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Updates

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News Roundup

Corporate

- In a desperate bid to save a big-ticket sponsorship, both **Sony Entertainment** (now **Multi Screen Media**) and the **Indian Premier League (IPL)** are believed to have made revised offers to **BIG TV** — the DTH arm of the **Reliance ADA Group**. The move comes in the wake of Airtel DTH's refusal to buy the currently vacant on-ground rights following BIG TV's exit. Sony also fears that the IPL broadcasting rights may go to ESPN. *(BS)*
- The **Insurance Regulatory and Development Authority (IRDA)** is all set to come out with merger and acquisition (M&A) norms by the end of next month that would facilitate consolidations in the sector. *(BS)*
- Sajjan Jindal-promoted **JSW Group** has cancelled over Rs100 crore worth of construction works given to fraud-hit **Satyam's** infrastructure arm **Maytas Infra**. *(BS)*
- Tata Consultancy Services Ltd (TCS)**, has put at least 1,000 employees on so-called performance improvement plans, joining rival **Infosys Technologies Ltd**, which has around 2,000 employees on similar plans, as the perform-or-perish culture catches up with India in the wake of the economic slowdown that has crimped growth across businesses. *(Mint)*

Economic and political

- Technology spending by Indian firms will grow by 5.5% in 2009, a drop by more than half, as it faces the impact of slowing local economy and a global economic downturn, technology researcher Gartner Inc said on Thursday. Indian firms saw a 13% increase in IT budgets in 2008 and a 16% jump a year ago. *(Mint)*
- Companies can bring in foreign capital by issuing partly paid-up shares if these are converted into fully paid-up shares in 18 months, a senior government official said. A recent ruling by the Foreign Investment Promotion Board (FIPB), the government body that clears foreign investment proposals, has removed ambiguities in the rules regarding partly-paid equities. *(ET)*

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

EQUITY MARKETS

India	Change, %			
	19-Feb	1-day	1-mo	3-mo
Sensex	9,043	0.3	(3.1)	3.1
Nifty	2,789	0.5	(2.0)	5.9
Global/Regional indices				
Dow Jones	7,466	(1.2)	(9.8)	(6.6)
FTSE	4,018	0.3	(2.2)	0.3
Nikkie	7,455	(1.4)	(7.6)	(3.2)
Hang Seng	12,757	(2.0)	(1.6)	3.7
KOSPI	1,078	(2.7)	(4.4)	13.6
Value traded - India				
	Moving avg, Rs bn			
	19-Feb	1-mo	3-mo	
Cash (NSE+BSE)	91.4	114.4	66.1	
Derivatives (NSE)	306.4	264.6	417	
Deri. open interest	607.8	532	531	

Forex/money market

	Change, basis points			
	19-Feb	1-day	1-mo	3-mo
Rs/US\$	49.6	0	43	(53)
10yr govt bond, %	6.0	(4)	27	(131)

Commodity market

	Change, %			
	19-Feb	1-day	1-mo	3-mo
Gold (US\$/OZ)	973.5	(0.1)	13.6	30.7
Silver (US\$/OZ)	14.1	0.4	26.0	57.1
Crude (US\$/BBL)	40.9	(1.0)	(4.1)	(10.2)

Net investment (US\$m)

	Change, %		
	18-Feb	MTD	CYTD
FIs	(108)	(102)	(1,155)
MFs	(22)	(251)	(433)

Top movers -3mo basis

Best performers	Change, %			
	19-Feb	1-day	1-mo	3-mo
Jindal Steel & Powe	999	(0.5)	15.8	50.8
Steel Authority Of I	82	(1.5)	4.0	39.8
Acc Limited	547	(2.5)	12.8	34.2
Bajaj Auto Limited	497	0.3	8.9	44.1
Power Finance Cor	142	2.4	4.9	40.0
Worst performers				
Housing Developme	79	-	(24.0)	(9.6)
Satyam Computer S	46	(4.8)	72.1	(80.2)
Glenmark Pharmac	139	0.2	(44.2)	(54.9)
Aban Offshore Limi	382	(3.7)	(35.3)	(48.9)
Punj Lloyd Limited	86	(0.3)	(21.8)	(39.7)

Kotak Institutional Equities Research

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Banking**ICBK.BO, Rs362**

Rating	ADD
Sector coverage view	Attractive
Target Price (Rs)	465
52W High -Low (Rs)	1213 - 282
Market Cap (Rs bn)	402.2

Financials

March y/e	2008	2009E	2010E
Sales (Rs bn)	160.5	162.0	174.3
Net Profit (Rs bn)	41.6	38.2	36.5
EPS (Rs)	39.9	34.3	32.8
EPS gth	15.4	(14.0)	(4.5)
P/E (x)	9.1	10.5	11.0
P/B (x)	0.9	0.8	0.8
Div yield (%)	3.1	2.8	2.5

Pricing performance

Perf-1m	Perf-3m	Perf-6m	Perf-1y
(8.8)	13.1	(46.7)	(69.1)

Shareholding, December 2008

	% of		Over/(under)
	Pattern	Portfolio	weight
Promoters	-	-	-
FIs	63.7	7.4	5.6
MFs	7.9	4.3	2.5
UTI	-	-	(1.9)
LIC	8.8	3.8	2.0

ICICI Bank: NPL concerns increase; cutting estimates and target price; retain ADD

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- **Newspapers report that some borrowers are under stress and could become NPLs**
- **We are increasing our estimates for potential slippages and NPLs for ICICI Bank for FY2010E and FY2011E. Cutting earnings estimates by 4%**
- **Retain ADD rating with price target of Rs465 (earlier Rs500)**

We are increasing our delinquency estimates for ICICI Bank. Earlier, we were of the view that since ICICI Bank has slowed its asset growth significantly, it might not face increased NPL issues in FY2010 and NPLs might peak in FY2009. However we now assume delinquencies to be at 2.7% in FY2010E (as compared to 2.3% earlier). This shall result in gross NPLs rising by 6.7% (assuming ICICI Bank does not write off loans) and net NPLs rising to 2.9% in FY2010E. Consequently, we are assuming higher NPL provisions and we cut our estimates by 4% for FY2010. We retain our ADD rating with a revised price target of Rs465. Valuations are inexpensive at 0.6X PBR and 7.3XPER FY2010E.

NPLs risks increase with new developments. As new developments unfold, the risk of NPLs for ICICI Bank may further increase. We understand that some entities are reportedly under stress. While there is no official word on the exact exposures to such entities (due to client confidentiality) and about the nature of security the bank is holding against the loans, we believe the stressed entities could potentially impact profitability for ICICI Bank.

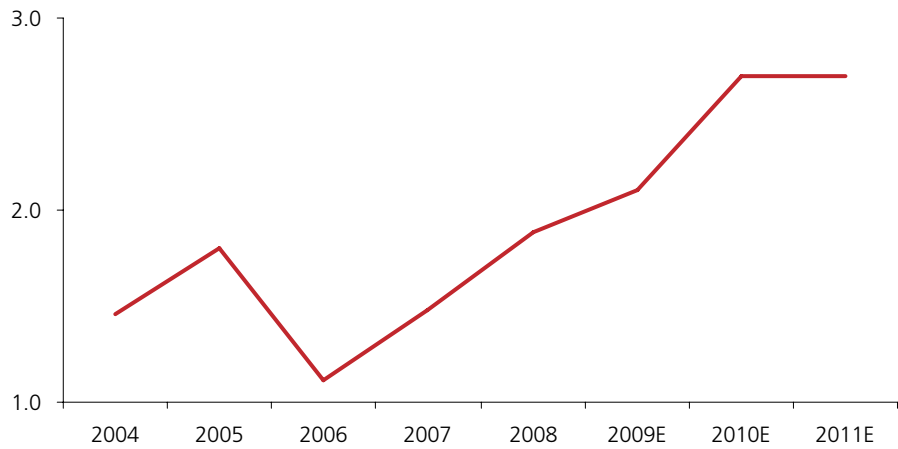
Guarantees are already getting invoked by lenders. Media reports suggest that IFCI has already invoked guarantee of about Rs950 mn against ICICI Bank. If more guarantees are invoked, it would negatively affect the bank.

