players there said, "We are praying for the elections more than the politicians as business is severely hit since April 2014. Due to the model code of conduct, customers are scared to carry large amount of cash for jewelry purchases and that has severely impacted the biz."

Every player and store (with the exception of some organized players such as Tanishq, Orra etc) we visited in both the south and north stated that they deal in cash including high-ticket items above Rs 500,000. One of the players there said, "We are praying for the elections more than the politicians as business is severely hit since April 2014. Due to the model code of conduct, customers are scared to carry large amount of cash for jewelry purchases and that has severely impacted the biz."

We visited many of the stores during this period and not surprisingly found that store with maximum footfalls was Tanishq, which possibly enjoys strong patronage from the white-collared class.

Even as some of the larger players deal in cash transactions with ease, Tanishq stores clearly stated that they would require Permanent Account Number (PAN) card details to conclude any cash transaction above Rs 500,000. One of the employees cited an example of how a customer who had finalized a purchased of Rs 700,000 refused to close the transaction as he was asked to furnish his PAN card. Apparently, the customer's argument was that he had just purchased jewelry worth Rs 800,000 in cash from another large jeweler in the vicinity without any "problem".

This ability to deal with cash transactions will help south players to gain market share from the unorganized market. However, even as they garner more share of the cash transactions, the risk of stringent regulations being put in place is always there.

Customer service – pitfalls of expansion and lack of woman power

Once the customer likes a design and it falls in her budget, what clinches the transaction for the jeweler is the sales service. As one of players puts it, "The level of service is very important. It's like a stay in a luxury hotel, the customer needs pampering."

Mr. Bhatia of PC Jewellers adds, "The role of the sales person is to help the buyer and when required reinforce the view by saying its looks good on her."

The established players such as Tanishq and PC Jewellers are known for excellent sales service.

One of the major competitors also gave credit to the Tata brand saying, "Tanishq has excellent service levels and they are the benchmark."

While the players from south may have these qualities as well, there are challenges. Some of the chains such as Kalyan Jewellers have more south Indian staff, even in the stores in the west and north — this is to keep costs and attrition lower, and because they trust their native staff. Moreover, there are very few sales women (most of the sales staff is men). In a business where the customer and decision maker is the lady, female staff and communicating in the local language becomes very important.

One of the customers visiting a Kalyan store in Mumbai said, "Amitabh Bachchan can speak Hindi but I am not too sure their staff can." Another

Most of the staff at a Kalyan Jewellers store in the North was male

One of the customers visiting a Kalyan store in Mumbai said, "Amitabh Bachchan can speak Hindi but I am not too sure their staff can."

south-based competitor to Kalyan adds, "Advertising campaigns can boost footfalls but what builds the business after initial euphoria is the product, design, and service, which translates to customer loyalty." Ability to converse in the local language helps understand the customer needs. Moreover, this helps overcome community bias — north Indians may be apprehensive of entering a store with a south Indian ambience.

Decentralizing the business management — Easier said than thought

The issue of having different designs, higher mix of slower-moving diamonds, higher level of customer service (would increase the cost), and managing this inventory across diverse consumption locations needs system-driven processes and devolution of power. Accepting this and many other cultural changes as they enter newer geographies requires a change in the mindset of regional entrepreneurs and needs a professional approach towards building an organized management structure.

Designs for a new market need a good and new merchandising team. Retailing requires skilled staff (including women) that has an ability to communicate and connect with the customer in their local language. Managing the diverse inventory across stores requires investment in systems, processes, back-end, and people.

"Hiring native (south Indian) staff is a substitute to establishing processes and systems for checks and balances. Most of the promoters still run the business like a proprietorship. To achieve scale this has to change first," says the head of retail of an organized jeweler.

One of the leading diamond players adds, "Many times, family members interfere in the day-to-day operations with whimsical demands and impose their ideas. Professionals find it difficult to adapt in such organizations and end up quitting. Professionals can't help bring about desired changes unless the "Lala" mentality changes."

Staff at Kalyan Jewellers store in the North

"Hiring native (south Indian) staff is a substitute to establishing processes and systems for checks and balances. Most of the promoters still run the business like a proprietorship. To achieve scale this has to change first,"

Cracking the north Indian market is anything but easy. Lower pricing comes at the cost of designs and customer service, which in many ways seem non-negotiable in this geography. Above all, the key to running this business (as any other) is looking at the bigger picture and changing your own mindset, which, empirically, has never been easy.

As one player put it, "It takes around three years to establish the brand, win the trust, and gain customer loyalty." ***It hasn't been easy at home and it won't be easy so far away from home either.***

Major players in the Indian Jewelry market

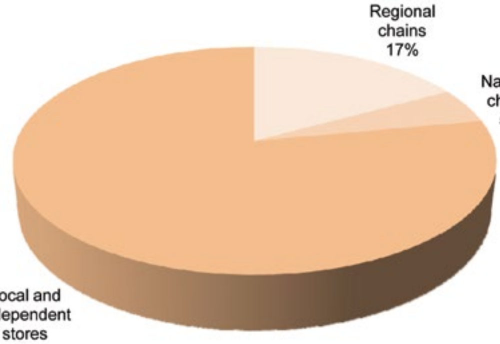
Making a mark and sustaining can be very challenging

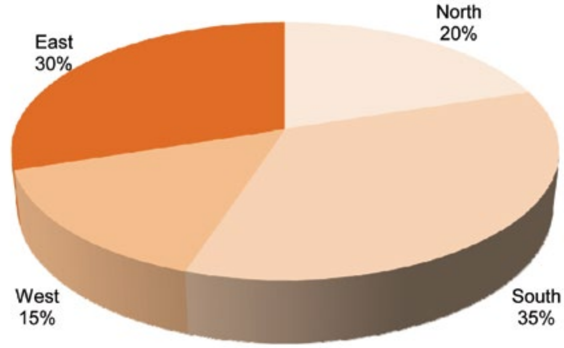
The Indian jewelry market is largely fragmented with local and family independent stores (with whom customers have relationships over generations) constituting ~80% of the overall market. However, the past decade has seen the emergence of organized regional and national players. Between 2008 and 2013, the share of national chains grew to 5% (from 3%) while the share of regional chains rose to 17% (from 7%).

Overview of the Major Players

Particulars	Malabar	Kalyan	Joyalukkas	Pc jeweller	Tanishq	TBZ
Store Network	73	54	48	40	162	27
Dominant Region presence	South	Sou th	South	North	Pan India	Western
Region with minor presence	Delhi, Mumbai & Gujarat	Gujarat & Mumbai	Delhi & Mumbai	Central		South
Region for expansion in FY14	North, Central & West	Pan India	Pan India	South & West	Pan India; Mostly East	Pan India
Gold/ Diamond Mix	10-15%	10%	15%	31%	28%	23%
Revenue (Rs bn)	120	90	40	30	80	16
Sales psf	500000		270000	200000	159000	255000
Operating Margin	7-8%		8-9%	12.49%	10.10%	9.20%

Share of national chains, regional chains, and local and independent stores





Source: AT Kearney, All that glitters is Gold, PhillipCapital India Research

Brief profile of organized players

Tanishq

Tanishq is a division of Titan Company Limited, a company promoted by the Tata Group, in collaboration with the Tamil Nadu Industrial Development Corporation (TIDCO). It started its jewelry operations in 1994 to challenge the established family jewelry system prevalent in India. Today, Tanishq is considered one of the pioneers in branded jewelry and ornaments in India with a network of 162 stores spread across 90 cities. It has increased awareness among customers by introducing innovative technology like Karatmeter that helps customers gauge the quality of their gold. It has a robust supply chain (managing 9 tonnes of inventories) and a demand-forecasting mechanism that places the company in a position to tap new categories and design products according to consumers' needs.

Malabar Gold & Diamonds

Malabar Gold & Diamond is niche Kerala-based jewelry retailer founded in 1993 by Mr. M P Ahmed. The company has a store network of ~110 stores, out of which 76 are in India and of which 33 are in Kerala. The group has achieved robust growth with a domestic turnover of around Rs 120bn (one of the largest players in India). It also operates on the franchise model (forms a separate private limited company), where it owns a minority stake in the franchisee and gets royalty on sales. However, Malabar manages the entire store network and supply chain. The stores are on an average 3,000 sq. ft. The company has been positioning itself as a value-for-money jeweler with one of the lowest making charges in the industry.

Kalyan Jewellers

Kalyan Jewellers is the flagship of the 100-year old Kalyan Group with its origins in textile manufacturing and retailing. The group's forayed into jewelry retailing two decades ago in 1993, and has a retail network of 51 stores with most of its stores spread across the four southern states. The company is considered to be leader with highest market share in Tamil Nadu (highest gold consuming state). It is known for its large-format stores and managing the largest inventory (keeping enough variety of all kinds of jewelry and designs). It has clocked a turnover of around Rs 100bn in FY13.

