kotak® Institutional Equities

# INDIA DAILY

October 11, 2011

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## EQUITY MARKETS

| | | Change % | | |
|---|---|---|---|---|
| **India** | **10-Oct** | **1-day** | **1-mo** | **3-mo** |
| Sensex | 16,557 | 2.0 | (1.8) | (11.6) |
| Nifty | 4,980 | - | (1.6) | (11.3) |
| **Global/Regional indices** | | | | |
| Dow Jones | 11,433 | 3.0 | 4.0 | (8.6) |
| Nasdaq Composite | 2,566 | 3.5 | 4.0 | (8.4) |
| FTSE | 5,399 | 1.8 | 3.5 | (8.9) |
| Nikkie | 8,776 | 2.0 | 0.4 | (13.4) |
| Hang Seng | 18,306 | 3.4 | (7.9) | (18.1) |
| KOSPI | 1,805 | 2.2 | (0.4) | (16.3) |
| **Value traded – India** | | | | |
| Cash (NSE+BSE) | 128 | | 132 | 137 |
| Derivatives (NSE) | 1,013 | | 1,120 | 1,016 |
| Deri. open interest | 1,116 | | 1,277 | 1,214 |

**Forex/money market**

| | | Change, basis points | | |
|---|---|---|---|---|
| | **10-Oct** | **1-day** | **1-mo** | **3-mo** |
| Rs/US$ | 48.9 | (12) | 163 | 438 |
| 10yr govt bond, % | 8.7 | 14 | 42 | 38 |
| **Net investment (US$mn)** | | | | |
| | **7-Oct** | | **MTD** | **CYTD** |
| FIIs | 100 | | (452) | (601) |
| MFs | 21 | | (47) | (282) |

**Top movers -3mo basis**

| | | Change, % | | |
|---|---|---|---|---|
| **Best performers** | **10-Oct** | **1-day** | **1-mo** | **3-mo** |
| ACC IN Equity | 1131.2 | 1.6 | 10.0 | 17.5 |
| ACEM IN Equity | 144.6 | (0.4) | 4.2 | 16.5 |
| IDEA IN Equity | 92.1 | 2.0 | (4.3) | 15.1 |
| MM IN Equity | 806.9 | 1.3 | 1.9 | 11.2 |
| UTCEM IN Equity | 1085.1 | (1.0) | (0.4) | 10.9 |
| **Worst performers** | | | | |
| IVRC IN Equity | 37.5 | 3.7 | (15.5) | (47.5) |
| HDIL IN Equity | 95.9 | 3.0 | (9.2) | (43.3) |
| RCAPT IN Equity | 336.0 | 4.5 | (17.9) | (42.6) |
| CRG IN Equity | 152.6 | 2.3 | 1.1 | (37.9) |
| ESOIL IN Equity | 79.2 | 2.7 | (15.9) | (37.9) |

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**Exploring the money trail.** Our analysis of exports from India and FII inflows into India in FY2011 shows wide gaps between reported official and bottom-up data. We attribute this to data limitations partly but highlight that a better understanding of the nature and type of exports and foreign inflows is critical (1) to fully appreciate the drivers of exports and implications for BOP, reserves and exchange rate and (2) to mitigate risks to the India economy from illicit 'foreign' flows, if any.

## Difficult to explain surge in exports of engineering goods in FY2011 and the few prior years

Our study of exports data of major engineering companies (including automobiles and metals) shows that the increase in their exports does not reconcile with the steep increase in official exports data. In fact, the gap is quite substantial. Reported exports of engineering goods as per official data jumped 79% yoy (US$30 bn) to US$68 bn in FY2011. On the other hand, exports of the 'engineering' companies in the BSE-500 Index increased 11% yoy to ₹638 bn in FY2011 from ₹577 bn in FY2010. Our observation holds true for the past few years too.

## Difficult to explain surge in FII inflows in FY2011

Our bottom-up study of flows of FII funds and ETFs does not reconcile with the reported US$22 bn of FII inflows in FY2011. At best, we can account for US$4.5 bn of FII flows based on data of listed FIIs, ETFs and estimates of EPFR Global. We admit that EPFR Global data does not capture all the sources of foreign institutional investment (sovereign and private equity funds, for example) that can invest in India. Nonetheless, the difference is stark.

## A few examples of remarkable growth in exports; hard to reconcile with publicly available data

A study of official exports data shows remarkable growth in two areas in the broad category of engineering goods—(1) metal and metal products and (2) transport equipment. Exports of copper cathodes grew 444% to ₹317 bn in FY2011 and was the key driver of US$17 bn growth in exports in metal products. Similarly, a huge jump in exports of cars, drilling rigs and unclassified ships accounted for the major portion of the US$9 bn increase in exports of transport equipment. We didn't see the same growth in exports of large listed companies.

## Looking for credible explanations; better and more disclosures imperative

The gap between the surge in exports as per official data and a more muted performance of the listed entities would suggest that (1) exports are largely being driven by smaller listed players or unlisted entities or (2) the quality of data is suspect. We would like to believe credible explanations exist for the aforementioned gaps with respect to (1) exports from India and (2) FII inflows into India.

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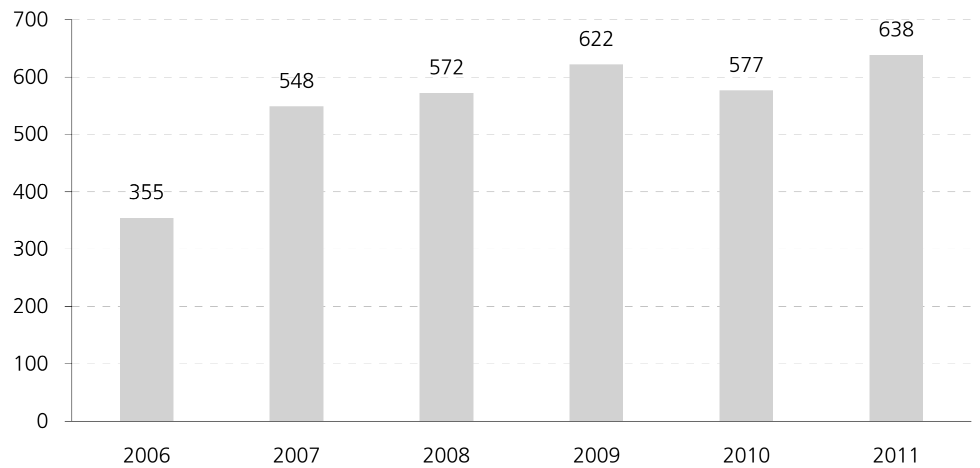
**Manufactured goods, particularly engineering goods, have largely driven exports over the past few years, as per official data**
Total exports, manufactured goods exports and engineering goods exports data, March fiscal year-ends, 2006-11 (US$ bn)

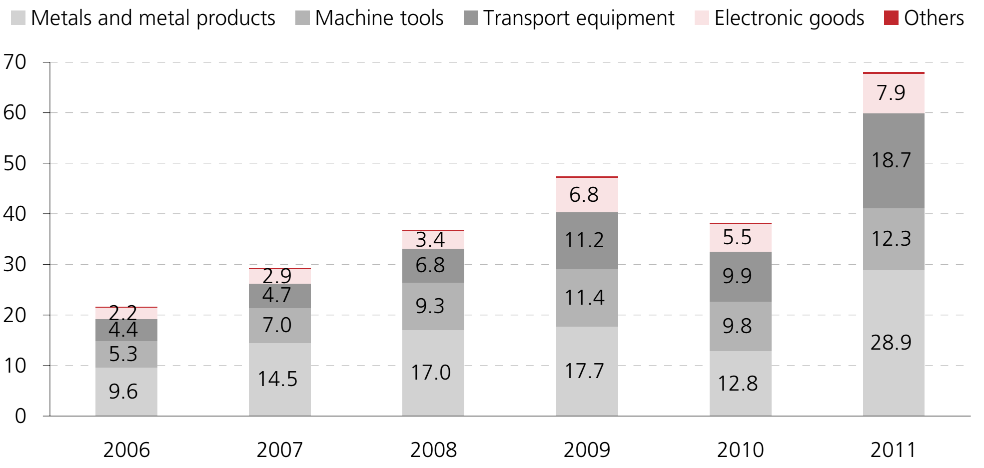

Source: CMIE, Ministry of Commerce and Industry, Kotak Institutional Equities

**Exports of major engineering companies grew more modestly compared to official data**
Export data of engineering companies in BSE-500 Index, March fiscal year-ends, 2006-11 (Rs bn)



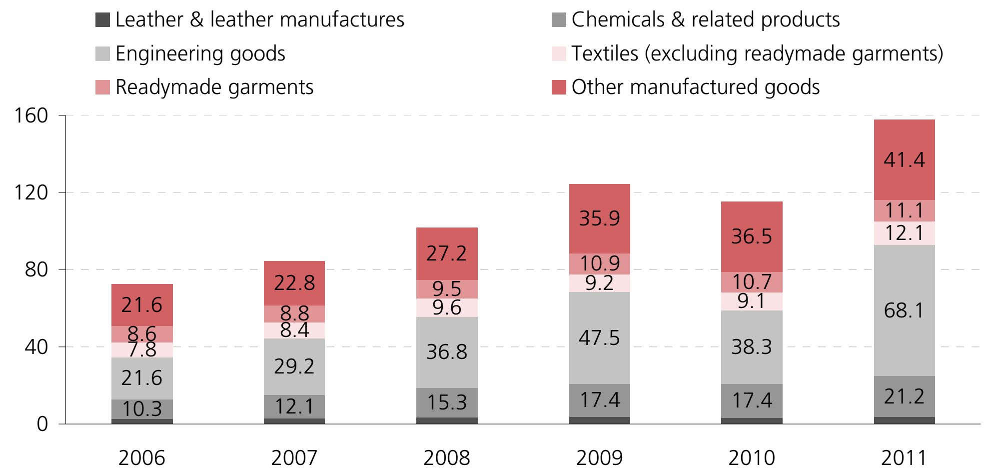

Source: Capitaline, Kotak Institutional Equities

**Exports of engineering goods have grown quite sharply over the past few years**
Breakdown of exports of engineering goods by major categories, March fiscal year-ends, 2006-11 (US$ bn)