Slippages likely to be higher for ICICI Bank compared to our earlier expectations. As ICICI Bank had already slowed down its growth significantly and had been recognizing NPLs much earlier than the system, we were expecting slippages to peak in FY2009E. However, with the latest developments, we believe the NPL stress is likely to be prolonged for ICICI Bank. We are increasing our estimates for slippages to 2.7% in FY2010E and FY2011E, as against our earlier estimates of 2.3%. As a result, we are also increasing our provisioning requirement for ICICI Bank by 6-7% in FY2009E and FY2010E.

Earnings cut by 4% in FY2010E to factor in higher NPL provisioning; Reducing target price as well. We are reducing our earnings estimates for ICICI Bank by 4% in order to factor in higher NPL provisioning. We are building in NPL provisions of 1.7% of assets for ICICI Bank in FY2010E.

Incremental delinquencies continue to remain high

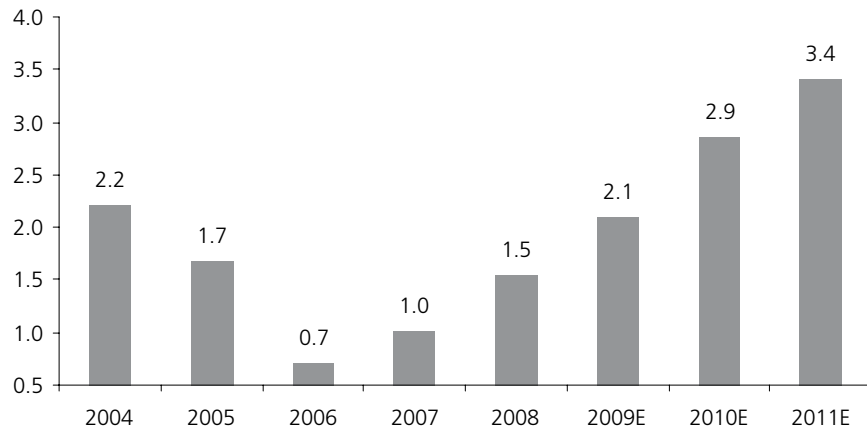
Incremental slippage as proportion of opening advances, March fiscal year-ends, 2004-2011E (%)



Source: Company, Kotak Institutional Equities estimates.

Net NPLs to rise fast, on back of high slippages

Net NPLs as proportion of loans, March fiscal year-ends, 2004-2011E (%)



Source: Company, Kotak Institutional Equities estimates.

NPLs have been showing a steady increase since 3QFY07

Movement in NPLs and provisions, March fiscal year-ends, 1QFY07-3QFY09 (Rs bn)

	1QFY07	2QFY07	3QFY07	4QFY07	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09
Gross NPLs	33	37	44	49	60	67	72	84	93	103	96
Provisions and w/off	20	22	25	28	33	37	39	48	52	60	52
Net NPLs	13	15	19	20	27	30	33	36	41	43	45

Source: Company.

ICICI Bank (Old and new estimates)

March fiscal year-ends, 2009-2011E (Rs mn)

	Old estimates			New estimates			% change in estimates		
	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E
Net interest income	81,782	87,319	105,575	81,782	87,262	105,410	-	(0.1)	(0.2)
Spread	1.7	1.9	2.3	1.7	1.9	2.3			
NIM (%)	2.3	2.5	2.8	2.30	2.48	2.82			
Customer assets (Rs bn)	2,291	2,417	2,712	2,291	2,417	2,712	-	-	-
Loan loss provisions	37,836	36,255	37,266	37,836	38,521	39,751	-	6.3	6.7
Other income	80,257	87,012	98,063	80,257	87,012	98,063	-	-	-
Fee income	59,977	66,462	76,908	59,977	66,462	76,908	-	-	-
Treasury income	8,000	8,000	8,000	8,000	8,000	8,000	-	-	-
Operating expenses	71,171	84,358	100,326	71,171	84,358	100,326	-	-	-
Employee expenses	20,258	22,165	26,532	20,258	22,165	26,532	-	-	-
PBT	51,618	52,305	64,632	51,618	49,982	61,983	-	(4.4)	(4.1)
Tax	13,421	14,122	18,097	13,421	13,495	17,355	-	(4.4)	(4.1)
Net profit	38,198	38,183	46,535	38,198	36,487	44,627	-	(4.4)	(4.1)
PBT-treasury+provisions	89,723	90,865	111,582	81,455	80,503	93,733	(9.2)	(11.4)	(16.0)

Source: Kotak Institutional Equities estimates.

SOTP valuation of ICICI Bank

	ICICI Share (%)	FY2010	Valuation methodology adopted
Value of ICICI standalone	100	301	Based on Residual growth model
Subsidiaries			
ICICI Financial Services	94	139	
ICICI Prudential Life	74*	115	14X NBAP, margin assumed is 12.7%
General Insurance	74*	9	1X FY2008 PBR
Mutual Fund	51*	15	3% of AUMs
Other subsidiaries/associates			
ICICI Securities Ltd	100	7	PER of 5X FY2008 EPS
ICICI Securities Primary Dealer	100	1	PBR of 1X FY2008 BVPS
ICICI Homes Ltd	100	8	PBR of 1X FY2008 BVPS
ICICI Bank UK	100	0	NA
ICICI Bank Canada	100	0	NA
ICICI Bank Euroasia	100	0	NA
Venture capital/VMF	100	9	10% of AUM of US\$2 bn
Value of subsidiaries		164	
Value of company		465	

Source: Company, Kotak Institutional Equities estimates.

Forecasts and valuation for ICICI Bank

March fiscal year-ends, 2005-2011E

	PAT	EPS	P/E	BVPS	P/B	RoE	EPS excl. dividend	P/E (standalone)	BVPS (standalone)	P/B (standalone)
	(Rs bn)	(Rs)	(X)	(Rs)	(X)	(%)	(Rs)	(X)	(Rs)	(X)
2005	20.1	27.2	13.6	170	2.2	19.5	24.7	8.3	142	1.4
2006	25.4	32.8	11.3	250	1.5	14.6	28.4	7.2	217	0.9
2007	31.1	34.6	10.7	270	1.4	13.4	29.6	6.9	225	0.9
2008	41.6	39.9	9.3	418	0.9	11.7	28.9	7.1	341	0.6
2009E	38.2	34.3	10.8	440	0.8	8.0	29.4	7.0	334	0.6
2010E	36.5	32.8	11.3	462	0.8	7.3	27.4	7.5	343	0.6
2011E	44.6	40.1	9.2	490	0.8	8.4	34.1	6.0	367	0.6

Source: Company, Bloomberg, Kotak Institutional Equities.