PC Jewellers

PC Jeweller is a leading north-based company with a strong presence across north and central India. It started operations in 2005 and is promoted by Padam Chand Gupta and Balram Garg. It offers a wide range of products but focuses on diamond and wedding jewelry. It operates through 40 stores located across 33 cities. PC Jeweller has adapted a four-pronged strategy to gain market share — retail expansion, focus on high-ticket wedding and diamond jewelry, managing gold price volatility through loans, and customer-oriented marketing initiatives. It has a sales density of Rs 200,000 per sq. ft. National Capital Region (NCR) dominates its domestic sales with 60%+ contribution. It has taken aggressive expansion (2.5x increase in retail space) over FY10-13 to 166,000 sq. ft. and has lined up further expansion over the next two years, which is expected to lower its dependence on NCR.

TBZ

Tribhovandas Bhimji Zaveri Ltd is a Mumbai-based jewelry retailer established in 1864. It runs its business through "TBZ – the original since 1864" brand name. It has 27 stores spread in 21 cities across 8 states. It gets around 70% of its revenue from gold jewelry and around 23% from diamond-studded jewelry. It was the first company to offer a buy-back guarantee on its jewelry in 1931. It has a dedicated design team, currently comprising 25 designers.

Joyalukkas

Joyalukkas India Ltd is a leading South India-based company engaged in retail jewelry business with focus on large-format stores. The company retails textiles, apparels, and accessories alongside jewelry, through its Wedding Centers located across Kerala. The Joyalukkas Group was established in the year 1988 by Alukkas Varghese Joy and began operations in the United Arab Emirates in jewelry retail business. It operates through 48 stores.

How seasoned farmers faced the *Unseasonal Weather!*

BY ASHVIN PATIL

Of all the states, Maharashtra has been the worst affected due to the recent and unexpected hailstorm and heavy rains. To get first-hand feedback and assess the damage to agri produce and the affected areas, Ground Zero spoke to a few farmers and representatives – the situation seems grave in some areas and normal in others; the discrepancy seems to exist because rains and hailstorms have been scattered and inconsistent.

Our take

Crops in many areas are affected in terms of yield and quality. Fruits and wheat in particular are affected in most areas as the timing of harvest matched the hailstorm and rains. Thus, despite good monsoon across the state in H1FY14, the late rains have unbalanced the equation for agriculturist. While supply of fruits and wheat will be curtailed, the quality of pulses and vegetables is likely to be affected, and the sowing pattern for next year might be disturbed.

We spoke to farmers in UP (Agra), Western Maharashtra (Sangli), MP (Indore), Marathawada (Parli) and visited a few farmers in Vidarbha (Akola and Amravati). What we gather is that the rain was totally unexpected and abrupt and thus gave no chance to farmers to prepare any defense (such as early removal or processing of the produce or covering whatever is standing in the fields).

A Sangli-based farmer, who is also a leader of the farmers movement, told us that fruit plantation suffered large damage and to some extent the sugarcane crop. A large area near Pune (especially near Baramati) suffered heavily. These places are high-yield capital-intensive farming areas, thus the damage is material in value terms. Most farmers are not keen on the one-time aid for such damage but want structurally higher prices for farm output.

In Marathwada, we gathered from a farmer (who grows vegetables (mainly ladies' finger) and supplies it to Pune and Mumbai daily) that the story remains the same — most of the damage was suffered by fruit/horticulture farmers while the regular cash crops (pulses/cotton or even vegetables) were partly affected. This particular farmer was not as aggrieved, since his crop is little affected (his produce is plucked on a daily basis as vegetables have a shorter shelf life). However, he did say that some pomegranate plantations in the area had suffered. He claimed that many orchards around his farm would have suffered damage to the extent of Rs2000,000-4000,000 (quite sizable!).

The milestone is almost a feet under hailstones

Picture from the area where a severe hailstorm occurred

In Vidarbha (eastern-most part of Maharashtra), the rains and hailstorm did create havoc with damage to orange farmers and short-cycle crops such as pulses, soya bean, etc. In many parts of the region orange and sweet lime were destroyed — the yield is reduced to abysmally low levels and the quality of the fruits saved is poor. A visit to a few farms and farmers in Amravati and Akola district revealed that largely the chana (Bengal gram, the 2nd crop of the season) crop was affected. In many places, the yield had fallen to almost nil from the usual 8-10 quintals (800-1,000kgs) per acre. When this rain occurred most non-irrigated farms were through with one crop (typically soya bean, cotton first yield, tuvar (yellow pigeons pea), etc.). Fortunately, this first crop has been remunerative in terms of yield and prices.

The Indore farmer was not as unhappy with the weather gods because even though his main crop (wheat) did see some yields erosion (largely indicative for the entire Malwa region), he was happy with the pricing scenario.

An Agra farmer shared that the main crop damaged was potato and according to him the area surrounding Agra, which is primarily a potato sowing region, could see a yield drop of approximately 20-40%. His view was that in Punjab the loss in potato was close to 50%. But that said, farmers don't seem to have too much of margin losses, as lower yields are compensated by higher prices. Even for most of the sarson (mustard) and wheat, the crop had ripened and was saved before the weather turned unfavourable.

It's interesting to hear the farmers belief — "Jahan ghata hua hai, wahan agle saal munafa Hoga" "Whatever losses we have suffered this year, we will make up next year" — their mentality is to not immediately jump to the next crop if there is a loss one year.

In most of the places that we surveyed, the main damage was to longer-cycle crops such as fruits (papaya, grapes and pomegranate), sugarcane, and vegetables while the cash crops or the short-cycle crops such as pulses, oil seeds, and proteins were not subject to large scale damage.

Blessings in disguise — cotton yields rise, fed by the late rains

In some areas in Vidarbha the hailstorm and late rains have had a favorable effect particularly for the cotton plantation, with yields rising by almost 20-40%. Typically, cotton yields 6-15 quintals (600-1,500kgs) per acre (average range for the past few years). The hailstorm came after the end of the final plucking of cotton (2nd yield) with most places yielding an average 8-10 quintals (800-1,000kgs) per acre. With the incremental rain, the existing

Estimate of damage by the Government: Almost 4.7% of wheat crop damaged

	Area mn hectare	sowings as % of India	Area impacted due to hailstorm	Overall as a % of India
Uttar Pradesh	10	32	18	1.8
Madhya Pradesh	5	18	18	1
Punjab	4	12	28	1
Rajasthan	3	10	24	0.7
Maharashtra	2	3	30	0.2
Total				4.7

Almost 1% of pulses crop damaged

	Area mn hectare	sowings as % of India	Area impacted due to hailstorm	Overall as a % of India
Madhya Pradesh	5	23	10	0.5
Maharashtra	3	14	6	0.2
Rajasthan	3	14	4	0.1
Uttar Pradesh	2	10	6	0.1
Andhra Pradesh	2	8	4	0.1
Total				1.1

cotton plants flourished giving an additional yield of 2-5 quintals (200-500kgs) per acre. Moreover, cotton prices at the mandis (markets) are around Rs 5,000/quintal (which are higher than the past few years' MSP of around Rs 4000/quintal).

However, this unexpected bounty may also pose a different problem for the upcoming sowing season — it might marginally delay farm preparation and thus sowing in some cases.

Since the weather events occurred just before voting, most political parties, especially the local leaders, demanded compensation for the damage ranging from Rs 20,000 to Rs 100,000 per acre. However, the reality remains that the farmers want structurally higher prices for their produce rather than one-time help from the government. The state government did announce some packages to the farmers in proportion to their estimate of the damage in specific areas.

What should one expect the trend in FY15 to be?

Cotton acreage is likely to increase at the cost of soya bean and other crops (mainly pulses). Not many farmers are fully aware and concerned about the strong possibility of El Nino in this season (June-Sept 2014) and the likely adverse impact. The met department has not issued an explicit El Nino warning yet, but a strong EL Nino might derail the agriculture projections for the country.

Stronger El Nino, higher impact

As per our weather expert, World Weather Inc, an impressive warming in the subsurface of the eastern Pacific Ocean is under way. An upwelling current is expected to bring the warm water to the surface of the ocean within the next few weeks to initiate the transition to El Nino conditions. The impact will bring changes in weather around the world with drought in Indonesia, Malaysia, and eastern Australia high on the list of potential impacts during the Northern Hemisphere's mid to late spring and summer.

Recent sea surface temperatures in the tropical equatorial Pacific Ocean have been cooler than usual. The cool conditions have given the impression that ocean temperatures were trending more toward a La Nina event than an El Nino. But significant changes below the surface of the ocean are telling a completely different tale. The transition from neutral ENSO conditions to an El Nino event is expected to occur over a relatively short period of time (AprilMay).

Some of the scientists are expecting 2014 El Nino to be worse than the record El Nino event of 1997-98, when food grain output for India declined by 3.6% and agri GDP by 2.6%. Assuming El Nino starts in May-June, impact on Indian weather will be in the form of below average rainfall and precipitation.

We looked at the rainfall, food production, and food inflation data during the years El Nino affected India. We saw that medium-strong El Nino substantially impacted foodgrain output and food inflation while a weak El Nino's impact was muted. However, unseasonal rainfall has already hurt India's rabi output and food inflation has remained high despite good monsoon in the last few years. Thus, a bout of poor rainfall and agricultural output may seriously worsen food inflation.