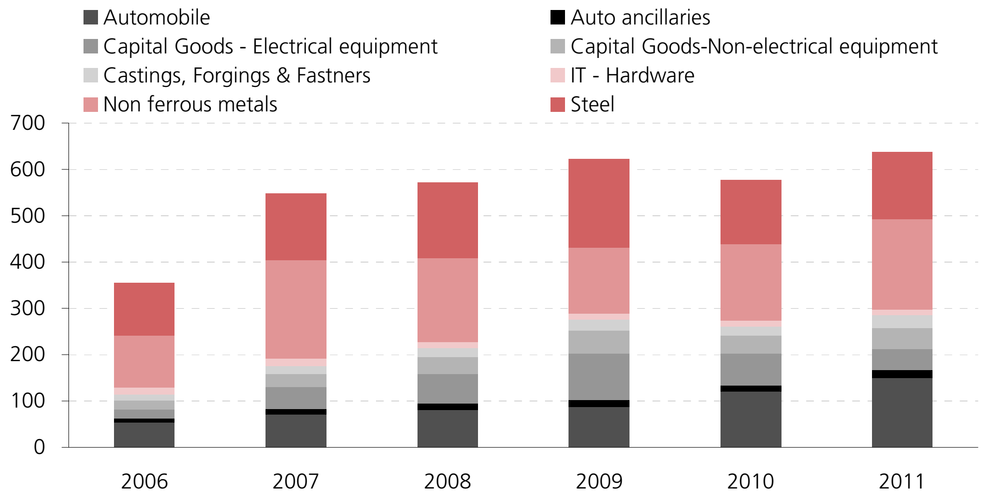

Source: CMIE, Kotak Institutional Equities

**Exports of traditional manufactured products have increased moderately versus exports of engineering goods**
Breakdown of exports of manufactured goods by major categories, March fiscal year-ends, 2006-11 (US$ bn)




Source: CMIE, Kotak Institutional Equities

**Exports of 'engineering' companies grew more modestly compared to official data**
Exports data of engineering companies in BSE-500 Index, March fiscal year-ends, 2006-11 (Rs bn)




Source: Capitaline, Kotak Institutional Equities

**Breakdown of exports of major auto companies in BSE-500 Index, March fiscal year-ends, 2006-11 (Rs bn)**

| Company | Sector | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|
| Bajaj Auto | Automobile | 9 | 17 | 20 | 26 | 32 | 46 |
| Maruti Suzuki | Automobile | 6 | 6 | 7 | 15 | 45 | 35 |
| Tata Motors | Automobile | 22 | 27 | 28 | 22 | 19 | 33 |
| Ashok Leyland | Automobile | 5 | 6 | 8 | 9 | 6 | 11 |
| M & M | Automobile | 5 | 6 | 8 | 6 | 7 | 11 |
| TVS Motors | Automobile | 2 | 3 | 3 | 5 | 5 | 9 |
| Bosch | Auto ancillaries | 4 | 6 | 7 | 7 | 6 | 8 |
| Hero Motocorp | Automobile | 3 | 3 | 2 | 2 | 3 | 4 |
| Motherson Sumi | Auto ancillaries | 1 | 2 | 2 | 2 | 2 | 3 |
| SKF India | Auto ancillaries | 0 | 1 | 1 | 1 | 1 | 2 |
| Exide Industries | Auto ancillaries | 1 | 1 | 1 | 1 | 1 | 1 |
| Timken India | Auto ancillaries | 1 | 1 | 1 | 2 | 1 | 1 |
| Fag Bearings | Auto ancillaries | 1 | 1 | 1 | 1 | 1 | 1 |
| Amara Raja Battery | Auto ancillaries | 0 | 0 | 0 | 0 | 1 | 1 |
| Escorts | Automobile | 1 | 2 | 2 | 1 | 2 | 1 |
| Eicher Motors | Automobile | 1 | 2 | 2 | 1 | 0 | 0 |
| **Total** | | **63** | **83** | **95** | **102** | **133** | **167** |

Source: Capitaline, Kotak Institutional Equities

Breakdown of exports of capital goods companies in BSE-500 Index, March fiscal year-ends, 2006-11 (Rs bn)

| Company | Sector | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|
| Cummins India | Capital goods - Non-electrical equipment | 5 | 6 | 7 | 13 | 5 | 11 |
| Crompton Greaves | Capital goods - Electrical equipment | 4 | 6 | 7 | 10 | 10 | 8 |
| HEG | Capital goods - Non-electrical equipment | 3 | 5 | 7 | 8 | 8 | 8 |
| B H E L | Capital goods - Electrical equipment | 6 | 9 | 8 | 16 | 12 | 8 |
| Thermax | Capital goods - Non-electrical equipment | 2 | 3 | 3 | 6 | 7 | 6 |
| Kalpataru Power | Capital goods - Electrical equipment | 2 | 3 | 4 | 3 | 9 | 6 |
| Graphite India | Capital goods - Non-electrical equipment | 3 | 5 | 6 | 6 | 5 | 6 |
| Areva T&D | Capital goods - Electrical equipment | 0 | 1 | 2 | 4 | 8 | 5 |
| A B B | Capital goods - Electrical equipment | 2 | 4 | 3 | 5 | 5 | 5 |
| K E C International | Capital goods - Electrical equipment | 2 | 4 | 5 | 7 | 5 | 4 |
| Jyoti Structures | Capital goods - Electrical equipment | — | 1 | 3 | 7 | 4 | 3 |
| Alstom Projects | Capital goods - Electrical equipment | 0 | 2 | 1 | 5 | 5 | 3 |
| Alfa Laval (I) | Capital goods - Non-electrical equipment | 2 | 2 | 3 | 3 | 2 | 3 |
| Carborundum | Capital goods - Non-electrical equipment | 0 | 1 | 1 | 1 | 1 | 2 |
| B E M L | Capital goods - Non-electrical equipment | 0 | 1 | 0 | 3 | 1 | 2 |
| Havells India | Capital goods - Electrical equipment | 1 | 1 | 1 | 2 | 2 | 2 |
| Praj Industries | Capital goods - Non-electrical equipment | 1 | 1 | 3 | 3 | 2 | 2 |
| Sujana Towers | Capital goods - Electrical equipment | — | — | — | 1 | 0 | 2 |
| Kirloskar Brothers | Capital goods - Non-electrical equipment | 1 | 2 | 1 | 2 | 2 | 2 |
| Kirloskar Oil | Capital goods - Non-electrical equipment | — | — | — | — | 1 | 1 |
| Elgi Equipment | Capital goods - Non-electrical equipment | 1 | 1 | 1 | 1 | 1 | 1 |
| Ingersoll-Rand | Capital goods - Non-electrical equipment | 1 | 1 | 1 | 1 | 1 | 1 |
| Walchand Industries | Capital goods - Non-electrical equipment | 0 | 1 | 1 | 1 | 1 | 1 |
| Elecon Engineering | Capital goods - Non-electrical equipment | 0 | 0 | 0 | 0 | 1 | 1 |
| Suzlon Energy | Capital goods - Electrical equipment | 2 | 18 | 28 | 40 | 10 | 0 |
| **Total** | | **39** | **76** | **100** | **149** | **108** | **91** |

Source: Capitaline, Kotak Institutional Equities

Breakdown of exports of metals companies in BSE-500 Index, March fiscal year-ends, 2006-11 (Rs bn)

| Company | Sector | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|
| Hindalco Industries | Non-ferrous metals | 36 | 70 | 64 | 51 | 53 | 71 |
| Sterlite Industries | Non-ferrous metals | 42 | 72 | 70 | 46 | 59 | 63 |
| Hindustan Zinc | Non-ferrous metals | 9 | 42 | 23 | 20 | 28 | 37 |
| JSW Steel | Steel | 20 | 33 | 32 | 41 | 27 | 33 |
| Tata Steel | Steel | 21 | 20 | 21 | 33 | 20 | 23 |
| National Aluminium | Non-ferrous metals | 23 | 26 | 21 | 21 | 21 | 21 |
| Jindal Saw | Steel | 6 | 10 | 23 | 23 | 26 | 16 |
| Uttam Galva | Steel | 10 | 14 | 15 | 22 | 14 | 16 |
| JSL Stainless | Steel | 11 | 23 | 17 | 12 | 11 | 14 |
| Bhushan Steel | Steel | 10 | 15 | 13 | 15 | 12 | 12 |
| Jindal Steel | Steel | 4 | 6 | 7 | 10 | 4 | 11 |
| S A I L | Steel | 11 | 12 | 12 | 8 | 8 | 10 |
| JSW ISPAT | Steel | 17 | 8 | 15 | 9 | 7 | 4 |
| Usha Martin | Steel | 3 | 4 | 4 | 6 | 5 | 4 |
| Tinplate Company | Non-ferrous metals | 1 | 2 | 2 | 3 | 3 | 3 |
| Adhunik Metal | Steel | — | 0 | 1 | 1 | 0 | 1 |
| Hindustan Copper | Non-ferrous metals | 0 | 1 | 1 | 1 | 0 | 1 |
| Maharashtra Seamless | Steel | — | — | 5 | 9 | 3 | 1 |
| **Total** | | **226** | **357** | **344** | **333** | **303** | **340** |