Utilities**CESC.BO, Rs209**

Rating	BUY
Sector coverage view	Attractive
Target Price (Rs)	385
52W High -Low (Rs)	592 - 165
Market Cap (Rs bn)	26.1

Financials

March y/e	2008	2009E	2010E
Sales (Rs bn)	27.7	29.5	32.3
Net Profit (Rs bn)	3.3	4.0	4.6
EPS (Rs)	27.8	31.9	36.9
EPS gth	(24.0)	15.3	16.3
P/E (x)	7.5	6.5	5.6
EV/EBITDA (x)	3.9	3.7	4.8
Div yield (%)	1.9	2.2	2.5

Pricing performance

Perf-1m	Perf-3m	Perf-6m	Perf-1y
(14.6)	3.8	(40.1)	(58.8)

Shareholding, December 2008

	% of Pattern Portfolio	Over/(under) weight
Promoters	52.5	-
FIIIs	19.9	0.1
MFs	12.0	0.4
UTI	-	(0.1)
LIC	3.8	0.1

CESC: Buy for extant power business; retain target price of Rs385/share

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- **High profitability and good growth visibility for power business**
- **Curtailing losses in retail - assumed funding from cash surplus in power business**
- **Retain BUY rating with SOTP-based target price of Rs385/share**

We like CESC's regulated power business with high profitability and good visibility in growth and retain our BUY rating with an SOTP-based target price of Rs385/share. Our target price is essentially the value of power business and surplus cash after factoring in funding support of Rs5.7 bn for the losses being incurred in retail business. CESC earns an effective RoE in excess of 20% on the power business as it gets to keep part of the savings from operating efficiencies and part-profits from export of surplus power. With large capex approved in T&D by the regulator, we estimate the return-yielding equity to increase at a CAGR of 15% during FY2008-11E. We retain our EPS estimates of Rs31.9 for FY2009E and Rs36.9 for FY2010E. The stock is currently trading below its FY2009E book value of Rs232/share (net of revaluation reserves).

Regulated power business earning effective RoE in excess of 20%, regulated equity base expected to increase at a CAGR of 15% during FY2008-11E. CESC is entitled for 15% RoE on the invested equity in distribution (compared to 14% for generation) and gets to keep the savings from lower-than-targeted A,T&C losses. CESC also retains part of the savings made by operating better-than-stipulated benchmarks (of PLF, auxiliary consumption and station heat rate etc.) and shares the balance with consumers. The performance-linked incentive structure, along with the benefits from export sales (by keeping 40% of profits made from exports sales), enables CESC to earn effective RoE in excess of 20%. CESC's tariffs are regulated by WBERC, with the current tariffs determined under the multi-year tariff (MYT) order applicable from FY2009-11E. We believe the WBERC may not immediately revisit the return formula in light of the enhanced equity returns being prescribed by the CERC and will likely revise the returns applicable for CESC in the next MYT order.

CESC's regulated power business also offers high growth visibility—reinvestments in upgrading and strengthening the T&D network and periodic generation capacity addition (Budge Budge 3 is under construction and Haldia 1 has most clearances in place). CESC's regulated equity base is likely to grow at a CAGR of 15% FY2008-11E. The regulator has approved a capital expenditure of Rs30 bn during FY2009-11E for distribution while the commissioning of Budge Budge -3 will increase the return-earning book invested in generation.

Core regulated business is insulated from interest rate and forex rate fluctuations.

CESC's regulated power business is insulated from uncertainties inherent in the IPP or the merchant power model—variations in interest rate and forex rates. Direct exposure to retail customers also ensures low credit risk with the additional facility of recovering legitimate bad debts through tariffs. The ability to sell surplus power from generation assets after meeting the requirements of the distribution business gives CESC the benefit from high merchant rates as well. We value CESC's core power generation-distribution business in Kolkata using DCF-equity at Rs286/share—implied P/B of 2.1X on FY2009E invested book.

Spencer Retail—restricting investments, curtailing losses, improving product mix. Spencer Retail (95% subsidiary of CESC) has revised its growth plans taking cognizance of changing business environment and cash-flow constraints. The strategy is to improve the profitability by shutting down smaller loss-making formats while trying to improve sales mix in large-format stores. Our financial projections for the retail business factor in—(1) closure of 0.15 mn sq. ft of retail space in small-format stores, (2) improving sales in existing stores, and (3) shift of product mix in favor of apparels (higher margin segment). We note that apparels currently contribute less than 5% of the total sales for Spencers (substantially lower than industrial peers such as Pantaloon and Vishal Retail). During FY2008, Spencer Retail incurred an EBITDA loss of Rs1.1 bn on store sales of Rs7.68 bn. We expect the retail business to continue to make EBITDA loss and have factored in the cash flows required to support it to come from power business.

Reiterate BUY rating with SOTP-based target price of Rs385/share. Our SOTP-based target price of Rs385/share is essentially the value of the core power business valued using DCF and cash. Our valuation does not include any value for real estate or retail business and we have reduced the cash balance for Rs5.7 bn cash funding requirement in the retail business from CESC's net cash balance.

- **We value the core power generation, transmission and distribution business in Kolkata at Rs286/share** using DCF-equity implying ~2.1X P/B FY2009E. We use a cost of equity of 12% and terminal year growth of 2%. We estimate a steady increase in the regulated equity base in distribution that will drive steady earnings growth apart from step-improvement due to generation capacity addition.
- **New generation projects to provide upside.** We note good visibility in new generation project for CESC at Haldia (600 MW). DCF-equity value for the Haldia project contributes Rs72/share to our target price. We note the equity required for the Haldia phase 1 project has already been raised by the company. CESC has also been allocated a coal block in Jharkhand for setting up a 800-1,000 MW power project.
- **We reduce cash for likely funding requirements of the retail business and regulatory liabilities.** The retail sector is going through a slowdown with even the leading players continuing to show losses. While we continue to deduct CESC's net cash for the estimated Rs5.7 bn capex and loss funding that it will likely need to make in Spencer Retail, we do not assign any value to its 95% stake in the retail business. We note the management of Spencer Retail has scaled down its growth capex and is currently focusing on limiting losses by closing down unviable outlets. Exhibit 4 gives our financial estimates for Spencer Retail.
- **We do not assign any value for real estate business.** We have not assigned any value for the real estate business. A slowdown in demand for real estate has resulted in a drop in realizations and postponement of new launches by real estate players. CESC's real estate projects are also delayed and we will evaluate and assign any value accretion when there is greater visibility in implementation of the real estate projects.

Exhibit 1: CESC Sum-of-the-parts valuation

	Methodology	Key assumptions	FY2009E Book value per share (Rs)	Per share value (Rs)
Kolkata generation, transmission & distribution	DCF to equity Disc. rate: 12% Terminal year growth: 2%	The business enjoys very high predictability of cash flows, regular reinvestments and high profitability (>20% RoE) from operational efficiencies and incentives.	132	286
Investments	Book value	1% Cumulative optionally convertible preference shares of Integrated Coal Mining Ltd. (Rs mn) 300	2	2
Cash and investible surplus on books	Market value	Marketable securities & cash on books (Rs bn): 19.9 Regulatory liability/unallocable debt (Rs bn) (4.1) Cash required for Haldia 1 (Rs bn) (7.2) Cash infusion in retail (Rs bn) (5.7) 2.9		23
Haldia - 1st phase 600 MW	DCF to equity Disc. rate: 12.5%	Regulated returns-P/B of 1.33X based on our DCF-to-equity		72
SOTP value			232	384

Source: Kotak Institutional Equities estimates

Exhibit 2: Moderate growth in the current year due to lack of new capacity addition

Interim results of CESC, March fiscal year-ends (Rs mn)

	YTD			yoy		
	Dec-08	Dec-07	(% chg)	FY2009E	FY2008	(% chg)
Net sales	22,900	21,230	7.9	29,487	27,750	6.3
Operating costs						
Cost of electrical energy purchased	(3,500)	(3,100)	12.9	(4,389)	(3,783)	16.0
Cost of fuel	(7,200)	(6,520)	10.4	(9,628)	(8,658)	11.2
Personnel costs	(2,550)	(2,270)	12.3	(3,539)	(3,378)	4.8
Other expenses and provisions	(5,050)	(5,080)	(0.6)	(5,555)	(6,409)	(13.3)
Total operating expense	(18,300)	(16,970)	7.8	(23,111)	(22,227)	4.0
EBITDA	4,600	4,260	8.0	6,376	5,523	15.4
EBITDA margin (%)	20.1	20.1		21.6	19.9	
Depreciation	(1,280)	(1,240)		(1,730)	(1,685)	
EBIT	3,320	3,020	9.9	4,646	3,839	21.0
Other income	1,175	840		1,326	1,285	
Interest	(1,030)	(1,060)		(1,346)	(1,363)	
PBT	3,465	2,800	23.8	4,626	3,760	23.0
Tax	(420)	(360)		(639)	(476)	
Deferred tax (liability)/asset						
Net profit	3,045	2,440	24.8	3,986	3,285	21.4
Extraordinary income/ (expenses)	115	240		115	269	