Sisir Pillai, *a cable television industry veteran,* shares his views on the implementation of cable TV digitisation in India

BY VIVEKANAND SUBBARAMAN

In a freewheeling interaction with Ground Zero, Mr. Sisir Pillai, Chief Strategy Officer – Digi Cable, talks about the implementation of cable TV digitisation in India, the pitfalls, and the challenges that the television content distribution industry faces. (Views are personal)

Digi Cable is a large, independent, unlisted, multi-system operator (MSO) with operations spread across western, northern, and eastern Indian states. Mr. Sisir Pillai has been with Digi Cable since 2007 and has close to 25 years of experience in cable television, broadcasting, marketing and advertising sales. He has been associated with the cable television industry since its inception and has worked with most major MSOs. On the broadcasting front, his experience spans channel distribution and placement with Zee Turner, CNBC TV18, ETC Network, and Sahara.

Sisir Pillai, Chief Strategy Officer – Digi Cable Limited

Here are excerpts of the interaction:

How do you rate the progress of implementation of digitisation addressable cable TV systems in India?

The Indian television industry has immense potential as it is one of the largest cable television markets in the world (Next only to China) and is today the fastest growing cable and pay TV Market. The addressable market size is estimated at about 100mn cable homes out of a total TV market of about 160 Mn (and still growing). The annual subscription revenue generated today at an ARPU of say INR 200/- per subscriber, per month is ~Rs 230bn. India's pay TV ARPU is among the lowest in the world, but when compared with the number of channels offered at this ARPU it makes for a very dismal picture. Following extensive regulatory consultations, India embarked on a journey of digitisation in 2012.

Digitisation in India began on a very promising note as large MSOs who run cable TV networks deployed digital set top boxes (STBs) at a very rapid pace to meet the regulatory deadlines of Analog Sunset. What we have witnessed is probably the world's fastest deployment of over 25 mn STB's, completed in just about 14 to 15 months period (deployment started sometime in Jan. 2012 and by March 2013, more than 25 Mn STB were deployed in 42 markets).

Kudos to the ministry, the regulator and all the stake holders, viz, broadcasters, MSO's, last mile owners (LMO's) and the consumers who together worked to achieve this feat. **While any change in a business ecosystem is very slow and gradual process (it is believed the conversion to Digital from Analog even in a mature market like the US has taken ~8 to 10 years) we could have seen better compliance, if all the stakeholders would have put in some more effort.**

What went wrong with the implementation of digitisation?

Speed-to-market was probably one of the biggest reasons for most of the challenges that the industry experienced in digitization. Broadly, one can summarize the challenges experienced as:

Implementation challenge: to change the mindset of all stakeholders who are conditioned to 20 years of analog television culture; f**unding & investment challenges; technology challenge; regulatory & legal challenges** & finally **the consumer challenge:** changing consumer mindset to accept and adopt the digital ecosystem.

As a result, STB deployments were done haphazardly and therefore inventory management and tracking of STB's remains a challenge – this means that the capital deployed on the ground cannot be tracked or managed efficiently. **Addressability a key feature and requirement of DAS was never implemented from day-one, resulting in STB's getting entitlements without the consumer having to pay for the services.**

Packaging, if implemented effectively would have resulted in lower broadcaster payouts for the MSO's and optimisation of subscription revenues, but till date we are yet to see this take-off. RIO's – Reference interconnect offers which would have been one of the foundations of creating a basic legal agreement/understanding between the various stakeholders (whether between the Broadcaster and the MSO or between the MSO and the LMO's and the filling of the Subscriber/customer application form, SAF/CAF) was never effectively implemented, resulting in arbitrary deals.

Billing, which in DAS was expected to ensure a completely transparent regime in managing services and payments has instead become a major problem area. This is despite the fact that both the conditional access system (CAS) and the subscriber management system (SMS) are housed at the MSO's head-end (or in the cloud). On-the-ground collections from consumers are done by the LMO's and the MSO is not privy to this payment information.

Apart from weak collections, you said that MSOs are not packaging? Why aren't they doing so and why is all content being available on all boxes?

Packaging is again very critical to the business of MSO's in DAS. In a country like India with such diverse demographics and varying consumer preferences, it is very important to work on multiple packages rather than offer just a few packages with most consumers being offered a standard package with almost all channels. As mentioned earlier, by not offering the right packaging, MSO's are paying more to the broadcasters and at the same time unable to generate more revenue from consumers.

The reason for not creating the right packaging is the MSO's failure to obtain the critical consumer data (know your customer through SAF and Package application form, PAF) which should ideally contain a complete demographic and psychographic profile of each and every consumer household. MSO's have either got incomplete or fictitious subscriber information and are unable to formu-

Implementation of Digital Addressable Cable TV systems (DAS) in India

As per Media Partners Asia, in 2013 India had 262mn households, of which 162mn (62%) have television sets. Total cable and satellite households are 144mn – this includes 98mn cable TV homes and 46mn gross DTH subscribers. After extensive consultations conducted by the Telecom Regulatory Authority of India, the Information and Broadcasting Ministry came up with the following schedule for mandatory digitisation of the television landscape in India:

Phase-1: Deadline Oct 31, 2012 covering four metros – Chennai, Delhi, Kolkata and Mumbai. Digitisation in Chennai hasn't been done due to pending litigations.

Phase-2: Deadline Mar 31, 2013 covering 38 cities with a population of over one million.

Phase-3: Deadline Sep 30, 2014 covering the rest of the urban areas in India.

Phase-4: Deadline Dec 31, 2014 covering the rest of the country.

Addressability, packaging, and other key aspects of digital addressable systems (DAS) are yet to be implemented

late the right services at the optimum price points to enable them generate commensurate subscription income.

What should the MSO industry do to succeed in a DAS environment?

MSOs need to revamp their systems and processes to ensure they've the correct information on the number of STB's issued to their LMO's and that which is active in the system (Cable TV in India is still unidirectional and this poses a challenge in understanding the exact number of active subscribers), get all the RIOs fully documented and deposited with the regulator, enforce packaging and start billing consumers. This will be key to the short-term success of the business.

In the medium term, the business will have to migrate from a unidirectional to a bi-directional system which will enable delivery of content and services in a non-linear fashion.

The long-term perspective would be to invest in upgrading the infrastructure at the last mile to ensure delivery of both digital cable services and broadband services over the same pipe and to become the medium of choice for delivery of content & services, any-time, any-place to multiple access devices in multiple formats.

How can regulators facilitate the evolution of a more constructive roadmap for digitisation?

The regulator alongwith the ministry has done a commendable job in ushering in phase 1 & 2 of DAS; now I would love to see the regulator play the role of a mentor ensuring a more level playing for the various stakeholders especially those investing capital in digitization.

The regulator should look to evolve a retail pricing mechanism (where broadcasters have the freedom to decide on the retail price – the regulator should however work on fixing a maximum and minimum retail price wherein on cannot provide more than 15 to 20% discount) and strive towards working an acceptable revenue sharing formula between the stakeholders and work towards greater transparency. The regulator could further streamline channel distributors/aggregators addressing vertical/horizontal ownership challenges which need to be regulated.

From a medium to long terms perspective, regulations should help the industry transition from unidirectional to bi-directional signal transmission, facilitate non-linear delivery of services and help in offering both broadband and cable TV services over the same pipe.

What about digitisation of phases 3 and 4?

Phase 3 & 4 presents an immense opportunity as there are estimated 75 to 80mn homes that still needs to be digitised, but having said this **the bitter experience in implementation in phases 1 and 2 has made the large MSOs cautious in entering into this market.**

However, I must also point out that the market structure in phases 3 and 4 is far more conducive for investment as there is limited competition; players who operate in these markets don't have the economies of scale nor the expertise to invest, operate and manage the digital infrastructure.

What is your view on the long-term prospects of the television content distribution space?

Despite the challenges, the Indian television industry has immense monetisation potential as viewer preferences are changing. Gone are the days when television was just a family entertainer. The MSO industry needs to gear up for non-linear content delivery, multiple device viewing, and high-speed broadband needs of consumers.

Immense investments need to be made in conversion of one-way cable TV lines to two-way and installation of servers/equipments. The quantum of investment could be as much as Rs 10,000-20,000/subscriber, but this is a one-time spend.

If leveraged appropriately, this investment can be justified in the following manner — customer ARPUs from content need to increase from Rs 200-300 to Rs 500-600 per month. This coupled with high-speed broadband access for Rs 500-600 per month implies a total ARPU of Rs 1,000/month. Even if the MSO parts with 50% of the customer ARPU with the LMO, viz. Rs 500/month, pay content providers a net amount of Rs 100/month (vis-a-vis a negligible amount right now due to carriage) and bandwidth charges of Rs 100/month, an MSO is able to retain Rs 300/month. This implies that such an investment has a 3-year payback for an MSO, while the infrastructural investment is for life.