Source: Capitaline, Kotak Institutional Equities

We estimate total non-ETF and ETF flows at around US$4.5 bn in FY2011 based on EPFR data
Consolidated EPFR data for country flows into India (US$ mn)

| | Asia (ex-Japan) | BRIC | Europe | Global | GEM | Global (ex-US) | India | Pacific | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Total non-ETF flows (US$ mn)** | | | | | | | | | |
| Apr-10 | 34 | 9 | (1) | 1 | 102 | 1 | 219 | (1) | 364 |
| May-10 | (33) | (56) | (2) | (14) | (88) | (27) | (279) | (1) | (499) |
| Jun-10 | 71 | (12) | 0 | (7) | 93 | (10) | (58) | (3) | 75 |
| Jul-10 | 44 | 23 | (0) | (0) | 136 | (5) | 186 | (0) | 383 |
| Aug-10 | 19 | 14 | (1) | (3) | 234 | (12) | (119) | (5) | 126 |
| Sep-10 | 115 | (10) | (2) | (3) | 285 | (24) | 479 | 4 | 844 |
| Oct-10 | 78 | (14) | 0 | 14 | 434 | (12) | (110) | (1) | 389 |
| Nov-10 | 148 | 20 | (2) | 18 | 391 | (12) | (117) | (1) | 446 |
| Dec-10 | 48 | (22) | (0) | 17 | 339 | (13) | 90 | 0 | 459 |
| Jan-11 | 9 | (41) | 0 | 18 | 233 | 1 | (15) | 3 | 207 |
| Feb-11 | (246) | (133) | 2 | 19 | (142) | (3) | (437) | (8) | (948) |
| Mar-11 | (127) | (122) | (4) | (4) | (11) | (4) | (277) | (21) | (570) |
| **FY2011** | **160** | **(345)** | **(7)** | **55** | **2,006** | **(121)** | **(439)** | **(34)** | **1,275** |
| **Total ETF flows (US$ mn)** | | | | | | | | | |
| Apr-10 | 14 | 5 | (0) | 3 | 200 | 11 | 119 | 1 | 353 |
| May-10 | (6) | (18) | (1) | 1 | 113 | 3 | (20) | (0) | 71 |
| Jun-10 | (3) | 39 | 0 | (1) | 336 | (10) | 30 | (2) | 390 |
| Jul-10 | 30 | 2 | 0 | (1) | 271 | (0) | 267 | 0 | 569 |
| Aug-10 | 11 | 7 | 0 | 1 | 431 | (1) | (30) | 0 | 419 |
| Sep-10 | 46 | (1) | 2 | 3 | 353 | 2 | 327 | 1 | 731 |
| Oct-10 | 47 | 20 | 2 | 4 | 509 | 2 | 514 | 1 | 1,098 |
| Nov-10 | 21 | 14 | (0) | 5 | 127 | 3 | 202 | 1 | 374 |
| Dec-10 | 48 | 2 | (1) | 4 | 58 | (0) | 46 | (2) | 153 |
| Jan-11 | 8 | (54) | 2 | 11 | (112) | 9 | (73) | 1 | (208) |
| Feb-11 | (68) | (1) | 3 | 16 | (630) | 12 | 18 | (1) | (649) |
| Mar-11 | (41) | 4 | (2) | 3 | (64) | 10 | (170) | 1 | (260) |
| **FY2011** | **107** | **18** | **5** | **47** | **1,592** | **41** | **1,230** | **1** | **3,040** |

Source: EPFR, Kotak Institutional Equities estimates

We estimate EPFR to cover ~34% of the total India FII exposure as of June 30, 2011
Comparison of tracked and untracked universe of FII investments in India, June 30, 2011 (US$ mn)

| | ETF | Non-ETF | Total |
|---|---|---|---|
| Asia ex-Japan regional | 898 | 5,199 | 6,097 |
| BRIC | 558 | 2,421 | 2,979 |
| Europe regional | 35 | 133 | 168 |
| Global | 229 | 2,006 | 2,235 |
| GEM funds | 7,532 | 16,038 | 23,570 |
| Global ex-US | 534 | 1,966 | 2,500 |
| India | 5,307 | 23,106 | 28,413 |
| Pacific regional | 73 | 532 | 605 |
| **Total EPFR** | **15,166** | **51,402** | **66,568** |
| **KIE estimate of FII investment** | | | **195,000** |
| | | | |
| **EPFR proportion of universe tracked (%)** | | | **34** |
| EPFR proportion of universe tracked (ex-ETF) (%) (a) (b) | | | 29 |

Notes:
(a) All ETFs are listed while only a few non-ETF funds are listed.
(b) We assume total ETF exposure to India of around US$17 bn.

Source: EPFR, Kotak Institutional Equities estimates kotak Institutional Equities

# Telecom

India

NEUTRAL

OCTOBER 10, 2011

UPDATE

BSE-30: 16,557

## Draft NTP throws only broad contours; little in terms of specifics or timelines.

Even as Draft NTP 2011 (DNTP11) provided some clarity on the Government's directional stance on issues like spectrum management, licensing, roaming etc., it provided little in terms of specifics or timelines – a damp squib of sorts in light of the pre-draft excitement on the Street. Formulation of indicated Spectrum Act and TRAI-led recommendation process on licensing issues, as suggested in the policy document, could be long-drawn affairs. We remain constructive on Bharti/ Idea.

### Broad contours, little clarity; overhang remains

DNTP11, while touching on a variety of issues like licensing framework, one-nation one-license, license-spectrum de-linking, market-based spectrum pricing, spectrum pooling/sharing/trading, spectrum refarming, free roaming, exit policy for telcos, infrastructure status for the Telecom sector, etc., failed to provide any specifics and/or timelines. Relatively better clarity emerged on the DoT's stance on roaming – it wants the industry to move towards free roaming. Nonetheless, here too, the path remains hazy – it was not clear whether abolition of roaming charges would follow the migration to one-nation, one-license framework or implemented as a standalone regulation.

Issues around spectrum management and pricing have been left to be addressed by a separate Spectrum Act, while the DoT intends to seek TRAI recommendations on issues around licensing framework. Both of these, Spectrum Act formulation and TRAI recommendation process, could be long-drawn affairs – wait for regulatory clarity has just gotten longer, overhang remains.

### Directional stance towards a simplistic regulatory structure

- **Licensing framework** – (1) de-linkage of license and spectrum, (2) only two categories of operators – network service operator (spectrum/technology-neutral license) and service delivery operator (service-neutral license), and (3) one-nation, one-license framework. The first category of operators, i.e. NSOs, will be licensed to set up and maintain networks; **they would need to provide these networks on a non-exclusive basis (this sounds like Open Access, though we seek more clarity)**. The second category, i.e. SDOs, would be licensed to provide any type of telecom service; essentially no separate wireline, wireless, NLD, ILD, ISP or other licenses. Only pan-India licenses will be issued and spectrum will have to be leased separately. However, the policy document was unclear on whether spectrum grants would continue to be done at a circle-level or issued only pan-India. We presume spectrum grants would remain at a circle level. Also, the document talks about seeking recommendations from the TRAI on migration to one-license framework and other licensing issues.

- **Spectrum management/ pricing** – the policy document had absolutely no specifics on this area. It instead talks about enacting a separate Spectrum Act which would deal with all spectrum-related issues like spectrum grant, pricing, refarming, sharing, trading, withdrawal, etc. The policy did shed some light on the DoT's directional stance on some of these issues – (1) future spectrum grants to be based on market-linked prices; we do note that the policy document does not define 'market-linked' nor does it talk about any retrospective charges for past spectrum grants, (2) the DoT would 'encourage' spectrum refarming – the policy document offers nothing further on the exact mechanics or timelines, (3) spectrum pooling/sharing would be allowed and spectrum trading may be allowed at a later date, (4) periodic spectrum audits to be conducted, and (5) 300 MHz of additional spectrum to be made available to the industry by 2017 and another 200 MHz by 2020.

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- The entire telecom sector to be granted 'infrastructure' status – this would potentially translate into tax benefits as well as open up a few new sources of financing for the sector.

- **M&A regulations** – the policy was surprisingly completely silent on this one barring a mention of 'framing an appropriate exit policy' for licensees. We are unsure what this really means or what such a policy would entail.

- Policy specified certain rural tele-density (60% by 2017 and 100% by 2020) and BB subs (175 mn by 2017 and 600 mn by 2020) targets. The Telecom Minister also made a remark on potential 'right to broadband' for the citizens of the country.

- Regulatory levies – the draft document stated that the DoT would look to rationalize taxes and levies affecting the sector; whether this translates into a lower uniform license fees for the sector was not clear. **The Telecom Minister, in the press conference, did mention that "revenue generation for the Government would be a secondary objective (of the policy)".**

## Free roaming – timing/ path unclear, ceteris paribus impact substantial

We now look at the impact of the only definitive policy directive mentioned in the draft, i.e. a move towards free roaming. Our understanding of this is that free roaming would essentially mean free 'home network' roaming and not free 'any network' roaming. With this assumption, we note the following

- Ceteris paribus, the fair value impact of free roaming works out to Rs28/share for Bharti, Rs12/share for Idea and Rs7/share for RCOM. FY2013E EPS impact would be 9% on Bharti, 22% on Idea, and 30% on RCOM. We base our computations on TRAI-disclosed data on roaming contribution to revenues and our assumptions on potential % loss within this revenue stream.

- Even as the extent may vary, roaming abolition likely hits all players in the industry. That the industry would pass on some of the impact in the form of higher pricing cannot be ruled out.

- Even as abolition of roaming premium appears to be more negative for incumbents (who presumably have a higher proportion of 'roaming' subs), we note that this may not necessarily be the case. This is because roaming premium would still be applicable if a sub moves out of his 'home' network, i.e. to another operator's network – this would place the incumbents (with their network coverage leadership) better in the eyes of frequent 'roaming' subs and may result in a market share gain of such subs. A counter-argument to this could be that a bulk of such frequent roaming (presumably high-ARPU) subs would likely be with the incumbents already and hence market share gain potential is limited.

- Abolition of roaming may also drive usage elasticity on roaming outgoing minutes.

## Sector impact – little in immediate term; wait and watch continues. We remain positive on incumbents

As mentioned above, DNTP11 did not provide sufficient details in terms of specifics and timelines on various policy measures to assess impact on the industry and individual players. We have quantified the impact of free roaming earlier. Impact of other events remains to be seen – as also mentioned above, the Spectrum Act enactment and TRAI recommendation process on 'one-license framework' could be long-drawn affairs. We continue to believe that in the 'regulatory risks versus pricing power' tussle, we believe the incumbents have sufficient pricing power in the near-to-medium term to mitigate some of the regulatory headwinds. We remain constructive on Bharti and Idea.