Source: Company data, Kotak Institutional Equities

Exhibit 3: Profit model, balance sheet, cash model of CESC, March fiscal year-ends, 2006-11E (Rs mn)

	2006	2007	2008	2009E	2010E	2011E
Profit model (Rs mn)						
Net sales	25,159	24,843	27,750	29,487	32,316	34,134
EBITDA	7,157	6,364	6,045	7,216	8,295	9,635
Other income	736	927	1,285	1,326	1,340	1,398
Interest	(3,013)	(2,305)	(1,885)	(2,186)	(2,354)	(2,867)
Depreciation	(2,539)	(1,579)	(1,685)	(1,730)	(2,041)	(2,426)
Pretax profits	2,342	3,407	3,760	4,626	5,240	5,741
Tax	(200)	(400)	(476)	(639)	(624)	(613)
Net profits	2,142	3,007	3,285	3,986	4,616	5,127
Extraordinary items	(299)	—	269	115	—	—
Earnings per share (Rs)	27.3	36.2	27.8	31.9	36.9	41.0
Balance sheet (Rs mn)						
Total equity	16,549	20,939	31,701	36,471	41,400	46,650
Total borrowings	19,100	17,983	16,288	22,329	32,551	44,665
Current liabilities	13,113	16,350	19,559	20,131	21,209	21,793
Total liabilities and equity	48,761	55,271	67,548	78,931	95,160	113,108
Cash	3,959	7,314	9,864	13,200	8,749	7,547
Current assets	9,113	8,110	9,752	9,608	10,088	10,354
Total fixed assets	35,275	37,340	42,148	50,347	70,554	89,446
Investments	314	2,414	5,697	5,697	5,697	5,697
Deferred Expenditure	100	93	86	79	72	65
Total assets	48,761	55,271	67,548	78,931	95,160	113,108
Free cash flow (Rs mn)						
Operating cash flow, excl. working capital	7,351	6,433	6,375	7,342	8,466	9,845
Working capital	563	4,240	1,567	717	597	319
Capital expenditure	(3,077)	(5,594)	(8,353)	(9,928)	(22,249)	(21,317)
Investments	1	(0)	(408)	—	—	—
Free cash flow	4,838	5,080	(819)	(1,870)	(13,185)	(11,153)

Source: Kotak Institutional Equities estimates

Exhibit 4: CESC plans to slowdown capex in the retail business including shutting down non-viable retail formats

Key assumptions of Spencer Retail, March fiscal year-ends, 2007-2011E (Rs mn)

	2007	2008	2009E	2010E	2011E
Income statement					
Revenues	5,154	8,061	11,367	14,070	15,135
EBITDA	(364)	(1,114)	(820)	(589)	(263)
PAT	(523)	(893)	(1,686)	(1,670)	(1,420)
Balance sheet					
Net worth	837	2,429	743	(927)	(2,347)
Borrowings	873	4,345	6,345	7,845	8,445
Total liabilities	1,710	6,775	7,089	6,919	6,099
Net fixed assets	1,239	4,023	4,633	4,145	3,648
Investments	10	10	10	10	10
Net working capital	461	2,121	1,825	2,143	1,821
Deferred tax asset	—	620	620	620	620
Total assets	1,710	6,775	7,089	6,919	6,099
Key assumptions					
Total retail space (mn sq. ft)	0.6	1.2	1.5	1.7	1.7
Sales (Rs/ sq. ft pm)	734	545	625	650	700
Gross margin (%)	15	14	15	16	16
EBITDA margin (%)	(7)	(14)	(7)	(4)	(2)

Source: Company data, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation Summary of Key Indian Companies