The business prospects are immense, but work needs to be done on the ground, in overcoming implementation challenges and lastly, not to mention getting the right funding to tap into growth.

Indian Economy – Trend Indicators

Monthly Economic Indicators

Growth Rates (%)	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
IIP	2.5	0.6	3.5	1.5	-2.5	-1.8	2.6	0.4	2.7	-1.2	-1.3	-0.2	0.8	- 1.9
PMI	53.2	54.2	52.0	51.0	50.1	50.3	50.1	48.5	49.6	49.6	51.3	50.7	51.4	52.5
Core sector	8.3	1.3	7.0	2.3	2.3	0.1	3.1	3.7	8.0	-0.6	1.7	2.1	1.6	4.5
WPI	7.3	7.3	5.7	4.8	4.6	5.2	5.9	7.0	7.0	7.2	7.5	6.4	5.2	4.7
CPI	10.8	10.9	10.4	9.4	9.3	9.9	9.6	9.5	9.8	10.2	11.2	9.9	8.8	8.1
Money Supply	12.7	12.8	13.6	12.4	12.1	12.8	12.5	12.2	12.5	13.0	14.5	14.9	14.5	14.5
Deposit	13.2	12.8	14.4	13.4	13.5	13.8	13.5	13.1	14.1	14.4	16.1	15.8	15.7	15.9
Credit	16.1	16.3	14.1	14.6	14.2	13.7	14.9	17.1	17.8	16.6	15.5	14.5	14.7	14.4
Exports	1.6	5.9	5.9	1.7	-1.1	-4.6	11.6	13.0	11.2	13.5	5.9	3.5	3.8	-3.7
Imports	4.8	1.7	-3.4	11.0	7.0	-0.4	-6.2	-0.7	-18.1	-14.5	-16.4	-15.2	-18.1	-17.1
Trade deficit (USD Bn)	-19.0	-14.1	-10.4	-17.8	-20.1	-12.2	-12.3	-10.9	-6.8	-10.6	-9.2	-10.1	-9.9	-8.1
Net FDI (USD Bn)	2.7	2.2	1.3	2.8	1.9	1.8	1.7	1.7	3.3	1.8	2.4	1.9	0.4	-0.1
FII (USD Bn)	6.1	4.2	1.2	1.6	6.7	-8.7	-4.7	-2.0	0.2	-0.4	0.0	2.9	2.6	1.5
ECB (USD Bn)	3.5	2.3	5.1	1.1	2.5	2.0	3.7	2.3	3.3	1.9	2.2	4.6	1.8	4.3
NRI Deposits (USD Bn)	0.7	0.7	0.7	1.3	1.7	2.5	1.3	1.2	5.9	4.5	14.6	2.0	0.7	0.7
Dollar-Rupee	54.3	53.8	54.4	54.4	55.1	58.4	60.6	63.0	63.8	61.6	62.6	61.9	62.1	62.2
FOREX Reserves (USD Bn)	295.8	291.9	293.4	296.4	287.9	284.6	280.2	275.5	276.3	283.0	291.3	295.7	292.2	294.4

Quarterly Economic Indicators

Balance of Payment (USD Bn)	Q3FY12	Q4FY12	Q1FY13	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14
Exports	71.1	80.2	75	72.6	74.2	84.8	73.9	81.2	79.8
Imports	118.8	131.7	118.9	120.4	132.6	130.4	124.4	114.5	112.9
Trade deficit	-47.7	-51.5	-43.8	-47.8	-58.4	-45.6	-50.5	-33.3	-33.2
Net Invisibles	28.3	29.8	26.8	26.7	26.6	27.5	28.7	28.1	29.1
CAD	-19.4	-21.8	-17.1	-21.1	-31.8	-18.2	-21.8	-5.2	-4.1
CAD (% of GDP)	4.2	4.4	4	5.1	6.5	3.6	4.9	1.2	0.8
Capital Account	8	16.6	16.5	20.7	31.5	20.5	20.6	-4.8	23.8
BoP	-12.8	-5.7	0.5	-0.2	0.8	2.7	-0.3	-10.4	19.1

GDP and its Components (YoY, %)	Q3FY12	Q4FY12	Q1FY13	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14
Agriculture & allied activities	6.7	2.0	1.8	1.8	0.8	1.4	2.7	4.6	3.6
Industry	4.4	3.9	-0.6	0.1	2.0	2.0	-0.9	1.5	-1.2
Mining & Quarrying	-0.4	4.2	-1.1	-0.1	-2.0	-3.1	-2.8	-0.4	-1.6
Manufacturing	4.5	3.6	-1.1	0.0	2.5	2.6	-1.2	1.0	-1.9
Electricity, Gas & Water Supply	9.7	5.6	4.2	1.3	2.6	2.8	3.7	7.7	5.0
Services	6.4	7.5	6.7	6.5	6.1	6.3	6.3	5.8	6.7
Construction	7.6	6.9	2.8	-1.9	1.0	4.4	2.8	4.3	0.6
Trade, Hotel, Transport and Communications	3.9	6.1	4.0	5.6	5.9	6.2	3.9	4.0	4.3
Finance, Insurance, Real Estate & Business Services	11.0	11.3	11.7	10.6	10.2	9.1	8.9	10.0	12.5
Community, Social & Personal Services	4.7	6.0	7.6	7.4	4.0	4.0	9.4	4.2	7.0
GDP at FC	6.1	6.0	4.5	4.6	4.4	4.8	4.4	4.8	4.7

Annual Economic Indicators and Forecasts

Indicators	Units	FY6	FY7	FY8	FY9	FY10	FY11	FY12	FY13	FY14E	FY15E
Real GDP growth	%	9.5	9.6	9.3	6.7	8.6	8.9	6.7	4.5	4.6	5.2
Agriculture	%	5.1	4.2	5.8	0.1	0.8	8.6	5.0	1.4	4.0	2.4
Industry	%	8.5	12.9	9.2	4.1	10.2	8.3	6.7	0.9	0.0	2.6
Services	%	11.1	10.1	10.3	9.4	10.0	9.2	7.1	6.2	6.0	6.6
Real GDP	Rs Bn	32531	35644	38966	41587	45161	49185	52475	54821	57486	60475
Real GDP	US$ Bn	733	787	967	908	953	1079	1096	1008	958	1008
Nominal GDP	Rs Bn	36925	42937	49864	56301	64778	77841	90097	101133	113205	126723
Nominal GDP	US$ Bn	832	948	1237	1229	1367	1707	1881	1859	1887	2112
Population	Mn	1106	1122	1138	1154	1170	1186	1202	1219	1236	1254
Per Capita Income	US$	753	845	1087	1065	1168	1439	1565	1525	1526	1685
WPI (Average)	%	4.5	6.6	4.7	8.1	3.8	9.6	8.7	7.4	6.0	5-5.5
CPI (Average)	%	4.2	6.8	6.4	9.0	12.4	10.4	8.3	10.2	9.5	7.5-8
Money Supply	%	15.5	20.0	22.1	20.5	19.2	16.2	15.8	13.6	13.0	14.0
CRR	%	5.00	6.00	7.50	5.00	5.75	6.00	4.75	4.00	4.00	4.00
Repo rate	%	6.50	7.50	7.75	5.00	5.00	6.75	8.50	7.50	8.00	8.00
Reverse repo rate	%	5.50	6.00	6.00	3.50	3.50	5.75	7.50	6.50	7.00	7.00
Bank Deposit growth	%	24.0	23.8	22.4	19.9	17.2	15.9	13.5	14.4	14.0	15.0
Bank Credit growth	%	37.0	28.1	22.3	17.5	16.9	21.5	17.0	15.0	15.0	16.0
Centre Fiscal Deficit	Rs Bn	1464	1426	1437	3370	4140	3736	5160	5209	5245	5798
Centre Fiscal Deficit	% of GDP	4.0	3.3	2.9	6.0	6.4	4.8	5.7	5.2	4.6	4.6
Gross Central Govt Borrowings	Rs Bn	1310	1460	1681	2730	4510	4370	5098	5580	5639	6656
Net Central Govt Borrowings	Rs Bn	954	1104	1318	2336	3984	3254	4362	4674	4233	4759
State Fiscal Deficit	% of GDP	2.4	1.8	1.5	2.4	2.9	2.1	2.3	2.2	2.5	2.5
Consolidted Fiscal Deficit	% of GDP	6.4	5.1	4.4	8.4	9.3	6.9	8.1	7.4	7.1	7.1
Exports	US$ Bn	105.2	128.9	166.2	189.0	182.4	251.1	309.8	306.6	316.7	326.2
YoY Growth	%	23.4	22.6	28.9	13.7	-3.5	37.6	23.4	-1.0	3.3	3.0
Imports	US$ Bn	157.1	190.7	257.6	308.5	300.6	381.1	499.5	502.2	465.9	500.2
YoY Growth	%	32.1	21.4	35.1	19.7	-2.5	26.7	31.1	0.5	-7.2	7.4
Trade Balance	US$ Bn	-51.9	-61.8	-91.5	-119.5	-118.2	-129.9	-189.8	-195.6	-149.2	-174.0
Net Invisibles	US$ Bn	42.0	52.2	75.7	91.6	80.0	84.6	111.604	107.5	111.4	119.7
Current Account Deficit	US$ Bn	-9.9	-9.6	-15.7	-27.9	-38.2	-45.3	-78.2	-88.2	-37.8	-54.3
CAD (% of GDP)	%	-1.2	-1.0	-1.3	-2.3	-2.8	-2.6	-4.2	-4.7	-2.0	-2.6
Capital Account Balance	US$ Bn	25.5	45.2	106.6	7.8	51.6	62.0	67.8	89.3	52.5	64.5
Dollar-Rupee (Average)		44.4	45.3	40.3	45.8	47.4	45.6	47.9	54.4	60.0	60.0