Indian telecom companies valuation analysis, March fiscal year-ends, 2009-2013E

| ` | Price (Rs) | Target price | P/E (X) | | | | | EV/EBITDA (X) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 10-Oct-11 | (Rs) | 2009 | 2010 | 2011 | 2012E | 2013E | 2009 | 2010 | 2011 | 2012E | 2013E |
| Bharti | 364 | 460 | 16.3 | 15.4 | 22.8 | 19.9 | 13.0 | 9.6 | 8.7 | **10.0** | 7.7 | 5.8 |
| Idea | 92 | 115 | 31.7 | 33.7 | 33.9 | 34.3 | 18.1 | 12.1 | 10.8 | **10.8** | 8.2 | 6.2 |
| RCOM | 74 | 80 | 2.5 | 3.3 | 11.4 | 28.0 | 13.8 | 6.2 | 6.2 | **5.9** | 6.4 | 5.5 |
| TCOM | 186 | 180 | 107.7 | (6.5) | (7.5) | (6.5) | (5.5) | 8.3 | 12.2 | **10.7** | 9.2 | 9.2 |

| | KS | Market cap. | Revenues (Rs bn) | | | | | EBITDA (Rs bn) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | rating | (US$ bn) | 2009 | 2010 | 2011 | 2012E | 2013E | 2009 | 2010 | 2011 | 2012E | 2013E |
| Bharti | ADD | 28.2 | 370 | 418 | 595 | 725 | 842 | 152 | 168 | 200 | 254 | 321 |
| Idea | ADD | 6.2 | 101 | 124 | 155 | 196 | 242 | 28 | 34 | 38 | 52 | 68 |
| RCOM | SELL | 3.2 | 223 | 215 | 224 | 224 | 250 | 86 | 72 | 84 | 74 | 84 |
| TCOM | REDUCE | 1.1 | 100 | 110 | 119 | 143 | 151 | 13 | 10 | 12 | 15 | 15 |

| | Net Income (Rs bn) | | | | | EPS (Rs/share) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012E | 2013E | 2009 | 2010 | 2011 | 2012E | 2013E |
| Bharti | 84 | 90 | 60 | 69 | 106 | 22.3 | 23.6 | 15.9 | 18.2 | 28.0 |
| Idea | 9 | 9 | 9 | 9 | 17 | 2.90 | 2.73 | 2.72 | 2.68 | 5.08 |
| RCOM | 60 | 47 | 13 | 5 | 11 | 29.3 | 22.6 | 6.5 | 2.6 | 5.4 |
| TCOM | 0 | (8) | (7) | (8) | (10) | 1.7 | (28.6) | (24.9) | (28.8) | (34.0) |

Source: Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of key Indian companies