Company	19-Feb-09 Price (Rs)	Rating	Mkt cap. (Rs mn)	Shares (mm)	EPS (Rs)		EPS growth (%)		PER (X)		Price/BV (X)		Dividend Yield (%)		RoE (%)		Target price (Rs)	Upside (%)	ADV-F 3mo (US\$ mn)										
					2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E													
Automobiles																													
Bajaj Auto	497	REDUCE	1,449	145	59.3	62.1	67.8	(53.4)	4.7	9.1	8.4	8.0	7.3	6.0	5.9	5.1	4.5	3.7	3.0	4.0	4.0	4.0	21.0	40.1	36.3	470	(5.5)	1-	
Hero Honda	931	REDUCE	185,901	3,745	200	48.5	60.2	74.4	12.8	24.3	19.2	15.5	12.5	12.1	10.2	8.6	6.0	4.8	3.8	2.0	2.1	2.1	37.0	34.8	34.3	890	(4.4)	8.6	
Mahindra & Mahindra	290	ADD	74,965	1,510	258	38.1	18.6	31.2	(2.0)	(51.2)	67.9	7.6	15.6	9.3	6.1	10.9	7.3	1.7	1.5	1.2	3.8	3.2	3.3	27.8	10.8	15.1	330	13.6	4.8
Mitsubishi	632	SELL	182,590	3,678	289	59.9	45.0	50.7	10.8	(24.8)	12.6	10.5	14.0	12.5	6.0	7.5	6.5	2.1	1.9	1.6	0.8	0.8	0.8	22.2	14.2	14.1	435	(31.1)	16.5
Tata Motors	135	SELL	74,868	1,508	36.5	18.0	18.5	(23.4)	(50.7)	-2.8	3.7	7.5	7.3	3.2	8.3	6.2	0.8	0.4	0.5	2.7	-	-	24.7	8.8	7.1	120	(10.8)	8.3	
Automobiles																													
Cautious																													
Banks/Financial Institutions																													
Andhra Bank	52	ADD	25,147	507	11.9	12.4	10.8	7.0	4.9	(12.9)	4.4	4.2	4.8	-	-	-	0.8	0.7	0.7	7.7	6.0	5.2	18.0	17.4	13.6	75	44.6	0.3	
Axis Bank	388	ADD	138,952	2,799	35.2	46.8	53.1	37.7	45.3	13.3	12.1	8.3	7.3	-	-	-	1.7	1.5	1.4	1.5	2.3	2.6	17.6	17.8	17.6	720	85.4	34.5	
Bank of Baroda	232	ADD	84,693	1,706	39.3	52.0	50.5	39.8	32.4	(2.9)	5.9	4.5	4.6	-	-	-	1.0	0.8	0.8	3.5	4.6	4.4	14.6	16.3	14.2	330	42.4	5.7	
Bank of India	277	ADD	119,225	2,402	52.6	40.6	54.1	49.9	76.6	33.1	(7.7)	5.6	4.2	4.5	-	-	1.5	1.1	1.0	1.8	2.5	2.3	27.6	28.2	21.1	330	45.6	11.9	
Canara Bank	172	REDUCE	70,500	1,420	41.0	38.2	45.8	38.2	10.1	19.9	(16.6)	4.5	3.8	4.5	-	-	1.0	0.8	0.9	4.7	3.5	3.5	15.0	16.7	12.4	220	27.9	4.4	
Corporation Bank	170	BUY	24,349	491	14.3	51.3	62.3	55.8	37.2	21.6	(10.4)	3.3	2.7	3.0	-	-	0.6	0.5	0.4	6.2	7.5	6.7	18.4	19.6	15.4	310	82.6	0.5	
Federal Bank	138	BUY	23,243	468	17.1	34.4	31.7	31.6	0.5	(7.7)	(0.3)	4.0	4.3	4.3	-	-	0.6	0.5	0.5	2.9	4.3	4.3	13.6	13.1	11.8	280	106.0	1.2	
Future Capital Holdings	126	BUY	8,105	163	63	(4.5)	4.5	28.8	(89.8)	(198.6)	546.1	(28.4)	28.8	4.5	-	-	1.1	1.1	0.9	-	-	-	(6.7)	3.8	21.4	440	243.2	0.4	
HDFC	1,393	REDUCE	399,775	8,053	287	85.8	75.0	85.4	38.2	(12.6)	14.0	16.2	18.6	16.3	-	-	3.3	2.9	2.6	1.8	1.6	1.8	27.8	16.7	16.8	1,550	11.3	60.6	
HDFC Bank	885	BUY	374,419	7,543	423	46.0	53.5	66.9	28.7	16.4	19.2	16.2	15.2	13.2	-	-	3.3	2.5	2.2	0.8	1.1	1.3	17.7	17.3	17.8	1,350	52.6	38.2	
ICICI Bank	362	ADD	402,233	8,103	1,113	39.9	34.3	32.8	15.4	(14.0)	(4.5)	9.1	10.5	11.0	-	-	0.9	0.8	0.8	3.1	2.8	2.5	11.7	8.0	7.3	465	28.6	100.8	
IDFC	55	ADD	70,669	1,424	1,294	5.7	6.0	6.3	3.0	5.3	5.9	9.6	9.1	8.6	-	-	1.3	1.1	1.0	2.2	1.9	2.0	17.6	13.2	12.7	75	37.4	13.5	
India Infoline	53	ADD	15,289	308	287	5.6	4.9	4.3	85.6	(12.0)	(12.5)	9.5	10.8	12.4	-	-	1.3	1.2	1.2	2.2	5.3	4.7	20.7	11.5	9.8	60	12.8	3.6	
Indian Bank	102	BUY	43,622	879	43.0	22.5	27.4	28.0	33.9	21.4	2.4	4.5	3.7	3.6	-	-	1.0	0.8	0.7	3.0	3.4	3.5	23.4	22.1	19.1	195	92.1	1.2	
Indian Overseas Bank	51	BUY	28,003	564	54.5	22.1	26.5	21.7	19.2	20.1	(18.1)	2.3	1.9	2.4	-	-	0.6	0.5	0.4	7.3	8.0	7.3	27.2	26.4	18.0	120	133.5	1.1	
J&K Bank	272	ADD	13,197	266	48	74.2	82.7	72.3	31.2	11.4	(12.6)	3.7	3.3	3.8	-	-	0.7	0.6	0.6	5.7	6.3	5.5	16.8	16.5	12.9	480	76.4	0.1	
LIC Housing Finance	206	BUY	17,496	352	85	45.5	58.1	58.5	38.7	27.6	0.8	4.5	3.5	3.5	-	-	0.9	0.8	0.7	4.9	6.2	6.3	-	-	-	330	60.3	5.3	