Source: RBI, CSO, CGA, Ministry of Agriculture, Ministry of commerce, Bloomberg, PhillipCapital India Research

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales		EBIDTA		PAT		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
Chambal Fertilisers	Agri Inputs	42	17,271	86,903	87,441	6,120	7,829	2,595	3,260	6.2	7.8	14.5	25.6	6.7	5.3	0.9	0.8	8.6	6.2	13.2	15.2	4.7	6.0
Coromandel Fertilisers	Agri Inputs	220	62,187	99,682	109,141	7,886	10,010	3,686	5,348	13.0	18.9	-14.8	45.1	16.9	11.6	2.6	2.3	11.5	9.0	15.3	19.6	13.9	18.4
Tata Chemicals Ltd	Agri Inputs	296	75,306	161,003	155,404	19,820	20,983	5,331	6,588	20.9	25.9	-41.6	23.6	14.1	11.4	1.1	1.1	6.7	5.8	7.9	9.2	7.5	7.3
Deepak Fertilisers	Agri Inputs	128	11,321	31,498	32,744	4,862	4,882	1,901	2,251	21.6	25.5	47.3	18.4	6.0	5.0	0.8	0.7	4.4	4.1	14.1	15.1	9.7	10.1
Kaveri Seeds	Agri Inputs	632	43,539	10,220	11,896	2,194	2,604	2,096	2,456	30.6	35.8	65.4	17.2	20.7	17.6	8.5	6.2	19.2	15.9	41.4	35.3	47.8	40.3
PI Industries	Agri Inputs	250	34,048	16,395	19,702	2,948	3,533	1,773	2,184	13.0	16.0	81.3	23.1	19.2	15.6	4.8	3.7	12.0	9.9	25.1	23.7	24.3	24.6
Rallis India	Agri Inputs	190	36,969	17,466	19,423	2,613	3,140	1,519	1,813	7.8	9.3	23.2	19.3	24.3	20.4	5.1	4.4	14.3	11.8	21.2	21.5	20.0	20.5
United Phosphorus	Agri Inputs	277	118,681	105,800	121,145	20,196	20,464	10,145	11,775	23.7	27.5	29.4	16.1	11.7	10.1	2.3	1.9	6.8	6.6	19.7	19.7	13.1	14.1
Bajaj Auto	Automobiles	1985	574,509	200,505	223,739	42,374	46,397	34,670	37,851	119.8	130.8	12.0	9.2	16.6	15.2	6.0	4.9	13.5	12.3	36.3	32.0	37.0	33.0
Bharat Forge	Automobiles	413	96,051	59,170	59,525	10,228	11,528	4,204	5,357	18.1	23.0	84.5	27.4	22.9	17.9	3.8	3.3	10.9	9.4	16.5	18.4	11.7	13.0
Hero MotoCorp	Automobiles	2165	432,333	250,923	273,622	35,286	38,087	20,510	26,135	102.7	130.9	-3.2	27.4	21.1	16.5	7.8	6.6	12.2	11.3	37.0	40.1	37.6	42.0
Ashok Leyland	Automobiles	23	61,861	107,470	127,060	4,499	9,268	(3,314)	1,208	-1.2	0.5	-329.9	-136.4	-18.7	51.2	1.6	1.6	24.6	12.1	-8.3	3.1	-0.2	4.1
Mahindra & Mahindra	Automobiles	1065	656,172	424,945	482,519	48,919	55,617	34,833	39,670	56.7	64.6	3.7	13.9	18.8	16.5	3.8	3.2	13.8	12.1	20.0	19.3	17.0	17.0
Maruti Suzuki	Automobiles	1952	589,781	426,448	454,213	50,900	59,501	27,831	33,411	92.1	110.6	16.3	20.1	21.2	17.7	2.8	2.5	11.3	9.5	13.4	14.1	13.1	13.9
Apollo Tyres	Automobiles	164	82,610	134,807	144,550	17,067	18,011	8,072	9,024	16.0	17.9	39.7	11.8	10.2	9.2	2.0	1.6	6.1	5.6	21.3	19.6	15.0	14.8
Tata Motors	Automobiles	417	1,233,282	2,375,241	2,742,017	369,394	433,713	160,526	182,478	50.3	57.2	62.3	13.7	8.3	7.3	2.4	1.8	4.0	3.5	29.4	25.1	16.7	16.0
ABB India	Cap Goods	825	174,729	76,158	80,624	4,265	7,354	2,121	4,165	10.0	19.7	-19.6	96.3	82.4	42.0	6.4	5.9	41.5	23.9	7.8	14.0	7.8	12.2
BGR Energy	Cap Goods	133	9,587	35,204	40,640	4,281	4,820	1,329	1,622	18.4	22.5	-18.0	22.1	7.2	5.9	0.7	0.7	6.6	7.2	10.2	11.6	5.9	5.9
BHEL	Cap Goods	187	457,089	384,099	354,635	45,921	39,205	34,284	28,220	14.0	11.5	-48.2	-17.7	13.3	16.2	1.4	1.3	8.3	9.4	10.5	8.1	8.5	6.9
Alstom T&D	Cap Goods	272	69,529	34,326	38,093	3,103	4,015	1,119	1,879	4.4	7.3	-10.8	67.9	62.1	37.0	5.6	5.0	23.3	17.6	10.4	14.3	10.8	12.7
Crompton Greaves	Cap Goods	178	111,655	134,314	144,354	6,872	11,074	2,674	5,391	4.3	8.6	223.6	101.6	41.8	20.7	2.8	2.6	18.8	11.4	6.8	12.5	5.5	9.1
Jyoti Structures	Cap Goods	39	3,172	30,703	30,855	2,964	2,947	722	641	8.8	7.8	11.3	-11.4	4.4	5.0	0.4	0.4	3.9	3.8	8.9	7.4	10.9	10.9
KEC International	Cap Goods	78	20,130	79,751	84,659	5,046	6,293	1,039	1,810	4.0	7.0	59.4	74.3	19.4	11.1	1.6	1.5	8.0	6.3	8.4	13.1	8.4	9.8
Larsen & Toubro	Cap Goods	1329	1,232,758	571,938	651,897	59,142	69,195	42,338	48,237	45.9	52.3	-7.3	13.9	29.0	25.4	3.8	3.4	21.5	18.2	13.1	13.4	11.2	11.3
Siemens	Cap Goods	745	265,202	111,452	112,300	4,831	6,718	4,313	4,478	12.1	12.6	-18.8	3.8	61.5	59.2	6.6	6.2	53.6	38.4	10.7	10.5	7.8	8.1
Cummins India	Cap Goods	554	153,652	39,772	44,183	6,253	7,223	6,048	6,735	21.8	24.3	-8.8	11.4	25.4	22.8	5.8	5.3	23.9	20.8	22.9	23.1	20.1	20.6
Thermax	Cap Goods	740	88,170	51,341	58,176	4,140	5,622	2,693	3,404	22.6	28.6	-11.4	26.4	32.7	25.9	4.3	3.9	21.3	15.4	13.3	15.1	11.2	13.6
VA Tech Wabag	Cap Goods	795	21,151	20,211	27,626	1,557	2,359	912	1,366	34.4	51.4	1.0	49.7	23.2	15.5	2.7	2.4	11.8	8.1	11.6	15.3	10.1	13.2
Voltas	Cap Goods	164	54,364	52,426	54,531	2,427	3,020	1,818	2,340	5.5	7.1	-6.8	28.7	29.9	23.2	3.1	2.8	21.6	17.2	10.4	12.2	10.5	12.1
ACC	Cement	1287	241,600	109,084	124,747	13,690	19,901	10,947	11,876	58.2	63.2	-21.5	8.5	22.1	20.4	3.1	2.9	15.8	11.8	14.0	14.3	11.7	11.4
Ambuja Cement	Cement	200	309,515	91,180	231,471	15,689	43,739	12,538	21,587	8.1	10.9	-20.6	34.3	24.6	18.4	3.3	2.1	17.2	6.7	13.3	11.5	11.8	15.7
India Cement	Cement	70	21,595	53,635	59,954	6,856	7,778	18	686	0.1	2.2	-99.2	3807.3	1230.4	31.5	0.5	0.6	7.5	6.3	0.0	1.7	3.2	4.2
Mangalam Cement	Cement	135	3,610	7,117	10,171	484	1,289	156	388	5.8	14.5	-79.9	149.2	23.2	9.3	0.7	0.7	16.5	6.2	3.1	7.3	2.4	5.9
Shree Cement	Cement	5740	199,981	61,817	73,661	14,288	19,555	7,102	10,178	203.9	292.1	-29.3	43.3	28.2	19.6	4.4	3.7	13.5	9.8	15.8	18.7	14.8	17.8