| | 10-Oct-11 | | Mkt cap. | | O/S shares | EPS (Rs) | | | EPS growth (%) | | | PER (X) | | | EV/EBITDA (X) | | | Price/BV (X) | | | Dividend yield (%) | | | RoE (%) | | | Target price | Upside | ADVT-3mo |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Company | Price (Rs) | Rating | (Rs mn) | (US$ mn) | (mn) | 2011E | 2012E | 2013E | 2011E | 2012E | 2013E | 2011E | 2012E | 2013E | 2011E | 2012E | 2013E | 2011E | 2012E | 2013E | 2011E | 2012E | 2013E | 2011E | 2012E | 2013E | (Rs) | (%) | (US$ mn) |
| **Automobiles** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apollo Tyres | 56 | BUY | 28,456 | 581 | 504 | 8.7 | 7.7 | 9.6 | (26.1) | (11.7) | 24.3 | 6.5 | 7.3 | 5.9 | 5.2 | 4.4 | 3.9 | 1.0 | 0.9 | 0.8 | 0.9 | 0.8 | 1.0 | 20.1 | 15.0 | 16.1 | 85 | 50.6 | 4.2 |
| Ashok Leyland | 25 | SELL | 65,719 | 1,342 | 2,661 | 2.4 | 2.1 | 2.4 | 68.1 | (11.9) | 12.8 | 10.4 | 11.8 | 10.5 | 7.3 | 7.7 | 7.0 | 1.5 | 1.4 | 1.3 | 4.0 | 4.0 | 4.0 | 21.8 | 17.4 | 18.2 | 26 | 5.3 | 3.8 |
| Bajaj Auto | 1,554 | SELL | 449,597 | 9,180 | 289 | 90.4 | 103.3 | 113.0 | 43.9 | 14.3 | 9.4 | 17.2 | 15.0 | 13.7 | 13.1 | 11.9 | 11.1 | 9.1 | 6.8 | 5.3 | 2.6 | 2.6 | 2.6 | 84.9 | 51.9 | 43.4 | 1,585 | 2.0 | 14.6 |
| Bharat Forge | 266 | ADD | 63,217 | 1,291 | 237 | 12.5 | 16.0 | 20.2 | 1,402.1 | 27.9 | 25.8 | 21.2 | 16.6 | 13.2 | 10.1 | 8.2 | 6.9 | 2.8 | 2.4 | 2.1 | 1.3 | — | — | 8.2 | 14.0 | 15.1 | 320 | 20.1 | 2.5 |
| Exide Industries | 130 | SELL | 110,458 | 2,255 | 850 | 7.5 | 6.8 | 7.9 | 18.0 | (8.9) | 17.0 | 17.4 | 19.1 | 16.4 | 12.6 | 13.7 | 11.9 | 4.0 | 3.5 | 3.0 | 1.2 | 1.0 | 1.0 | 25.5 | 19.4 | 19.5 | 120 | (7.7) | 6.6 |
| Hero Honda | 1,961 | SELL | 391,572 | 7,995 | 200 | 99.3 | 111.1 | 128.2 | (11.1) | 11.8 | 15.4 | 19.7 | 17.6 | 15.3 | 13.0 | 12.9 | 10.5 | 8.4 | 8.6 | 8.2 | 5.4 | 3.6 | 3.6 | 56.5 | 63.5 | 60.3 | 1,800 | (8.2) | 22.8 |
| Mahindra & Mahindra | 807 | ADD | 495,406 | 10,115 | 614 | 41.7 | 46.9 | 52.2 | 22.7 | 12.5 | 11.2 | 19.3 | 17.2 | 15.5 | 14.8 | 12.5 | 11.1 | 4.6 | 3.8 | 3.2 | 1.4 | 1.2 | 1.2 | 27.3 | 24.5 | 22.6 | 900 | 11.5 | 33.2 |
| Maruti Suzuki | 1,071 | ADD | 309,397 | 6,317 | 289 | 79.2 | 66.0 | 90.3 | (8.4) | (16.7) | 36.8 | 13.5 | 16.2 | 11.9 | 8.2 | 9.2 | 6.3 | 2.2 | 2.0 | 1.7 | 0.7 | 0.7 | 0.7 | 17.6 | 12.9 | 15.5 | 1,240 | 15.8 | 13.3 |
| Tata Motors | 171 | ADD | 567,744 | 11,593 | 3,325 | 27.2 | 23.1 | 23.9 | 737.9 | (15.0) | 3.6 | 6.3 | 7.4 | 7.1 | 4.7 | 5.3 | 5.0 | 2.9 | 2.2 | 1.7 | 2.2 | 1.7 | 1.7 | 66.1 | 34.2 | 27.3 | 180 | 5.4 | 53.4 |
| **Automobiles** | | **Cautious** | **2,481,565** | **50,670** | | | | | **82.8** | **(4.5)** | **11.7** | **12.1** | **12.7** | **11.3** | **8.0** | **8.3** | **7.3** | **3.8** | **3.1** | **2.6** | **2.4** | **1.9** | **1.9** | **31.1** | **24.7** | **23.0** | | | |
| **Banks/Financial Institutions** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Andhra Bank | 118 | BUY | 65,835 | 1,344 | 560 | 22.6 | 24.2 | 27.5 | 5.0 | 6.9 | 13.5 | 5.2 | 4.9 | 4.3 | — | — | — | 1.0 | 0.9 | 0.8 | 4.7 | 5.0 | 5.7 | 23.2 | 19.4 | 19.2 | 190 | 61.5 | 1.7 |
| Axis Bank | 1,049 | BUY | 430,601 | 8,792 | 411 | 82.5 | 98.9 | 119.7 | 33.0 | 19.8 | 21.1 | 12.7 | 10.6 | 8.8 | — | — | — | 2.3 | 1.9 | 1.6 | 1.3 | 1.6 | 1.9 | 19.3 | 19.7 | 20.3 | 1,700 | 62.1 | 53.3 |
| Bajaj Finserv | 514 | ADD | 74,423 | 1,520 | 145 | 78.2 | 62.7 | 61.4 | 102.3 | (19.8) | (2.1) | 6.6 | 8.2 | 8.4 | — | — | — | 2.1 | 1.5 | 1.2 | 2.4 | 2.4 | 2.4 | 37.2 | 21.8 | 16.4 | 650 | 26.4 | 3.0 |
| Bank of Baroda | 742 | BUY | 291,286 | 5,948 | 393 | 108.0 | 109.5 | 129.1 | 29.1 | 1.4 | 17.9 | 6.9 | 6.8 | 5.7 | — | — | — | 1.5 | 1.3 | 1.1 | 2.6 | 2.6 | 3.1 | 25.9 | 20.4 | 20.5 | 1,250 | 68.6 | 7.4 |
| Bank of India | 317 | BUY | 173,414 | 3,541 | 547 | 45.5 | 54.0 | 70.7 | 37.4 | 18.7 | 30.9 | 7.0 | 5.9 | 4.5 | — | — | — | 1.1 | 0.9 | 0.8 | 2.6 | 3.0 | 4.0 | 17.3 | 17.2 | 19.5 | 470 | 48.3 | 5.9 |
| Canara Bank | 433 | BUY | 191,620 | 3,913 | 443 | 90.9 | 86.3 | 108.7 | 23.3 | (5.0) | 25.9 | 4.8 | 5.0 | 4.0 | — | — | — | 1.1 | 0.9 | 0.8 | 2.5 | 2.8 | 2.8 | 23.2 | 17.7 | 19.0 | 600 | 38.7 | 7.3 |
| Corporation Bank | 407 | BUY | 60,282 | 1,231 | 148 | 95.4 | 93.4 | 114.1 | 16.3 | (2.1) | 22.2 | 4.3 | 4.4 | 3.6 | — | — | — | 0.8 | 0.7 | 0.6 | 4.9 | 4.8 | 5.9 | 21.9 | 18.1 | 19.2 | 630 | 54.8 | 0.7 |
| Federal Bank | 363 | BUY | 62,073 | 1,267 | 171 | 34.3 | 44.5 | 56.2 | 26.3 | 29.8 | 26.1 | 10.6 | 8.1 | 6.5 | — | — | — | 1.2 | 1.1 | 1.0 | 2.3 | 3.0 | 3.8 | 12.0 | 14.2 | 16.0 | 500 | 37.8 | 3.4 |
| HDFC | 663 | REDUCE | 971,895 | 19,845 | 1,467 | 24.1 | 27.8 | 31.9 | 22.4 | 15.6 | 14.6 | 27.5 | 23.8 | 20.8 | — | — | — | 5.6 | 5.0 | 3.8 | 1.4 | 1.6 | 1.9 | 21.7 | 22.1 | 21.5 | 730 | 10.2 | 36.1 |
| HDFC Bank | 455 | ADD | 1,057,691 | 21,597 | 2,326 | 16.9 | 21.9 | 27.6 | 31.0 | 29.5 | 26.5 | 26.9 | 20.8 | 16.4 | — | — | — | 4.2 | 3.6 | 3.1 | 0.7 | 0.9 | 1.2 | 16.7 | 18.6 | 20.2 | 560 | 23.2 | 35.8 |
| ICICI Bank | 843 | BUY | 970,581 | 19,818 | 1,152 | 44.7 | 58.0 | 63.1 | 23.9 | 29.7 | 8.8 | 18.8 | 14.5 | 13.4 | — | — | — | 1.8 | 1.6 | 1.5 | 1.7 | 2.1 | 2.2 | 9.7 | 11.7 | 11.8 | 1,100 | 30.5 | 78.3 |
| IDFC | 122 | BUY | 184,360 | 3,764 | 1,509 | 8.8 | 9.9 | 12.0 | 4.6 | 12.8 | 21.6 | 13.9 | 12.4 | 10.2 | — | — | — | 1.8 | 1.5 | 1.3 | 1.8 | 1.6 | 2.0 | 14.7 | 13.1 | 13.9 | 150 | 22.7 | 21.0 |
| India Infoline | 73 | SELL | 23,717 | 484 | 327 | 7.4 | 4.8 | 6.5 | (9.3) | (34.5) | 33.8 | 9.8 | 15.0 | 11.2 | — | — | — | 1.4 | 1.2 | 1.1 | 4.2 | 1.4 | 1.9 | 12.9 | 8.7 | 10.3 | 70 | (3.5) | 1.1 |
| Indian Bank | 202 | BUY | 86,663 | 1,770 | 430 | 38.8 | 42.0 | 50.9 | 10.5 | 8.2 | 21.2 | 5.2 | 4.8 | 4.0 | — | — | — | 1.1 | 0.9 | 0.8 | 3.7 | 3.9 | 4.7 | 22.3 | 20.4 | 21.0 | 300 | 48.8 | 1.5 |
| Indian Overseas Bank | 93 | BUY | 57,513 | 1,174 | 619 | 17.3 | 21.1 | 30.8 | 33.6 | 22.0 | 45.4 | 5.4 | 4.4 | 3.0 | — | — | — | 0.7 | 0.6 | 0.5 | 5.3 | 4.6 | 5.0 | 12.7 | 13.3 | 17.0 | 190 | 104.4 | 1.6 |
| IndusInd Bank | 252 | BUY | 117,354 | 2,396 | 466 | 12.4 | 15.2 | 18.2 | 45.2 | 22.6 | 19.9 | 20.3 | 16.6 | 13.8 | — | — | — | 3.2 | 2.8 | 2.5 | 0.8 | 1.0 | 1.2 | 20.8 | 17.7 | 17.9 | 325 | 29.0 | 3.2 |
| J&K Bank | 763 | ADD | 37,016 | 756 | 48 | 126.9 | 141.8 | 152.8 | 20.1 | 11.8 | 7.7 | 6.0 | 5.4 | 5.0 | — | — | — | 1.1 | 0.9 | 0.8 | 3.4 | 3.8 | 4.1 | 19.0 | 18.4 | 17.3 | 950 | 24.5 | 0.6 |
| LIC Housing Finance | 224 | ADD | 106,318 | 2,171 | 475 | 20.5 | 22.9 | 27.5 | 47.2 | 11.4 | 20.4 | 10.9 | 9.8 | 8.1 | — | — | — | 2.7 | 2.3 | 1.9 | 2.0 | 2.2 | 2.6 | 25.8 | 23.7 | 23.9 | 260 | 16.1 | 19.3 |
| Mahindra & Mahindra Financial | 642 | BUY | 65,754 | 1,343 | 102 | 45.2 | 56.4 | 69.2 | 26.1 | 24.8 | 22.7 | 14.2 | 11.4 | 9.3 | — | — | — | 2.7 | 2.3 | 2.0 | 1.6 | 1.9 | 2.4 | 22.0 | 21.4 | 22.3 | 825 | 28.5 | 0.9 |
| Muthoot Finance | 162 | BUY | 60,225 | 1,230 | 371 | 15.7 | 21.6 | 26.7 | 108.4 | 37.1 | 23.7 | 10.3 | 7.5 | 6.1 | — | — | — | 4.5 | 2.0 | 1.5 | — | — | — | 51.5 | 36.7 | 28.1 | 230 | 41.8 | — |
| Oriental Bank of Commerce | 295 | BUY | 85,967 | 1,755 | 292 | 51.5 | 55.6 | 65.4 | 13.7 | 8.0 | 17.6 | 5.7 | 5.3 | 4.5 | — | — | — | 0.8 | 0.8 | 0.7 | 3.5 | 3.8 | 4.5 | 15.5 | 13.9 | 14.7 | 430 | 45.9 | 3.8 |
| PFC | 144 | BUY | 189,543 | 3,870 | 1,320 | 22.8 | 23.4 | 28.3 | 11.1 | 2.4 | 21.3 | 6.3 | 6.1 | 5.1 | — | — | — | 1.3 | 0.9 | 0.8 | 2.8 | 3.3 | 3.9 | 18.4 | 17.0 | 16.7 | 225 | 56.7 | 15.1 |
| Punjab National Bank | 931 | BUY | 295,079 | 6,025 | 317 | 140.0 | 163.0 | 201.5 | 13.0 | 16.5 | 23.6 | 6.7 | 5.7 | 4.6 | — | — | — | 1.5 | 1.2 | 1.0 | 2.4 | 3.6 | 4.4 | 24.4 | 23.5 | 24.2 | 1,500 | 61.0 | 7.5 |
| Reliance Capital | 336 | REDUCE | 82,710 | 1,689 | 246 | 9.3 | 16.5 | 24.8 | (25.3) | 77.0 | 50.4 | 36.1 | 20.4 | 13.6 | — | — | — | 1.2 | 1.1 | 1.1 | 1.1 | 2.0 | 2.9 | 3.3 | 5.7 | 8.3 | 470 | 39.9 | 27.3 |
| Rural Electrification Corp. | 167 | BUY | 164,549 | 3,360 | 987 | 26.0 | 29.0 | 32.5 | 28.1 | 11.5 | 12.3 | 6.4 | 5.8 | 5.1 | — | — | — | 1.3 | 1.1 | 1.0 | 4.5 | 5.0 | 5.6 | 21.5 | 20.8 | 20.4 | 240 | 44.0 | 10.9 |
| Shriram Transport | 577 | REDUCE | 128,696 | 2,628 | 223 | 55.1 | 65.6 | 75.3 | 40.8 | 19.0 | 14.8 | 10.5 | 8.8 | 7.7 | — | — | — | 2.7 | 2.2 | 1.9 | 1.1 | 2.3 | 2.6 | 28.1 | 26.8 | 25.2 | 700 | 21.4 | 7.2 |
| SKS Microfinance | 218 | RS | 16,024 | 327 | 74 | 15.7 | (39.1) | 3.9 | (41.8) | (349.4) | (109.9) | 13.9 | (5.6) | 56.1 | — | — | — | 0.9 | 1.0 | 1.0 | — | — | — | 8.3 | (17.4) | 1.9 | — | — | 8.1 |
| State Bank of India | 1,756 | BUY | 1,115,090 | 22,769 | 635 | 130.2 | 195.6 | 256.1 | (9.9) | 50.3 | 30.9 | 13.5 | 9.0 | 6.9 | — | — | — | 1.7 | 1.5 | 1.3 | 1.9 | 2.0 | 2.2 | 12.6 | 17.8 | 20.0 | 2,750 | 56.6 | 123.3 |
| Union Bank | 234 | BUY | 122,772 | 2,507 | 524 | 39.5 | 50.2 | 60.4 | (3.9) | 27.1 | 20.5 | 5.9 | 4.7 | 3.9 | — | — | — | 1.1 | 0.9 | 0.8 | 4.0 | 5.0 | 6.1 | 20.9 | 21.9 | 22.5 | 425 | 81.5 | 5.1 |
| Yes Bank | 264 | BUY | 91,751 | 1,873 | 347 | 21.5 | 26.2 | 32.3 | 43.2 | 22.1 | 23.3 | 12.3 | 10.1 | 8.2 | — | — | — | 2.4 | 2.0 | 1.7 | 0.9 | 1.2 | 1.4 | 21.7 | 21.7 | 22.2 | 420 | 58.9 | 16.6 |
| **Banks/Financial Institutions** | | **Attractive** | **7,380,799** | **150,705** | | | | | **20.1** | **20.0** | **22.9** | **12.1** | **10.1** | **8.2** | **—** | **—** | **—** | **1.9** | **1.7** | **1.4** | **1.8** | **2.1** | **2.5** | **16.0** | **16.6** | **17.5** | | | |
| **Cement** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ACC | 1,131 | SELL | 212,520 | 4,339 | 188 | 55.6 | 60.1 | 72.7 | (33.2) | 8.2 | 20.9 | 20.4 | 18.8 | 15.6 | 12.5 | 10.5 | 8.3 | 3.1 | 2.8 | 2.5 | 3.1 | 2.1 | 2.1 | 17.5 | 17.3 | 18.1 | 980 | (13.4) | 6.7 |
| Ambuja Cements | 145 | SELL | 220,059 | 4,493 | 1,522 | 7.9 | 7.8 | 9.8 | (1.5) | (0.5) | 25.5 | 18.3 | 18.4 | 14.7 | 11.1 | 10.2 | 7.9 | 2.8 | 2.6 | 2.3 | 1.4 | 1.5 | 1.7 | 16.6 | 14.8 | 16.9 | 135 | (6.6) | 6.2 |
| Grasim Industries | 2,323 | BUY | 213,107 | 4,351 | 92 | 232.0 | 254.6 | 277.2 | (22.9) | 9.7 | 8.9 | 10.0 | 9.1 | 8.4 | 6.2 | 4.8 | 4.2 | 1.5 | 1.3 | 1.1 | 0.8 | 1.5 | 1.5 | 15.7 | 15.0 | 14.4 | 2,900 | 24.8 | 3.8 |
| India Cements | 72 | ADD | 22,240 | 454 | 307 | 1.9 | 8.3 | 9.2 | (81.2) | 339.0 | 10.4 | 38.3 | 8.7 | 7.9 | 14.2 | 5.7 | 5.1 | 0.5 | 0.5 | 0.5 | 2.2 | 4.4 | 4.4 | 1.4 | 6.2 | 6.5 | 82 | 13.3 | 1.6 |
| Shree Cement | 1,797 | REDUCE | 62,587 | 1,278 | 35 | 57.2 | 83.1 | 132.9 | (72.5) | 45.5 | 59.8 | 31.4 | 21.6 | 13.5 | 7.0 | 6.6 | 4.6 | 3.3 | 3.0 | 2.6 | 0.6 | 0.6 | 0.6 | 10.7 | 14.5 | 20.7 | 1,730 | (3.7) | 1.2 |
| UltraTech Cement | 1,085 | ADD | 297,347 | 6,071 | 274 | 44.9 | 73.1 | 85.9 | (49.2) | 63.0 | 17.5 | 24.2 | 14.8 | 12.6 | 11.8 | 7.9 | 6.6 | 2.4 | 2.1 | 1.8 | 0.5 | 0.5 | 0.5 | 16.7 | 17.3 | 17.3 | 1,220 | 12.4 | 3.9 |
| **Cement** | | **Neutral** | **1,027,860** | **20,987** | | | | | **(23.7)** | **23.0** | **18.0** | **17.5** | **14.3** | **12.1** | **9.3** | **7.2** | **5.9** | **2.1** | **1.9** | **1.7** | **1.3** | **1.4** | **1.4** | **12.2** | **13.4** | **14.1** | | | |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of key Indian companies