Mahindra & Mahindra Financial	194	SELL	18,488	372	95	20.8	18.5	22.6	32.6	(11.2)	22.0	9.3	10.5	8.6	-	-	1.5	1.3	1.2	2.4	2.4	2.9	16.9	12.8	14.2	190	(2.1)	0.2	
Oriental Bank of Commerce	113	ADD	28,386	572	251	23.9	36.5	27.3	(27.6)	(25.0)	4.7	3.1	4.1	-	-	-	0.6	0.4	0.4	6.4	4.8	6.4	6.2	13.8	8.9	200	76.5	2.9	
PFC	142	ADD	162,409	3,272	1,148	11.4	12.2	15.8	2.4	7.3	29.7	12.5	11.6	8.9	-	-	1.6	1.5	1.3	2.5	2.7	3.4	13.5	13.6	15.5	145	2.5	1.7	
Punjab National Bank	375	BUY	118,175	2,381	315	65.0	91.6	89.9	33.0	40.9	(1.8)	5.8	4.1	4.2	-	-	1.2	1.0	0.9	3.5	4.9	4.8	18.0	21.7	18.5	650	73.4	10.5	
Shriram Transport	185	REDUCE	37,499	755	203	19.2	28.6	27.0	85.7	49.0	(5.6)	9.6	6.5	6.8	-	-	2.1	1.8	1.5	2.7	4.6	4.6	26.9	28.8	23.6	215	16.4	1.5	
SREI	36	ADD	4,152	84	116	11.4	7.3	6.9	57.4	(86.2)	(7.7)	3.1	4.9	5.2	-	-	0.6	0.4	0.4	3.4	6.4	7.8	23.1	13.1	11.5	50	40.1	0.5	
State Bank of India	1,059	BUY	688,538	13,468	631	106.6	135.3	125.5	23.5	27.0	(7.3)	9.9	7.8	8.4	-	-	1.6	1.4	1.3	2.0	2.0	2.0	16.8	16.3	13.4	1,600	51.1	100.6	
Union Bank	132	BUY	66,474	1,339	505	27.5	34.6	33.3	64.0	25.9	(3.6)	4.8	3.8	3.9	-	-	0.9	0.8	0.7	3.0	3.9	3.8	26.8	27.5	21.7	220	67.2	4.0	
Banks/Financial Institutions																													
Attractive																													
2,963,038																													
59,691																													
Cement																													
ACC	547	REDUCE	103,233	2,080	188	64.1	56.0	44.4	13.0	(25.5)	(20.8)	8.5	9.8	12.3	4.4	4.2	5.7	2.3	1.9	1.8	4.3	4.3	4.3	38.3	25.6	17.4	550	0.5	6.1
Ambuja Cements	69	REDUCE	105,577	2,127	1,522	7.6	7.6	5.8	(11.2)	0.2	(23.7)	9.2	9.2	12.0	4.6	5.0	5.8	2.1	1.7	1.6	3.7	4.3	2.7	26.6	20.8	14.1	60	(13.5)	2.8
Grain Industries	1,375	ADD	126,097	2,540	92	284.6	221.6	171.9	32.6	(22.1)	(22.4)	4.8	6.2	8.0	3.3	3.9	4.2	1.4	1.2	1.0	2.2	2.4	2.4	53.1	20.3	13.8	1,400	1.8	7.2
India Cements	103	ADD	29,145	587	282	24.5	22.7	19.8	na	(7.3)	(12.8)	4.2	4.6	5.2	3.8	3.5	3.6	0.8	0.8	0.7	1.8	2.1	2.1	25.8	15.7	14.7	130	25.7	2.5
Shree Cement	549	BUY	19,115	385	35	90.2	129.9	72.5	99.5	44.0	(44.2)	6.1	4.2	7.6	2.5	2.5	3.1	2.9	1.8	1.5	1.5	1.5	56.9	53.2	21.7	850	54.9	0.2	
UltraTech Cement	419	BUY	52,503	1,058	125	81.4	70.9	54.2	28.5	(12.9)	(23.5)	5.2	5.9	7.7	3.7	4.1	4.6	1.6	1.2	1.1	1.8	2.0	2.0	45.2	29.5	17.9	525	25.3	1.2
Cement																													
Cautious																													
435,670																													
8,777																													
Consumer (Discretionary)																													
Rudra Khaitan	69	REDUCE	7,024	141	102	2.2	2.6	3.3	(41.4)	15.0	26.3	30.6	26.6	21.0	11.6	11.8	10.0	2.8	2.5	2.3	0.9	-	-	11.7	10.0	11.4	65	(5.2)	0.4
United Breweries	80	REDUCE	19,216	387	240	2.1	1.9	2.4	(2.1)	(11.4)	31.0	38.0	42.9	32.7	12.2	9.5	7.3	3.2	1.8	1.7	-	-	-	8.0	3.6	5.4	85	6.2	0.0
United Spirits	572	BUY	53,884	1,085	94	28.9	32.7	48.0	(53.0)	13.2	46.9	19.8	17.5	11.9	9.9	9.7	8.3	2.4	2.3	1.7	0.3	0.3	0.4	14.0	13.5	16.8	900	57.3	35.9
Consumer (Discretionary)																													
Neutral																													
80,124																													
1,614																													
Consumer products																													
Asian Paints	800	REDUCE	76,736	1,546	96	39.3	35.7	44.3	40.4	(9.2)	24.3	20.4	22.4	18.0	12.3	13.4	10.4	8.0	6.9	5.8	2.1	2.2	2.5	45.0	34.2	36.2	800	-	1.0
Colgate-Palmolive (India)	470	ADD	63,957	1,288	136	17.1	20.4	23.5	16.5	19.4	15.5	27.6	23.1	20.0	23.0	20.2	16.7	34.9	37.9	42.0	2.8	3.9	4.5	100.1	157.8	200.3	490	4.2	0.8
GlaxoSmithKline Consumer																													