Note: For banks, EBITDA is pre-provision profit

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales		EBIDTA		PAT		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
Ultratech Cement	Cement	2051	562,414	214,437	268,219	38,264	56,545	22,060	33,943	80.4	123.8	-17.6	53.9	25.5	16.6	3.3	2.8	15.3	10.4	12.8	16.9	9.0	13.1
OCL India	Cement	178	10,140	19,195	22,072	2,924	3,424	1,050	734	18.4	12.9	-34.2	-30.1	9.7	13.8	0.9	0.8	6.8	6.1	9.1	6.0	6.8	6.0
JK Lakshmi Cement	Cement	113	13,332	20,290	22,694	2,948	3,898	465	635	4.0	5.4	-75.7	36.5	28.7	21.0	1.0	1.0	9.2	7.5	3.6	4.7	4.0	5.1
HeidelbergCement India	Cement	42	9,472	13,824	16,925	1,076	2,082	(195)	136	-0.9	0.6	-163.2	-169.5	-48.6	69.9	1.1	1.1	19.8	10.2	-2.3	1.6	2.2	3.6
JK Cement	Cement	236	16,502	28,178	38,394	3,449	4,737	758	1,363	10.8	19.5	-67.1	79.7	21.8	12.1	0.9	0.9	11.8	7.4	4.3	7.4	4.3	6.2
Dalmia Bharat Ltd	Cement	261	21,215	27,439	36,197	4,411	6,659	29	1,186	0.4	14.6	-98.5	3982.7	730.2	17.9	0.7	0.7	13.3	9.0	0.1	3.7	2.8	4.7
Andhra Bank	Financials	67	39,622	41,370	46,986	41,370	46,986	12,180	14,370	21.8	25.7	-5.5	18.0	3.1	2.6	0.4	0.4	NM	NM	13.8	14.7	0.8	0.8
Bank of Baroda	Financials	822	352,786	120,696	143,419	120,696	143,419	46,500	52,094	108.0	121.0	0.1	12.0	7.6	6.8	1.0	0.9	NM	NM	14.4	14.6	0.8	0.8
Bank of India	Financials	244	156,712	106,289	128,652	106,289	128,652	30,691	37,211	47.7	57.9	3.6	21.2	5.1	4.2	0.6	0.5	NM	NM	12.6	13.6	0.6	0.6
Canara Bank	Financials	295	135,933	87,188	106,493	87,188	106,493	22,329	31,779	48.4	68.9	-25.3	42.3	6.1	4.3	0.6	0.5	NM	NM	9.3	12.4	0.5	0.6
Corporation bank	Financials	295	49,425	38,750	44,906	38,750	44,906	13,743	16,500	79.5	85.5	-15.3	7.6	3.7	3.4	0.5	0.4	NM	NM	13.2	13.3	0.7	0.7
HDFC Bank	Financials	725	1,740,031	184,234	222,367	184,234	222,367	85,364	101,908	35.9	42.8	26.9	19.4	20.2	16.9	4.0	3.4	NM	NM	21.6	21.8	2.0	2.0
ICICI Bank	Financials	1274	1,471,176	164,756	186,898	164,756	186,898	98,106	109,357	84.9	94.5	17.7	11.2	15.0	13.5	2.0	1.8	NM	NM	14.0	14.3	1.7	1.7
IOB	Financials	55	68,129	57,902	67,318	57,902	67,318	7,740	11,134	6.6	7.9	7.4	20.2	8.4	7.0	0.5	0.5	NM	NM	5.8	7.3	0.3	0.4
Oriental Bank	Financials	255	76,356	51,011	57,045	51,011	57,045	11,180	13,862	37.3	46.2	-18.1	24.0	6.8	5.5	0.6	0.5	NM	NM	8.9	10.2	0.5	0.6
PNB	Financials	796	288,244	165,127	188,758	165,127	188,758	34,911	45,407	98.8	128.5	-26.5	30.1	8.1	6.2	0.8	0.8	NM	NM	10.7	12.8	0.7	0.8
SBI	Financials	2105	1,571,760	673,371	793,549	673,371	793,549	136,339	160,717	182.6	215.3	-30.3	17.9	11.5	9.8	1.0	1.0	NM	NM	9.7	10.2	0.6	0.6
Union Bank	Financials	158	99,651	78,033	87,433	78,033	87,433	15,610	18,265	24.8	29.0	-31.5	17.0	6.4	5.5	0.6	0.5	NM	NM	9.5	10.3	0.5	0.5
HDFC	Financials	885	1,380,984	74,608	86,872	78,513	91,217	56,585	65,676	36.3	42.1	15.7	16.1	24.4	21.0	5.0	4.4	NM	NM	21.2	21.7	2.8	2.7
Indian Bank	Financials	130	60,384	44,320	52,207	44,320	52,207	11,246	13,504	24.2	31.4	-34.2	29.8	5.4	4.1	0.5	0.4	NM	NM	10.2	11.2	0.6	0.7
Development Credit Bank	Financials	63	15,709	3,684	4,310	3,684	4,310	1,505	1,730	6.0	6.9	47.3	15.0	10.4	9.1	1.4	1.2	NM	NM	14.7	14.6	1.2	1.2
AXIS Bank	Financials	1530	719,376	119,516	134,917	119,516	134,917	62,174	72,053	132.3	152.6	19.6	15.3	11.6	10.0	1.9	1.6	NM	NM	17.4	17.4	1.7	1.7
Indusind Bank	Financials	494	259,648	28,907	34,208	28,907	34,208	14,114	17,258	26.9	32.8	32.3	22.3	18.4	15.0	3.0	2.6	NM	NM	17.6	18.4	1.8	1.8
Shriram Transport Finance	Financials	777	176,333	36,479	40,567	28,574	31,615	12,642	14,377	55.7	63.4	-7.1	13.8	13.9	12.3	2.1	2.0	NM	NM	16.3	16.7	2.7	2.7
LIC Housing Finance	Financials	271	136,713	18,645	22,158	18,259	21,504	12,927	15,406	25.6	30.5	26.3	19.2	10.6	8.9	1.8	1.5	NM	NM	18.4	18.8	1.5	1.5
Hindustan Unilever	FMCG	581	1,255,661	274,083	301,628	50,808	56,929	36,137	39,574	16.7	18.3	8.0	9.5	34.7	31.7	32.3	23.0	24.2	21.3	93.0	72.6	110.7	85.1
Marico Industries	FMCG	205	131,909	48,326	54,548	7,148	8,685	4,654	5,280	7.2	8.2	27.7	13.5	28.3	25.0	9.1	8.2	18.9	15.5	32.1	32.8	19.1	24.0
Jubilant Foodworks	FMCG	968	63,312	17,518	22,600	2,679	3,113	1,346	1,542	20.6	23.6	-0.4	14.6	46.9	41.0	11.1	8.7	23.7	20.1	23.6	21.3	26.3	23.2
Godrej Consumer	FMCG	783	266,601	78,136	89,355	11,451	13,521	7,686	9,132	22.6	26.8	3.4	18.8	34.7	29.2	7.1	6.1	24.3	20.2	20.5	21.0	14.9	18.0
ITC	FMCG	342	2,720,386	327,341	379,301	121,888	143,439	84,971	100,219	10.8	12.7	13.8	17.9	31.8	27.0	10.5	8.9	21.9	18.3	33.1	32.9	27.4	28.4
Nestle	FMCG	4715	454,629	92,304	106,565	20,650	23,787	11,536	13,691	119.6	142.0	8.1	18.7	39.4	33.2	19.8	15.8	22.1	19.0	50.2	47.6	38.0	38.2
Colgate	FMCG	1472	200,229	35,324	40,825	6,475	7,699	4,879	5,643	35.9	41.5	-1.8	15.7	41.0	35.5	37.3	33.0	30.3	25.5	90.8	93.0	104.3	98.6
Glaxo Smithkline Consumer	FMCG	4216	177,325	35,640	41,250	5,271	6,586	5,165	6,289	122.8	149.5	18.3	21.8	34.3	28.2	11.0	9.6	30.6	24.3	32.1	33.9	34.6	36.2
Agro Tech Foods	FMCG	498	12,131	7,622	8,407	678	729	426	459	17.5	18.8	2.2	7.6	28.5	26.4	4.3	3.8	18.0	16.5	15.1	14.3	16.2	14.6
Dabur	FMCG	180	314,148	70,891	82,186	11,799	14,523	9,006	11,232	5.2	6.5	16.9	24.7	34.8	27.9	11.2	9.1	26.9	21.5	32.3	32.5	25.3	26.7