| Company | 10-Oct-11 Price (Rs) | Rating | Mkt cap. (Rs mn) | Mkt cap. (US$ mn) | O/S shares (mn) | EPS (Rs) 2011E | EPS (Rs) 2012E | EPS (Rs) 2013E | EPS growth (%) 2011E | EPS growth (%) 2012E | EPS growth (%) 2013E | PER (X) 2011E | PER (X) 2012E | PER (X) 2013E | EV/EBITDA (X) 2011E | EV/EBITDA (X) 2012E | EV/EBITDA (X) 2013E | Price/BV (X) 2011E | Price/BV (X) 2012E | Price/BV (X) 2013E | Dividend yield (%) 2011E | Dividend yield (%) 2012E | Dividend yield (%) 2013E | RoE (%) 2011E | RoE (%) 2012E | RoE (%) 2013E | Target price (Rs) | Upside (%) | ADVT-3mo (US$ mn) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Consumer products** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asian Paints | 3,173 | SELL | 304,353 | 6,214 | 96 | 80.8 | 94.6 | 111.4 | 13.0 | 17.1 | 17.7 | 39.3 | 33.5 | 28.5 | 26.2 | 21.3 | 17.5 | 14.8 | 11.5 | 9.2 | 1.0 | 0.9 | 1.1 | 43.9 | 40.0 | 36.8 | 2,900 | (8.6) | 4.7 |
| Colgate-Palmolive (India) | 984 | SELL | 133,824 | 2,732 | 136 | 29.6 | 34.1 | 38.8 | (4.9) | 15.0 | 14.1 | 33.2 | 28.9 | 25.3 | 28.9 | 25.2 | 21.1 | 34.8 | 35.4 | 28.3 | 2.2 | 3.0 | 2.8 | 113.4 | 121.6 | 124.2 | 900 | (8.5) | 1.7 |
| Dabur India | 100 | SELL | 173,864 | 3,550 | 1,740 | 3.3 | 3.7 | 4.4 | 12.8 | 14.1 | 18.8 | 30.6 | 26.8 | 22.6 | 24.7 | 20.3 | 17.1 | 13.2 | 10.3 | 8.1 | 1.2 | 1.3 | 1.6 | 51.2 | 43.8 | 40.6 | 110 | 10.1 | 2.7 |
| GlaxoSmithkline Consumer (a) | 2,371 | ADD | 99,701 | 2,036 | 42 | 71.3 | 83.2 | 104.0 | 28.8 | 16.7 | 25.0 | 33.3 | 28.5 | 22.8 | 23.9 | 20.6 | 17.2 | 10.7 | 9.1 | 7.6 | 2.1 | 1.6 | 2.0 | 32.2 | 33.5 | 35.5 | 2,900 | 22.3 | 1.1 |
| Godrej Consumer Products | 390 | ADD | 126,087 | 2,575 | 324 | 14.9 | 18.4 | 22.7 | 31.3 | 23.4 | 23.8 | 26.2 | 21.2 | 17.1 | 22.5 | 15.6 | 11.9 | 7.3 | 5.2 | 4.2 | 1.3 | 0.8 | 0.8 | 35.9 | 28.7 | 27.0 | 510 | 30.9 | 2.4 |
| Hindustan Unilever | 331 | ADD | 715,097 | 14,601 | 2,159 | 9.9 | 11.3 | 13.3 | 4.8 | 14.1 | 17.7 | 33.5 | 29.4 | 25.0 | 28.5 | 24.9 | 20.3 | 27.1 | 23.5 | 20.3 | 2.3 | 2.8 | 3.3 | 66.3 | 85.9 | 87.5 | 370 | 11.7 | 19.1 |
| ITC | 200 | ADD | 1,536,903 | 31,381 | 7,681 | 6.4 | 8.0 | 9.1 | 20.7 | 24.9 | 13.1 | 31.2 | 25.0 | 22.1 | 20.7 | 16.9 | 14.7 | 9.2 | 7.9 | 6.8 | 2.2 | 1.9 | 2.2 | 33.2 | 35.5 | 34.4 | 230 | 14.9 | 35.3 |
| Jubilant Foodworks | 752 | SELL | 49,198 | 1,005 | 65 | 11.2 | 16.6 | 24.1 | 99.6 | 48.6 | 45.1 | 67.1 | 45.2 | 31.1 | 41.0 | 25.0 | 17.4 | 25.7 | 16.4 | 10.7 | — | — | — | 46.6 | 44.2 | 41.6 | 750 | (0.3) | 27.5 |
| Jyothy Laboratories | 150 | ADD | 12,063 | 246 | 81 | 10.5 | 9.4 | 11.8 | (5.0) | (10.1) | 25.2 | 14.3 | 15.9 | 12.7 | 11.5 | 10.2 | 8.4 | 1.8 | 1.7 | 1.6 | 3.9 | 3.1 | 3.9 | 12.3 | 11.1 | 12.9 | 220 | 47.1 | 0.4 |
| Marico | 146 | ADD | 89,012 | 1,818 | 612 | 4.2 | 5.4 | 7.1 | 10.9 | 27.3 | 32.6 | 34.5 | 27.1 | 20.4 | 23.0 | 18.6 | 14.1 | 9.5 | 7.4 | 5.8 | 0.5 | 0.6 | 0.9 | 32.8 | 31.3 | 32.2 | 185 | 27.1 | 1.2 |
| Nestle India (a) | 4,214 | SELL | 406,325 | 8,297 | 96 | 86.8 | 103.6 | 123.2 | 16.7 | 19.3 | 18.9 | 48.5 | 40.7 | 34.2 | 32.3 | 26.5 | 21.8 | 47.5 | 34.5 | 26.0 | 1.2 | 1.4 | 1.7 | 116.5 | 98.3 | 86.8 | 3,500 | (16.9) | 2.1 |
| Tata Global Beverages | 86 | ADD | 52,966 | 1,081 | 618 | 4.0 | 6.0 | 7.1 | (34.6) | 52.6 | 17.6 | 21.6 | 14.2 | 12.1 | 8.4 | 7.1 | 5.9 | 1.1 | 1.0 | 1.0 | 2.3 | 3.6 | 4.2 | 6.5 | 9.6 | 10.8 | 120 | 40.1 | 4.0 |
| Titan Industries | 211 | ADD | 187,722 | 3,833 | 888 | 4.9 | 7.4 | 8.8 | 71.7 | 51.5 | 17.8 | 43.0 | 28.4 | 24.1 | 31.4 | 19.7 | 16.2 | 17.3 | 12.3 | 9.3 | 0.6 | 1.1 | 1.4 | 47.8 | 50.5 | 44.0 | 240 | 13.5 | 17.7 |
| United Spirits | 835 | ADD | 104,846 | 2,141 | 126 | 29.5 | 39.2 | 50.6 | 8.3 | 32.8 | 29.0 | 28.3 | 21.3 | 16.5 | 15.0 | 11.5 | 9.9 | 2.4 | 2.2 | 1.9 | 0.4 | 0.3 | 0.5 | 9.1 | 10.7 | 12.5 | 1,100 | 31.8 | 4.8 |
| **Consumer products** | | **Neutral** | **3,991,960** | **81,510** | | | | | **16.3** | **21.8** | **17.2** | **33.3** | **27.4** | **23.4** | **23.3** | **18.9** | **15.8** | **10.3** | **8.7** | **7.5** | **1.8** | **1.8** | **2.1** | **30.8** | **31.9** | **32.0** | | | |
| **Constructions** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IVRCL | 37 | BUY | 10,000 | 204 | 267 | 5.9 | 5.7 | 6.6 | (25.2) | (4.1) | 15.6 | 6.3 | 6.6 | 5.7 | 5.7 | 5.5 | 5.4 | 0.5 | 0.5 | 0.4 | 1.1 | 1.1 | 1.1 | 8.2 | 7.3 | 7.9 | 75 | 100.3 | 5.2 |
| Nagarjuna Construction Co. | 57 | BUY | 14,600 | 298 | 257 | 6.4 | 5.9 | 7.7 | (29.7) | (7.8) | 30.8 | 8.9 | 9.7 | 7.4 | 7.8 | 7.4 | 6.9 | 0.6 | 0.6 | 0.6 | 3.5 | 3.5 | 3.5 | 7.1 | 6.3 | 7.8 | 100 | 75.7 | 1.3 |
| Punj Lloyd | 56 | REDUCE | 18,847 | 385 | 340 | (1.5) | 5.5 | 7.4 | (56.6) | (467.8) | 34.9 | (37.4) | 10.2 | 7.5 | 12.7 | 5.7 | 5.0 | 0.6 | 0.6 | 0.6 | (0.1) | 0.9 | 1.2 | (1.7) | 6.1 | 7.7 | 65 | 17.1 | 5.7 |
| Sadbhav Engineering | 130 | BUY | 19,491 | 398 | 150 | 7.8 | 10.8 | 11.9 | 51.0 | 38.9 | 10.6 | 16.8 | 12.1 | 10.9 | 10.0 | 8.0 | 7.3 | 3.0 | 2.5 | 2.0 | 0.5 | 0.5 | 0.5 | 18.1 | 20.4 | 18.6 | 180 | 38.4 | 0.2 |
| **Construction** | | **Attractive** | **62,938** | **1,285** | | | | | **(1.1)** | **67.6** | **23.4** | **16.2** | **9.7** | **7.9** | **8.7** | **6.3** | **5.8** | **0.8** | **0.7** | **0.7** | **1.1** | **1.4** | **1.5** | **4.8** | **7.6** | **8.7** | | | |
| **Energy** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aban Offshore | 367 | BUY | 15,984 | 326 | 44 | 134.2 | 99.1 | 102.6 | 25.9 | (26.1) | 3.5 | 2.7 | 3.7 | 3.6 | 6.4 | 6.8 | 6.4 | 0.7 | 0.7 | 0.6 | 1.0 | 1.1 | 1.2 | 33.3 | 21.9 | 17.9 | 670 | 82.4 | 7.2 |
| Bharat Petroleum | 672 | ADD | 243,081 | 4,963 | 362 | 38.9 | 54.0 | 55.1 | (32.5) | 38.9 | 1.9 | 17.3 | 12.4 | 12.2 | 10.9 | 7.7 | 7.3 | 1.6 | 1.5 | 1.4 | 2.1 | 2.6 | 2.7 | 9.2 | 11.8 | 11.2 | 780 | 16.0 | 6.0 |
| Cairn india | 276 | REDUCE | 524,263 | 10,705 | 1,902 | 33.3 | 40.4 | 49.3 | 501.1 | 21.2 | 22.2 | 8.3 | 6.8 | 5.6 | 6.0 | 4.3 | 3.5 | 1.3 | 1.1 | 1.0 | — | 1.8 | 5.4 | 16.9 | 17.7 | 19.5 | 295 | 7.0 | 11.6 |
| Castrol India (a) | 476 | SELL | 117,606 | 2,401 | 247 | 19.8 | 21.9 | 22.3 | 28.5 | 10.8 | 1.6 | 24.0 | 21.7 | 21.3 | 15.4 | 14.4 | 14.0 | 22.8 | 20.7 | 19.7 | 3.2 | 3.6 | 3.8 | 100.2 | 100.2 | 94.7 | 425 | (10.6) | 1.2 |
| GAIL (India) | 422 | BUY | 534,791 | 10,920 | 1,268 | 28.2 | 34.3 | 36.0 | 13.8 | 21.8 | 4.9 | 15.0 | 12.3 | 11.7 | 9.5 | 9.0 | 8.0 | 2.6 | 2.2 | 1.9 | 1.8 | 2.1 | 2.4 | 17.5 | 18.4 | 16.5 | 560 | 32.8 | 9.7 |