Kotak Institutional Equities: Valuation Summary of Key Indian Companies

Company	19-Feb-09 Price (Rs)	Rating	Mkt cap. (Rs mn)	Shares (mm)	EPS (Rs)		EPS growth (%)		PER (X)		EV/EBITDA (X)		Priceriv (X)		Dividend yield (%)		ROE (%)		Target price (Rs)	Upside (%)	ADVF-3mo (US\$ mn)					
					2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E				2010E				
Energy																										
Bharat Petroleum	415	SELL	135,882	2,737	328	41.1	37.9	34.3	(21.6)	(7.9)	(9.5)	10.1	11.0	12.1	1.1	0.9	0.8	11.8	9.7	8.0	400	(3.5)	6.2			
Cairn India	153	BUY	285,310	5,748	1,871	17.6	21.3	25.8	44.4	(36.1)	20.7	35.2	20.7	15.0	10.0	0.8	—	(0.1)	2.5	2.8	225	47.5	13.8			
Castrol India (a)	309	ADD	38,205	770	124	17.6	21.3	25.8	44.4	(36.1)	20.7	35.2	20.7	15.0	10.0	0.8	—	(0.1)	2.5	2.8	225	47.5	13.8			
GAIL (India)	201	REDUCE	254,520	5,127	1,268	20.4	22.9	22.4	21.0	12.2	(1.9)	9.8	8.8	8.9	4.8	4.6	6.3	1.8	1.6	1.4	3.3	4.0	18.1	18.0	15.8	
GSPL	33	BUY	18,825	379	563	1.8	1.4	2.4	10.1	(22.4)	68.6	18.6	23.9	14.2	1.5	1.2	2.0	8.8	6.2	9.7	45	34.5	1.6			
Hindustan Petroleum	297	SELL	100,839	2,031	339	33.5	14.7	32.0	(16.4)	(56.1)	118.1	8.9	20.2	9.3	7.5	6.2	3.7	0.8	0.8	0.7	1.0	0.4	1.0	9.6	3.9	7.9
Indian Oil Corporation	456	REDUCE	537,239	10,823	1,179	61.3	32.3	53.4	31.0	(47.4)	65.4	7.4	14.1	8.5	4.4	8.5	6.3	1.2	1.1	1.0	1.2	0.7	1.0	1.7	14.0	12.0
Oil & Natural Gas Corporation	680	BUY	1,454,122	29,293	2,139	92.7	102.0	107.2	91.0	(10.0)	5.1	7.3	6.7	6.3	2.6	2.3	1.9	1.4	1.3	1.1	4.2	5.0	5.6	19.6	19.2	
Petronet LNG	35	ADD	26,588	536	750	6.3	5.5	5.9	—	(12.6)	6.6	5.6	6.4	6.0	3.8	5.8	4.5	2.0	1.2	1.0	4.2	4.2	4.2	26.7	19.2	
Reliance Industries	1,294	REDUCE	1,776,319	35,784	1,373	105.0	101.1	106.3	25.5	(3.7)	5.2	12.3	12.8	12.2	8.3	7.6	5.5	2.0	1.7	1.4	0.9	1.1	1.2	19.0	14.7	
Reliance Petroleum	80	REDUCE	358,875	7,230	4,500	(0.0)	0.5	n/a	n/a	n/a	n/a	12.2	n/a	2.7	2.7	2.3	—	2.5	(0.0)	20.4	85	6.6	30.6			
Energy			4,986,724						12.9	(1.2)	18.9	10.4	10.6	8.9	5.3	5.5	4.5	1.6	1.3	1.2	2.1	2.2	2.7	14.9	12.5	
Industrials																										
ABB	393	SELL	83,269	1,677	212	23.2	25.5	27.3	44.5	10.0	6.8	16.9	15.4	14.4	9.6	8.6	8.0	5.1	4.0	3.2	0.6	0.7	0.8	34.8	29.2	
BGR Energy Systems	141	REDUCE	10,123	204	72	12.1	15.3	20.7	(67.4)	26.1	35.4	11.6	6.2	6.8	6.8	5.3	4.7	2.1	1.8	1.5	1.4	2.1	2.4	21.3	23.9	
Bharat Electronics	892	ADD	71,348	1,437	400	102.0	105.5	111.8	11.2	3.4	6.0	8.7	8.5	8.0	3.7	3.0	2.6	2.1	1.8	1.5	2.3	2.8	2.7	23.1	20.8	
Bharat Heavy Electricals	1,383	BUY	677,104	13,640	490	58.4	64.9	92.6	22.9	11.2	42.5	23.7	21.3	14.9	12.5	11.1	8.0	6.3	5.1	4.1	1.1	1.0	1.4	29.2	26.6	
Crompton Greaves	127	BUY	46,685	940	367	11.2	13.9	15.6	43.0	24.7	12.1	11.4	9.1	8.1	6.3	5.8	4.9	3.6	2.7	2.1	1.3	1.4	1.5	36.1	33.6	
Larsen & Toubro	640	REDUCE	379,535	7,646	593	37.9	48.5	55.3	20.8	27.8	14.1	16.9	13.2	11.6	11.8	8.8	7.9	3.2	2.4	2.1	1.3	3.1	3.1	22.7	20.9	
Maharashtra Seamless	119	BUY	8,390	169	71	29.4	37.4	37.9	(23.5)	27.6	1.2	4.1	3.2	3.1	2.3	1.9	1.8	0.7	0.6	0.5	4.2	4.7	4.8	19.7	21.1	
Siemens	225	REDUCE	75,979	1,531	337	18.2	14.2	15.7	60.4	(22.2)	10.5	12.4	15.9	14.4	6.7	6.6	7.3	4.1	3.3	2.9	1.1	1.6	2.0	39.9	23.1	
Suzlon Energy	43	REDUCE	67,144	1,353	1,567	6.6	6.9	4.3	9.5	4.4	(37.5)	6.5	6.2	10.0	4.3	6.7	8.3	0.7	0.6	0.6	2.2	1.2	1.2	16.3	11.0	
Industrials			1,419,577						25.3	12.8	16.4	16.2	14.4	12.3	9.3	8.3	7.3	3.4	2.8	2.3	1.3	1.7	2.0	21.1	19.3	
Infrastructure																										
IRB Infrastructure	98	ADD	32,505	655	332	3.4	6.6	13.9	150.9	92.3	111.2	28.5	14.8	7.0	11.0	9.7	5.0	2.0	1.7	1.3	—	—	—	10.7	12.4	
Media																										
DISHTV	26	REDUCE	16,715	337	644	(9.6)	(7.4)	(4.1)	n/a	(23.1)	(44.2)	(2.7)	(3.5)	(6.3)	(9.7)	(12.5)	(60.0)	(3.7)	(2.6)	(7.8)	—	—	—	167.9	86.7	
HT Media	54	BUY	12,568	253	234	4.3	3.1	4.8	4.7	(28.5)	53.7	12.4	17.3	11.3	6.7	7.9	5.2	1.5	1.4	1.3	0.7	0.7	1.5	12.2	8.2	
Jagran Prakashan	53	BUY	16,067	324	301	3.3	2.9	4.1	33.5	(9.7)	38.7	16.4	18.2	13.1	8.9	10.0	7.1	3.0	2.8	2.6	3.7	2.8	3.8	18.7	15.9	
Sun TV Network	170	BUY	66,816	1,346	394	8.3	9.3	11.4	30.7	12.0	23.0	20.5	18.3	14.8	10.9	9.6	8.0	4.4	3.9	3.6	1.5	2.4	3.5	24.8	23.6	
Zee Entertainment Enterprises	114	BUY	49,557	998	434	8.9	8.2	9.3	62.6	(7.5)	13.7	12.9	13.9	12.2	9.5	10.0	8.8	1.7	1.5	1.4	1.8	2.0	2.3	14.2	11.8	
Zee News	30	BUY	7,157	144	240	1.5	1.9	2.1	396.2	24.0	6.9	19.3	15.6	14.6	10.5	8.8	7.8	3.4	2.9	2.5	1.3	1.3	1.7	19.2	20.5	
Media			168,880						30.8	(17.1)	68.2	31.5	38.0	22.6	12.9	12.6	9.0	3.0	2.8	2.4	1.6	1.9	2.6	9.5	7.3	
Metals																										
Hindalco Industries	40	ADD	70,280	1,416	1,753	13.8	7.7	2.4	(10.0)	(44.4)	(69.2)	2.9	5.2	17.0	5.4	4.9	6.8	0.3	0.2	0.2	—	—	—	14.4	10.3	
National Aluminium Co.	203	SELL	130,892	2,637	644	25.3	19.7	10.3	(31.5)	(22.2)	(47.8)	3.4	4.8	6.1	4.8	6.1	4.3	1.2	1.2	1.2	3.0	1.7	1.0	18.3	12.7	
Jindal Steel and Power	999	BUY	153,861	3,100	1,54	101.8	92.4	78.9	123.0	(9.2)	(14.6)	9.8	10.8	12.7	8.2	7.4	8.1	3.6	2.7	2.2	0.5	0.6	0.7	43.8	28.3	
JSW Steel	209	SELL	39,046	787	187	86.1	8.7	21.5	16.1	(89.9)	146.2	2.4	2.39	9.7	4.5	7.0	7.2	0.4	0.4	0.3	6.7	1.0	1.0	20.7	10.2	
Hindustan Zinc	323	BUY	136,647	2,753	423	104.0	66.5	59.0	(1.0)	(56.1)	(11.2)	3.1	4.9	5.5	1.1	1.5	1.6	1.1	0.9	0.8	1.5	2.3	3.1	43.6	20.8	
Sesa Goa	88	BUY	69,041	1,391	787	19.0	23.2	18.3	146.0	22.6	(21.3)	4.6	3.8	4.8	2.2	2.1	1.9	2.4	1.6	1.2	3.0	4.0	4.0	67.8	50.5	
Steelite Industries	256	BUY	181,410	3,655	708	64.3	49.1	40.5	(22.6)	(23.8)	(17.5)	4.0	5.2	6.3	3.4	5.1	6.4	0.8	0.7	0.6	—	—	—	26.1	14.0	
Tata Steel	172	BUY	141,752	2,856	822	75.7	107.1	69.8	43.8	41.4	(34.8)	2.3	1.6	2.5	3.6	3.1	3.7	0.4	0.3	0.3	8.4	7.5	7.5	46.3	33.7	
Metals			922,929						18,592			3.9	4.2	6.0	3.8	4.0	4.9	0.8	0.6	0.6	2.5	2.2	2.2	19.9	14.5	
Pharmaceutical																										
Bicon	103	BUY	20,640	416	200	23.3	5.0	14.5	126.0	(78.4)	186.6	4.4	20.5	7.1	5.5	8.5	4.4	1.4	1.3	1.2	0.1	0.1	0.1	17.6	6.6	
Cipla	192	REDUCE	149,240	3,006	777	9.0	10.0	12.9	4.9	11.0	29.1	21.3	19.2	14.9	15.6	14.0	11.0	4.0	3.5	3.0	1.0	1.3	1.6	20.1	19.3	
Dishman Pharma & Chemicals	121	BUY	9,817	198	81	14.7	12.6	20.7	30.5	(14.3)	64.4	8.2	9.6	5.8	8.0	8.1	5.3	1.7	1.5	1.2	0.0	0.0	0.0	26.8	16.6	
Dris Laboratories	829	BUY	53,509	1,078	65	53.2	65.3	72.2	85.8	22.6	10.5	15.6	12.7	11.5	12.7	9.8	8.2	6.3	4.3	3.2	0.1	0.1	0.1	49.8	40.4	
Dr Reddy's Laboratories	406	BUY	68,683	1,384	169	26.1	28.7</																			