Note: For banks, EBITDA is pre-provision profit

		CMP	Mkt Cap	Net Sales		EBIDTA		PAT		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
Emami	FMCG	471	106,993	18,837	22,014	4,242	4,809	3,815	4,224	16.8	18.6	21.2	10.7	28.0	25.3	11.2	8.8	24.7	21.3	40.0	34.8	38.6	35.0
Britannia	FMCG	889	106,554	69,892	80,179	5,969	7,137	3,950	5,011	33.1	41.9	52.1	26.8	26.9	21.2	13.7	10.1	18.3	14.8	50.9	47.7	38.8	42.1
Bajaj Corp	FMCG	222	32,671	6,984	8,494	1,801	2,113	1,744	1,986	11.8	13.5	4.1	13.9	18.7	16.5	6.5	6.5	17.7	14.9	34.9	39.2	28.6	27.6
Zydus Wellness	FMCG	519	20,286	4,246	4,898	1,057	1,208	1,101	1,232	28.2	31.5	13.4	11.8	18.4	16.5	6.1	4.8	16.7	13.9	32.9	29.2	37.2	32.7
Asian Paints	FMCG	501	480,558	124,901	145,719	19,603	22,749	12,298	14,398	12.8	15.0	10.4	17.1	39.1	33.4	11.9	10.0	24.3	20.6	30.5	30.0	30.8	31.0
Balrampur Chini	FMCG	58	14,262	31,031	33,081	2,677	3,261	374	773	1.5	3.2	-76.8	106.7	38.0	18.4	1.1	1.1	9.6	8.0	2.9	5.7	4.4	6.1
Tilaknagar	FMCG	62	7,705	8,790	10,626	1,905	2,396	735	927	6.0	7.6	21.3	26.1	10.3	8.2	1.3	1.2	7.8	6.6	12.6	14.1	12.4	13.3
Radico Khaitan	FMCG	110	14,608	14,188	16,122	2,217	2,612	957	1,204	7.2	9.1	23.8	25.8	15.2	12.1	1.8	1.6	10.1	8.7	11.8	13.1	11.0	11.9
Berger Paints	FMCG	243	84,091	38,958	45,689	4,340	5,237	2,553	3,041	7.4	8.8	13.5	19.1	32.9	27.6	7.5	6.3	20.3	16.9	22.8	22.8	21.4	21.9
GMR Infrastructure	Infrastructure	26	102,566	84,578	94,736	25,751	36,678	(14,881)	(5,221)	-3.8	-1.3	226.4	-64.9	-6.9	-19.6	1.2	1.3	16.4	11.2	-17.0	-6.4	2.7	2.6
GVK Power	Infrastructure	13	20,798	20,272	28,909	10,172	17,228	(2,217)	(7,074)	-1.4	-4.5	-34.0	219.1	-9.4	-2.9	0.7	0.8	23.2	13.9	-7.2	-27.5	1.2	1.0
IRB Infrastructure	Infrastructure	117	38,837	37,034	36,835	17,237	20,193	4,472	4,238	13.5	12.8	-19.7	-5.2	8.7	9.2	1.0	0.9	7.4	7.3	12.1	10.3	7.1	6.6
Adani Ports & SEZ	Infrastructure	193	398,588	43,542	44,524	28,081	31,870	22,305	23,990	10.8	11.6	22.1	7.6	17.9	16.6	4.2	3.5	15.5	13.2	23.8	21.2	13.6	13.2
HCL Technologies	IT Services	1419	992,713	257,694	329,625	57,539	86,787	40,142	62,283	56.9	88.1	63.3	54.8	24.9	16.1	7.0	5.3	17.5	11.6	28.1	32.8	26.3	33.0
Infosys	IT Services	3178	1,825,009	501,330	532,469	134,150	143,356	106,480	113,284	186.3	198.3	13.0	6.4	17.1	16.0	3.8	3.3	11.4	10.4	22.4	20.4	24.4	22.0
TCS	IT Services	2191	4,292,063	818,094	944,007	251,322	283,764	191,087	230,915	97.6	117.9	37.0	20.8	22.5	18.6	7.8	6.1	17.0	15.0	34.5	32.8	38.2	35.5
Tech Mahindra	IT Services	1823	425,801	188,802	224,116	42,035	49,886	31,497	33,750	132.6	141.7	48.4	6.9	13.8	12.9	3.9	3.0	9.4	7.7	28.3	23.5	29.2	25.4
Wipro	IT Services	529	1,304,996	434,269	475,440	99,942	106,211	77,966	88,971	31.7	36.1	27.0	14.1	16.7	14.6	3.8	3.2	12.5	11.6	22.7	22.2	23.7	22.8
Persistent Systems	IT Services	1040	41,582	16,692	19,289	4,303	4,970	2,493	3,200	62.3	80.0	32.9	28.4	16.7	13.0	3.4	2.8	9.4	8.2	20.4	21.8	19.4	21.4
KPIT Technologies	IT Services	172	33,293	26,940	30,058	4,233	4,750	2,391	3,005	12.8	16.3	18.5	27.0	13.4	10.6	2.5	2.0	8.5	7.4	18.8	19.4	17.3	17.2
Zee Entertainment	Media	269	258,649	43,414	49,896	11,811	14,922	7,545	9,466	7.9	9.9	5.5	25.5	34.1	27.1	6.6	5.8	21.5	16.8	19.3	21.5	23.0	24.5
HT Media	Media	93	21,564	22,064	23,766	3,114	3,493	1,891	2,183	8.0	9.3	12.8	15.4	11.5	10.0	1.2	1.1	4.4	3.3	10.3	10.5	11.4	11.5
Sun TV Network	Media	393	154,915	22,147	25,169	11,186	13,279	7,145	8,294	18.1	21.0	0.7	16.1	21.7	18.7	4.7	4.0	13.6	11.1	21.6	21.2	22.9	23.1
Jagran Prakashan	Media	104	34,130	17,243	19,080	4,009	4,331	2,037	2,396	6.4	7.6	-4.1	17.6	16.2	13.8	3.3	2.9	9.7	8.7	20.1	21.0	14.2	13.9
Den Networks	Media	175	31,158	10,961	18,840	2,951	6,227	411	1,934	2.8	13.2	-42.5	370.0	62.3	13.2	1.4	1.3	8.5	5.1	2.3	9.7	6.3	10.8
Dish TV	Media	50	52,766	24,066	26,886	5,565	6,390	(1,030)	(247)	-1.0	-0.2	56.0	-76.0	-51.2	-213.6	-20.4	-18.6	11.1	9.5	39.8	8.7	-2.6	9.0
Hathway Cable	Media	245	37,187	15,734	22,845	3,286	6,028	(823)	1,003	-5.6	6.6	-6.2	-218.2	-43.8	37.1	4.0	3.7	14.4	8.9	-9.2	10.0	1.0	7.7
Hindalco Inds	Metals	141	291,626	839,351	942,250	83,028	103,972	24,848	23,802	12.0	11.5	-23.9	-4.2	11.7	12.3	0.7	0.7	10.3	8.6	6.4	5.8	4.0	4.3
NALCO	Metals	40	102,316	66,683	72,624	9,126	11,961	6,834	8,591	2.7	3.3	15.3	25.7	15.0	11.9	0.8	0.8	6.6	5.3	5.6	6.8	5.1	6.2
Hindustan Zinc	Metals	130	549,714	134,590	136,642	69,615	67,705	69,663	67,680	16.5	16.0	0.7	-2.8	7.9	8.1	1.5	1.3	4.2	3.7	18.6	15.9	18.6	15.9
Tata Steel	Metals	426	413,641	1,484,324	1,538,720	157,001	172,854	36,801	36,567	37.8	37.6	1005.6	-0.6	11.3	11.3	1.1	1.1	6.9	6.5	10.1	9.4	6.4	6.3
JSW Steel	Metals	1116	269,810	498,936	524,669	91,138	104,815	23,771	29,093	98.3	121.2	57.5	23.3	11.4	9.2	1.3	1.1	6.5	5.7	11.3	12.3	5.2	8.6
SAIL	Metals	72	295,713	463,345	511,913	43,534	59,861	19,639	19,884	4.8	4.8	-16.7	1.2	15.1	14.9	0.7	0.7	11.8	9.5	4.6	4.5	4.6	3.8
Sesa Sterlite	Metals	193	572,330	640,987	838,983	211,086	306,021	60,165	81,952	20.3	27.6	-23.4	36.2	9.5	7.0	0.8	0.7	5.6	3.5	8.4	10.4	14.5	10.4
Jindal Steel & Power	Metals	273	250,176	202,539	267,549	61,189	85,247	20,023	21,848	21.4	23.4	-31.2	9.1	12.8	11.7	1.1	1.0	9.4	6.5	8.7	8.7	5.2	5.7
Jindal Saw	Metals	58	16,035	65,531	70,919	6,474	7,751	1,572	2,222	5.7	8.0	-13.4	41.4	10.2	7.2	0.4	0.4	10.4	9.2	4.1	5.6	3.6	4.1