| GSPL | 104 | SELL | 58,227 | 1,189 | 563 | 8.9 | 8.5 | 8.4 | 21.7 | (4.0) | (1.2) | 11.6 | 12.1 | 12.3 | 7.3 | 7.1 | 6.9 | 2.6 | 2.1 | 1.9 | 1.0 | 1.7 | 2.4 | 25.2 | 19.3 | 16.4 | 92 | (11.1) | 5.2 |
| Hindustan Petroleum | 368 | ADD | 124,603 | 2,544 | 339 | 40.8 | 20.3 | 33.9 | (20.8) | (50.4) | 67.3 | 9.0 | 18.1 | 10.8 | 4.1 | 4.9 | 3.5 | 0.8 | 0.8 | 0.7 | 3.8 | 1.7 | 2.8 | 9.0 | 4.1 | 6.5 | 430 | 17.0 | 6.6 |
| Indian Oil Corporation | 313 | BUY | 761,041 | 15,539 | 2,428 | 32.4 | 28.4 | 32.1 | (34.0) | (12.5) | 12.9 | 9.7 | 11.0 | 9.8 | 9.0 | 7.8 | 6.8 | 1.3 | 1.2 | 1.1 | 3.0 | 2.8 | 3.1 | 13.3 | 10.8 | 11.3 | 385 | 22.8 | 3.7 |
| Oil India | 1,325 | BUY | 318,692 | 6,507 | 240 | 120.0 | 171.7 | 190.1 | 4.2 | 43.1 | 10.7 | 11.0 | 7.7 | 7.0 | 5.6 | 3.1 | 2.5 | 1.9 | 1.6 | 1.4 | 2.8 | 4.1 | 4.5 | 16.2 | 20.1 | 19.4 | 1,750 | 32.0 | 1.9 |
| Oil & Natural Gas Corporation | 274 | BUY | 2,346,779 | 47,918 | 8,556 | 24.7 | 37.2 | 40.8 | 7.4 | 50.8 | 9.7 | 11.1 | 7.4 | 6.7 | 4.2 | 3.1 | 2.5 | 1.6 | 1.4 | 1.2 | 3.2 | 4.4 | 5.1 | 14.3 | 19.1 | 18.3 | 380 | 38.5 | 25.9 |
| Petronet LNG | 154 | SELL | 115,838 | 2,365 | 750 | 8.1 | 11.5 | 11.4 | 50.3 | 41.3 | (0.7) | 19.1 | 13.5 | 13.6 | 11.1 | 8.9 | 9.1 | 3.8 | 3.2 | 2.6 | 1.3 | 1.9 | 1.9 | 20.9 | 24.6 | 20.2 | 125 | (19.1) | 12.0 |
| Reliance Industries | 829 | BUY | 2,471,994 | 50,475 | 2,981 | 62.0 | 69.2 | 71.1 | 24.8 | 11.7 | 2.7 | 13.4 | 12.0 | 11.7 | 7.3 | 6.5 | 5.9 | 1.5 | 1.3 | 1.2 | 1.0 | 1.1 | 1.2 | 13.0 | 13.1 | 12.0 | 1,000 | 20.6 | 89.1 |
| **Energy** | | **Attractive** | **7,632,900** | **155,853** | | | | | **11.6** | **25.0** | **7.2** | **11.4** | **9.1** | **8.5** | **6.3** | **5.1** | **4.4** | **1.6** | **1.4** | **1.3** | **2.0** | **2.6** | **3.2** | **13.8** | **15.3** | **14.8** | | | |
| **Industrials** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ABB | 665 | SELL | 140,909 | 2,877 | 212 | 3.0 | 21.1 | 27.3 | (82.2) | 606.1 | 29.6 | 222.8 | 31.6 | 24.3 | 161.0 | 21.2 | 15.8 | 5.8 | 5.1 | 4.3 | 0.3 | 0.5 | 0.5 | 2.6 | 17.1 | 19.1 | 700 | 5.3 | 1.7 |
| BGR Energy Systems | 324 | Reduce | 23,356 | 477 | 72 | 44.8 | 40.4 | 39.0 | 60.0 | (9.7) | (3.5) | 7.2 | 8.0 | 8.3 | 4.9 | 4.4 | 4.1 | 2.5 | 2.0 | 1.7 | 3.1 | 2.5 | 2.4 | 39.0 | 27.4 | 21.9 | 400 | 23.6 | 5.1 |
| Bharat Electronics | 1,521 | ADD | 121,680 | 2,485 | 80 | 107.3 | 121.7 | 135.5 | 11.6 | 13.5 | 11.3 | 14.2 | 12.5 | 11.2 | 6.3 | 5.2 | 3.8 | 2.4 | 2.1 | 1.8 | 1.4 | 1.6 | 1.6 | 18.2 | 17.6 | 17.1 | 1,875 | 23.3 | 1.2 |
| Bharat Heavy Electricals | 333 | REDUCE | 813,827 | 16,617 | 2,448 | 24.6 | 25.3 | 27.5 | 39.7 | 3.0 | 8.5 | 13.5 | 13.1 | 12.1 | 9.0 | 8.3 | 7.6 | 4.0 | 3.3 | 2.7 | 1.9 | 1.6 | 1.8 | 33.3 | 27.6 | 24.6 | 360 | 8.3 | 30.5 |
| Crompton Greaves | 153 | BUY | 97,893 | 1,999 | 642 | 14.3 | 10.3 | 12.7 | 11.5 | (28.0) | 23.2 | 10.7 | 14.8 | 12.0 | 6.9 | 8.5 | 6.7 | 3.0 | 2.6 | 2.2 | 1.6 | 1.0 | 1.1 | 31.7 | 18.6 | 19.5 | 200 | 31.1 | 17.4 |
| Larsen & Toubro | 1,385 | REDUCE | 843,440 | 17,222 | 609 | 67.7 | 79.2 | 91.7 | 18.1 | 16.9 | 15.9 | 20.5 | 17.5 | 15.1 | 14.8 | 11.3 | 10.1 | 3.2 | 2.6 | 2.3 | 1.0 | 1.0 | 1.0 | 17.0 | 16.5 | 16.2 | 1,625 | 17.3 | 65.1 |
| Maharashtra Seamless | 338 | BUY | 23,853 | 487 | 71 | 46.1 | 41.6 | 46.7 | 19.3 | (9.7) | 12.3 | 7.3 | 8.1 | 7.2 | 3.8 | 3.8 | 3.1 | 0.9 | 0.9 | 0.8 | 2.5 | 2.5 | 2.8 | 13.3 | 11.1 | 11.5 | 460 | 36.0 | 0.2 |
| Siemens | 828 | SELL | 279,270 | 5,702 | 337 | 22.4 | 28.9 | 32.5 | 39.5 | 28.8 | 12.3 | 36.9 | 28.7 | 25.5 | 21.8 | 18.3 | 15.9 | 8.6 | 7.0 | 5.8 | 0.6 | 0.7 | 0.8 | 25.2 | 26.9 | 24.8 | 830 | 0.2 | 3.1 |
| Suzlon Energy | 37 | SELL | 65,283 | 1,333 | 1,746 | (6.0) | 1.8 | 3.2 | (4.6) | (129.2) | 80.6 | (6.2) | 21.3 | 11.8 | 19.7 | 7.4 | 6.4 | 1.0 | 0.9 | 0.9 | — | 0.5 | 0.5 | (15.8) | 4.4 | 7.7 | 40 | 7.0 | 18.1 |
| Tecpro Systems | 220 | ADD | 11,079 | 226 | 50 | 27.0 | 29.4 | 32.7 | 24.2 | 8.9 | 11.4 | 8.1 | 7.5 | 6.7 | 5.2 | 5.4 | 4.7 | 1.7 | 1.4 | 1.2 | — | — | — | 26.8 | 20.5 | 19.6 | 300 | 36.7 | 0.2 |
| Thermax | 418 | ADD | 49,745 | 1,016 | 119 | 31.6 | 31.9 | 31.7 | 44.3 | 0.8 | (0.6) | 13.2 | 13.1 | 13.2 | 8.5 | 8.1 | 8.0 | 3.8 | 3.2 | 2.7 | 2.2 | 2.2 | 2.2 | 31.5 | 26.4 | 22.3 | 515 | 23.4 | 1.9 |
| Voltas | 102 | BUY | 33,703 | 688 | 331 | 9.8 | 8.8 | 9.5 | (14.3) | (9.9) | 7.5 | 10.4 | 11.6 | 10.7 | 6.0 | 6.4 | 5.3 | 2.4 | 2.2 | 1.8 | 2.0 | 2.7 | (0.0) | 26.1 | 19.8 | 18.3 | 135 | 32.5 | 3.3 |
| **Industrials** | | **Cautious** | **2,504,037** | **51,129** | | | | | **25.5** | **19.9** | **13.4** | **19.0** | **15.9** | **14.0** | **12.1** | **9.9** | **8.8** | **3.4** | **2.8** | **2.4** | **1.3** | **1.2** | **1.3** | **17.7** | **17.9** | **17.4** | | | |
| **Infrastructure** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Container Corporation | 930 | ADD | 120,914 | 2,469 | 130 | 67.6 | 70.0 | 77.7 | 11.7 | 3.6 | 11.0 | 13.8 | 13.3 | 12.0 | 9.8 | 8.4 | 7.4 | 2.4 | 2.1 | 1.9 | 1.7 | 1.7 | 1.9 | 18.9 | 17.1 | 16.8 | 1,150 | 23.6 | 0.9 |
| GMR Infrastructure | 26 | RS | 94,619 | 1,932 | 3,667 | (0.0) | (0.4) | 0.5 | (102.0) | 3,980.8 | (243.5) | (2,976.5) | (72.9) | 50.8 | 12.4 | 10.7 | 8.6 | 0.9 | 0.9 | 0.9 | — | — | — | (0.0) | (2.0) | 2.8 | — | — | 2.6 |
| Gujarat Pipavav Port | 69 | BUY | 29,099 | 594 | 424 | (1.2) | 1.2 | 2.6 | (65.8) | (201.6) | 115.2 | (57.2) | 56.3 | 26.1 | 29.2 | 17.3 | 11.6 | 4.0 | 3.7 | 3.2 | — | — | — | (9.1) | 9.4 | 13.6 | 78 | 13.5 | 0.7 |
| GVK Power & Infrastructure | 15 | RS | 24,004 | 490 | 1,579 | 1.0 | 1.0 | 0.3 | (0.6) | 1.6 | (73.4) | 15.5 | 15.2 | 57.3 | 17.5 | 16.1 | 19.0 | 0.7 | 0.7 | 0.7 | — | 2.0 | 2.3 | 4.7 | 4.6 | 1.2 | — | — | 3.2 |
| IRB Infrastructure | 165 | ADD | 54,907 | 1,121 | 332 | 13.6 | 11.3 | 11.0 | 17.4 | (16.9) | (2.6) | 12.1 | 14.6 | 15.0 | 8.1 | 8.2 | 7.0 | 2.2 | 1.6 | 1.3 | 0.9 | — | — | 19.3 | 12.6 | 9.6 | 185 | 12.0 | 6.4 |
| Mundra Port and SEZ | 155 | ADD | 312,402 | 6,379 | 2,017 | 4.6 | 6.8 | 10.5 | 36.3 | 50.3 | 53.2 | 34.0 | 22.6 | 14.8 | 27.4 | 18.4 | 13.1 | 7.2 | 5.7 | 4.4 | — | — | — | 23.2 | 28.0 | 33.5 | 175 | 13.0 | 5.9 |
| **Infrastructure** | | **Cautious** | **635,944** | **12,985** | | | | | **14.7** | **16.8** | **39.5** | **27.1** | **23.2** | **16.6** | **15.4** | **12.5** | **10.2** | **2.4** | **2.1** | **1.9** | **0.4** | **0.4** | **0.5** | **8.7** | **9.2** | **11.6** | | | |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of key Indian companies