Kotak Institutional Equities: Valuation Summary of Key Indian Companies

Company	19-Feb-09 Price (Rs)	Rating	Mkt cap.		EPS (Rs)		EPS growth (%)		PER (X)		EV/EBITDA (X)		Price/BV (X)		Dividend yield (%)		RoE (%)		Target price		ADVF-3mo (US\$ mn)	
			(Rs mn)	(US\$ mn)	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008		2009E
Retail																						
Pantaloon Retail	154	REDUCE	495	159	7.9	8.3	10.2	90.0	4.4	23.3	19.5	18.7	15.1	9.9	8.0	7.2	1.3	1.3	1.2	1.1	1.1	1.0
Titan Industries	769	REDUCE	688	44	35.1	41.4	46.5	55.2	18.2	12.2	21.9	18.6	16.5	15.0	11.3	9.9	7.3	5.5	4.4	1.0	1.2	1.4
Vishal Retail	46	ADD	1,035	21	18.1	10.6	10.8	37.2	(41.2)	1.9	2.6	4.3	4.3	4.7	4.5	3.6	0.4	0.4	0.3	—	—	—
Retail																						
			59,732	1,203			31.9	5.4	15.8	18.5	17.6	15.2		10.6	8.4	7.3	2.3	2.1	1.9	0.8	0.9	1.1
Technology																						
HCL Technologies	1,527	REDUCE	75,790	1,527	695	15.3	18.7	17.3	(19.0)	22.4	(7.7)	7.1	5.8	3.3	4.0	3.7	1.5	1.2	1.1	7.3	11.0	11.0
Hexaware Technologies	28	SELL	3,958	80	142	7.7	4.1	3.0	(13.7)	(46.4)	(27.8)	3.6	6.8	0.6	1.0	1.9	0.6	0.6	0.6	3.3	3.6	3.6
Infosys Technologies	1,209	BUY	693,880	13,978	574	79.1	101.6	107.7	18.0	28.5	5.9	15.3	11.2	11.6	8.3	7.4	5.0	3.8	3.1	2.8	2.1	2.2
Mphasis BFL	152	REDUCE	31,732	639	208	12.2	22.3	23.4	67.6	81.5	12.4	6.8	6.5	7.4	4.3	3.5	2.7	0.3	1.7	2.3	2.6	3.0
Mindtree	207	BUY	8,180	165	40	26.7	21.0	37.1	12.3	(21.6)	76.9	7.7	9.9	6.8	3.1	2.9	1.5	1.3	1.0	1.3	—	—
Patni Computer Systems	105	SELL	13,484	272	128	33.2	26.8	17.5	29.2	(19.3)	(34.7)	3.2	3.0	0.0	0.0	(0.3)	0.5	0.5	2.1	1.7	3.3	19.2
Polaris Software Lab	45	SELL	4,438	89	98	7.4	14.9	12.7	(27.6)	100.0	(14.9)	6.1	3.0	2.2	0.9	0.7	0.6	0.5	2.1	3.9	3.9	3.9
TCS	490	REDUCE	479,030	9,650	979	51.3	53.9	55.7	21.5	5.1	3.3	9.5	9.1	8.8	7.6	6.4	6.0	3.9	3.1	2.6	2.9	3.9
Tech Mahindra	267	BUY	33,224	669	125	59.1	67.6	58.7	25.7	14.5	(13.2)	4.5	3.9	4.5	3.9	2.3	2.2	2.6	1.6	1.2	2.0	2.3
Wipro	220	ADD	322,152	6,490	1,462	22.2	25.1	26.2	12.6	12.8	4.3	9.9	8.8	7.9	6.0	5.3	2.5	2.1	1.8	2.9	3.4	3.6
Technology																						
			1,665,868	33,559										7.9	6.1	5.6	2.2	2.2	2.2	3.0	3.2	3.6
Telecom																						
Bharti Airtel Ltd	648	BUY	1,230,693	24,792	1,898	35.3	44.2	52.1	65.0	25.1	18.0	18.4	14.7	11.2	8.4	7.1	5.5	4.0	3.0	—	0.6	0.9
IDEA	49	REDUCE	159,876	3,221	3,236	3.9	2.6	2.8	78.5	(33.2)	6.0	12.5	18.7	9.6	6.5	5.9	4.5	1.2	1.1	—	—	—
MTNL	66	SELL	41,580	838	630	7.1	4.0	4.1	(11.0)	(44.3)	2.6	9.2	16.6	1.1	3.4	2.5	0.3	0.4	0.4	6.1	9.1	9.1
Reliance Communications	163	SELL	335,506	6,759	2,064	26.5	26.7	22.2	86.4	0.7	(16.5)	6.1	6.1	5.8	6.6	6.2	1.2	1.0	0.9	0.5	—	—
Tata Communications	405	REDUCE	115,382	2,324	285	10.9	13.6	14.0	(36.3)	24.0	3.2	37.0	29.8	15.4	12.8	11.6	1.7	1.7	1.6	1.1	1.2	1.6
Telecom																						
			1,883,038	37,934										9.0	7.7	6.8	2.6	1.9	1.7	0.5	0.8	0.9
Transportation																						
Container Corporation	654	REDUCE	85,007	1,712	130	57.7	68.3	72.9	7.8	18.3	6.8	11.3	9.6	7.5	6.2	5.6	2.7	2.2	1.9	2.0	2.3	2.5
Transportation																						
			85,007	1,712										7.5	6.2	5.6	2.7	2.2	1.9	2.0	2.3	2.5
Utilities																						
CESC	209	BUY	26,074	525	125	27.8	31.9	36.9	(23.3)	14.9	15.8	7.5	6.5	3.9	3.7	4.8	0.8	0.7	0.6	1.9	2.2	2.5
Lanco InfraTech	119	BUY	26,398	532	222	14.8	15.2	19.9	75.2	2.6	30.9	8.0	7.8	8.0	16.0	10.8	1.4	1.2	1.0	—	—	—
NTPC	179	REDUCE	1,476,763	29,749	8,245	9.3	9.0	9.7	(3.2)	7.9	19.2	19.8	18.4	13.3	14.3	13.6	2.7	2.5	2.3	2.0	2.0	2.0
Reliance Infrastructure	508	BUY	117,395	2,365	231	37.6	59.9	56.2	13.9	59.4	(6.2)	13.5	8.5	9.1	9.1	9.3	0.7	0.7	0.7	1.3	1.4	1.6
Reliance Power	100	REDUCE	240,634	4,848	2,397	0.4	1.3	2.5	—	252.9	82.7	284.0	74.8	—	—	—	—	—	—	—	—	—
Tata Power	752	BUY	167,348	3,371	223	31.8	65.8	95.2	19.5	106.7	44.5	23.6	11.4	11.5	8.8	8.4	1.9	1.6	1.4	1.4	1.5	1.6
Utilities																						
			2,054,611	41,390										12.8	13.7	13.4	2.1	1.9	1.8	1.6	1.6	1.7
Others																						
Aban Offshore	382	REDUCE	14,463	291	38	72.3	140.2	342.5	(1,066)	94.0	144.3	5.3	2.7	1.1	1.1	1.1	1.0	0.9	0.5	0.9	1.0	1.3
Educomp Solutions	2,019	BUY	38,400	774	19	35.2	64.2	108.1	114	82.7	68.3	57.4	31.4	18.7	30.6	13.8	8.4	12.5	5.2	4.2	0.1	0.3
Havells India	113	REDUCE	6,836	138	61	26.6	(1.0)	10.3	40	(103.7)	###	4.2	###	5.0	6.8	5.8	1.0	0.9	0.9	2.1	2.9	3.7
Jayprakash Associates	69	BUY	96,488	1,944	1,403	4.9	5.3	7.1	7	8.6	33.4	14.0	12.9	11.5	10.1	8.6	1.9	1.7	1.5	0.0	0.0	0.0
Jindal Saw	173	BUY	10,622	214	61	66.6	86.9	82.9	(48)	30.6	(4.8)	2.6	2.0	2.1	2.5	1.2	0.8	0.4	0.3	0.3	4.2	7.6
PSL	70	BUY	3,068	62	44	21.1	24.3	31.7	4	15.3	79.6	3.3	3.2	3.2	3.5	3.7	0.6	0.5	0.4	7.3	7.1	8.5
Welspun Gujarat Stahl Rohini	67	BUY	12,572	253	189	20.6	20.9	21.0	94	1.5	0.7	3.2	3.2	5.3	3.7	3.1	0.7	0.6	0.5	2.0	2.7	1.9
United Phosphorus	100	BUY	46,200	931	462	9.3	11.4	14.8	30	21.7	30.4	10.7	8.8	6.8	6.8	5.2	3.5	2.1	1.5	1.3	1.0	1.5
Others																						
			228,649	4,606										8.6	6.8	5.2	1.6	1.3	1.0	0.7	1.1	1.3
KS universe (b)			20,382,132	410,599										6.8	6.9	6.3	1.9	1.6	1.4	2.0	2.1	2.3
KS universe (c) ex-Energy			15,395,409	310,141										7.5	7.7	7.4	2.0	1.7	1.5	2.0	2.1	2.2
KS universe (d) ex-Energy & ex-Commodities			14,036,810	282,772										9.3	9.1	8.1	2.3	1.9	1.7	1.9	2.0	2.2

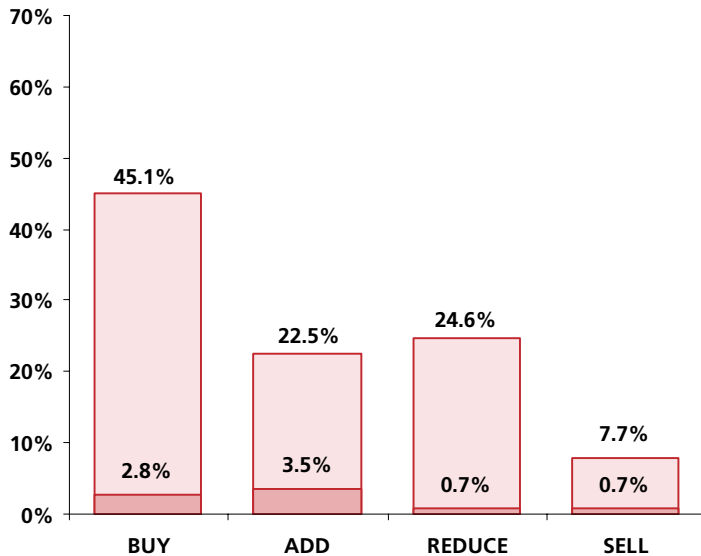
Note:
 (1) For banks we have used adjusted book values.
 (2) 2008 means calendar year 2007, similarly for 2009 and 2010 for these particular companies.
 (3) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector.
 (4) Rupee-US Dollar exchange rate (R0US\$)= 49.64

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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Source: Kotak Institutional Equities

As of December 31, 2008

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Definitions of ratings

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