Note: For banks, EBITDA is pre-provision profit

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales		EBIDTA		PAT		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
ONGC	Oil & Gas	321	2,748,879	1,742,864	1,920,185	585,001	726,330	278,691	331,920	32.6	38.8	15.1	19.1	9.9	8.3	1.7	1.5	4.9	3.9	17.6	18.3	12.6	14.5
Petronet LNG	Oil & Gas	140	105,225	384,540	459,707	14,881	18,121	7,071	8,036	9.4	10.7	-38.5	13.7	14.9	13.1	2.1	1.9	8.6	7.1	14.3	14.6	9.8	9.8
Cairn India	Oil & Gas	335	638,770	188,439	181,006	141,607	130,121	117,750	107,013	61.9	56.3	2.0	-9.1	5.4	5.9	1.1	1.0	4.4	4.4	20.5	16.4	21.8	16.0
GAIL	Oil & Gas	371	470,986	586,357	592,534	72,420	79,477	48,092	47,649	35.9	37.6	13.1	4.7	10.4	9.9	1.7	1.5	7.7	6.7	16.6	15.5	12.8	11.6
Indraprastha Gas	Oil & Gas	286	40,047	39,432	46,838	7,997	8,293	3,676	3,898	26.3	27.8	3.8	6.0	10.9	10.3	2.3	2.0	5.3	4.9	22.6	20.6	16.6	15.4
Gujarat State Petronet	Oil & Gas	73	41,108	10,770	10,731	9,919	9,867	4,883	4,858	8.7	8.6	0.1	-0.5	8.4	8.5	1.2	1.1	5.7	5.6	15.3	13.5	9.7	8.3
HSIL Ltd	Other	147	9,725	17,759	20,231	2,313	2,976	387	732	5.9	11.1	-33.7	89.0	25.1	13.3	0.9	0.9	8.2	6.3	3.7	6.8	2.2	4.1
Greenply Industries	Other	409	9,872	21,665	23,853	2,795	3,006	1,124	1,240	46.6	51.4	-1.5	10.4	8.8	8.0	1.7	1.4	5.7	5.2	19.3	17.8	12.4	12.6
Transformers & Rectifiers	Other	114	1,638	6,659	7,216	330	432	132	192	10.2	14.9	178.9	45.3	11.2	7.7	0.4	0.4	8.4	6.4	3.8	5.3	4.4	5.6
Kajaria Ceramics	Other	437	33,060	18,603	22,051	2,716	3,418	1,161	1,530	15.4	20.2	8.1	31.7	28.5	21.6	6.7	5.4	12.9	10.2	23.4	24.9	26.2	29.2
Havells Ltd	Other	952	118,886	47,520	53,165	6,409	7,283	4,645	5,284	37.2	42.3	25.1	13.7	25.6	22.5	5.3	4.5	17.7	15.2	20.9	20.0	21.7	20.8
Aurobindo Pharma	Pharma	589	171,697	77,683	116,931	18,178	18,826	11,233	11,435	38.6	39.3	159.7	1.8	15.3	15.0	4.7	3.6	11.3	11.2	30.7	24.1	21.3	17.7
Biocon	Pharma	476	95,180	27,979	33,210	6,878	7,927	4,333	5,176	21.7	25.9	24.4	19.5	22.0	18.4	3.1	2.8	13.8	12.1	13.7	15.2	12.0	13.2
Cadila Healthcare	Pharma	982	201,155	70,120	81,340	12,097	15,430	7,395	9,614	36.1	47.0	10.4	30.0	27.2	20.9	5.9	5.0	18.7	14.6	21.8	24.0	13.0	15.3
Divi's Laboratories	Pharma	1397	185,450	25,319	30,991	10,432	12,489	7,838	9,460	59.1	71.4	30.5	20.7	23.6	19.6	6.0	4.8	17.5	14.5	25.2	24.5	0.0	0.0
Dr Reddy's Labs.	Pharma	2672	454,398	132,881	155,422	32,954	37,301	20,858	23,797	122.6	139.9	23.3	14.1	21.8	19.1	5.0	4.0	14.4	12.5	22.8	21.1	15.3	15.3
Glenmark Pharma	Pharma	581	157,472	59,847	69,994	12,810	15,472	6,965	8,743	25.7	32.3	11.1	25.5	22.6	18.0	4.8	3.9	13.8	11.2	21.3	21.4	11.9	15.4
Ipca Laboratories	Pharma	820	103,516	31,632	37,016	8,066	9,477	5,097	6,110	40.7	48.8	29.6	19.9	20.2	16.8	5.1	4.0	13.6	11.5	25.4	23.8	20.9	20.6
Lupin	Pharma	999	448,062	110,145	133,189	27,610	33,251	16,635	19,933	37.2	44.5	25.4	19.8	26.9	22.4	6.7	5.3	16.2	13.2	25.1	23.8	31.4	30.9
Sun Pharma	Pharma	635	1,315,564	159,338	178,015	70,373	75,376	50,886	52,098	24.6	25.2	40.0	2.4	25.9	25.3	6.8	5.5	18.0	16.4	26.3	22.0	25.5	20.7
Phoenix Mills	Real Estate	252	36,487	12,165	15,674	5,634	7,798	2,204	3,470	15.2	24.0	168.8	57.5	16.6	10.5	1.7	1.7	10.1	7.3	11.3	15.4	8.1	10.1
DLF	Real Estate	154	274,433	83,499	102,193	28,529	36,262	8,199	9,484	4.8	5.6	7.0	15.7	32.1	27.7	0.9	0.9	16.5	13.1	2.8	3.2	5.1	5.4
Unitech Ltd	Real Estate	17	44,944	27,844	32,505	5,012	7,586	3,244	5,141	1.2	2.0	54.8	58.5	13.9	8.7	0.4	0.4	19.9	13.0	2.8	4.3	2.0	2.9
Oberoi Realty	Real Estate	217	71,358	6,748	16,875	3,871	9,474	2,953	6,284	9.0	19.1	-41.5	112.8	24.2	11.4	1.6	1.5	17.3	8.4	6.8	13.1	6.9	13.8
Future Retail	Retail	129	28,899	117,347	105,209	10,327	9,890	(179)	303	-0.8	1.3	-126.0	-269.6	-167.6	98.8	0.9	0.9	7.8	8.7	-0.5	0.9	4.4	4.3
Shoppers Stop	Retail	361	30,062	38,393	46,532	1,185	1,889	(76)	216	-0.9	2.6	-27.7	-385.0	-396.1	139.0	6.1	5.8	31.0	19.6	-1.5	4.2	-1.2	2.9
Raymond Ltd	Retail	312	19,135	44,908	50,614	4,895	5,821	1,413	2,029	23.0	33.1	145.0	43.5	13.5	9.4	1.3	1.1	6.7	5.4	9.5	12.1	7.8	9.1
Bata India	Retail	1098	70,565	20,319	24,512	2,887	3,946	1,677	2,539	26.1	39.5	-2.5	51.3	42.1	27.8	8.4	6.8	23.6	16.4	20.0	24.5	20.6	27.1
Titan Company	Retail	258	229,138	111,593	124,509	10,601	12,700	7,342	8,717	8.3	9.8	1.3	18.7	31.2	26.3	9.0	7.2	21.8	17.9	32.6	30.4	29.5	24.2
Trent	Retail	985	32,726	25,290	30,836	643	1,471	410	1,012	12.3	30.4	78.7	146.8	79.9	32.4	2.6	2.4	53.8	23.3	3.2	7.3	2.9	5.9
Bharti Airtel	Telecom	338	1,350,721	862,528	962,625	278,232	315,423	20,626	54,185	5.2	13.5	107.2	162.7	65.5	24.9	2.4	2.1	7.0	5.8	3.6	8.5	4.7	6.6
Reliance Communications	Telecom	132	272,142	217,643	231,552	74,698	81,152	10,638	17,083	5.2	8.3	42.6	60.6	25.6	15.9	0.9	0.9	8.5	7.3	3.6	5.4	4.0	4.3
Bharti Infratel	Telecom	213	403,082	65,790	73,406	43,929	49,327	15,107	17,791	8.0	9.4	51.0	17.8	26.7	22.6	2.2	2.2	10.4	7.5	8.4	9.8	7.3	8.0
Idea Cellular	Telecom	141	467,238	265,189	305,294	83,336	99,943	18,513	18,821	5.2	5.3	71.7	1.7	26.8	26.4	3.0	2.3	8.0	7.5	11.2	8.5	7.1	6.3
OnMobile Global	Telecom	36	4,072	8,970	10,361	1,569	2,207	241	626	2.0	5.1	-52.1	159.9	18.0	6.9	0.4	0.4	1.4	0.6	2.4	5.8	2.6	5.8
Tata Communication	Telecom	305	86,825	194,499	213,875	30,617	36,731	2,577	6,356	9.0	22.3	-135.4	146.7	33.7	13.7	5.5	4.1	6.4	5.0	16.3	30.0	4.5	6.0

Note: For banks, EBITDA is pre-provision profit

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