| | 10-Oct-11 | | Mkt cap. | | O/S shares | EPS (Rs) | | | EPS growth (%) | | | PER (X) | | | EV/EBITDA (X) | | | Price/BV (X) | | | Dividend yield (%) | | | RoE (%) | | | Target price | Upside | ADVT-3mo |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Price (Rs)** | **Rating** | **(Rs mn)** | **(US$ mn)** | **(mn)** | **2011E** | **2012E** | **2013E** | **2011E** | **2012E** | **2013E** | **2011E** | **2012E** | **2013E** | **2011E** | **2012E** | **2013E** | **2011E** | **2012E** | **2013E** | **2011E** | **2012E** | **2013E** | **2011E** | **2012E** | **2013E** | **(Rs)** | **(%)** | **(US$ mn)** |
| **Media** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DB Corp | 199 | BUY | 36,528 | 746 | 183 | 14.1 | 13.0 | 15.5 | 32.7 | (8.1) | 19.9 | 14.1 | 15.4 | 12.8 | 9.2 | 9.0 | 7.5 | 4.4 | 3.9 | 3.5 | 2.0 | 3.0 | 4.0 | 35.0 | 26.9 | 28.6 | 330 | 65.6 | 0.9 |
| DishTV | 80 | ADD | 84,437 | 1,724 | 1,062 | (1.8) | 0.0 | 1.3 | (27.5) | (101.9) | 3,944.0 | (44.4) | 2,400.2 | 59.4 | 39.3 | 18.1 | 12.1 | 40.2 | 39.5 | 23.7 | — | — | — | (62.3) | 1.7 | 49.9 | 100 | 25.8 | 6.8 |
| Eros International | 238 | ADD | 23,072 | 471 | 97 | 11.8 | 15.8 | 19.9 | 19.0 | 34.0 | 25.9 | 20.2 | 15.1 | 12.0 | 14.1 | 10.7 | 7.7 | 3.4 | 2.8 | 2.2 | — | — | — | 24.9 | 20.2 | 20.5 | 270 | 13.4 | 2.6 |
| Hindustan Media Ventures | 127 | BUY | 9,291 | 190 | 73 | 7.3 | 9.1 | 10.9 | 198.0 | 24.0 | 20.1 | 17.3 | 14.0 | 11.6 | 8.2 | 7.2 | 5.6 | 2.4 | 2.1 | 1.8 | 1— | 1— | 1.6 | 23.3 | 16.1 | 16.9 | 210 | 65.9 | 0.1 |
| HT Media | 139 | ADD | 32,595 | 666 | 235 | 7.6 | 8.5 | 10.4 | 24.8 | 11.7 | 22.2 | 18.2 | 16.3 | 13.3 | 8.4 | 7.2 | 5.6 | 2.3 | 2.2 | 2.1 | 1.4 | 2.9 | 4.3 | 14.9 | 13.8 | 15.9 | 190 | 37.0 | 0.5 |
| Jagran Prakashan | 105 | BUY | 33,159 | 677 | 316 | 6.8 | 6.7 | 8.0 | 16.7 | (1.4) | 18.7 | 15.4 | 15.6 | 13.2 | 9.2 | 9.0 | 7.6 | 4.7 | 4.2 | 3.9 | 3.3 | 3.3 | 4.8 | 32.8 | 28.5 | 30.8 | 160 | 52.6 | 0.3 |
| Sun TV Network | 288 | BUY | 113,495 | 2,317 | 394 | 19.5 | 21.0 | 25.1 | 48.1 | 7.7 | 19.2 | 14.7 | 13.7 | 11.5 | 8.9 | 7.9 | 6.7 | 4.7 | 4.1 | 3.6 | 3.0 | 3.5 | 4.9 | 36.5 | 33.4 | 34.8 | 440 | 52.8 | 7.5 |
| Zee Entertainment Enterprises | 112 | BUY | 109,626 | 2,238 | 978 | 5.8 | 6.2 | 7.7 | 10.0 | 6.4 | 23.3 | 19.2 | 18.0 | 14.6 | 12.7 | 11.7 | 9.3 | 2.6 | 2.5 | 2.4 | 1.2 | 1.2 | 1.4 | 14.2 | 14.3 | 16.9 | 160 | 42.8 | 5.3 |
| **Media** | | **Neutral** | **442,202** | **9,029** | | | | | **50.8** | **17.2** | **27.0** | **22.4** | **19.1** | **15.1** | **12.0** | **10.3** | **8.1** | **4.1** | **3.7** | **3.4** | **1.6** | **1.9** | **2.6** | **18.2** | **19.4** | **22.4** | | | |
| **Metals & Mining** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Coal India | 344 | ADD | 2,170,619 | 44,321 | 6,316 | 17.3 | 24.1 | 29.3 | 13.6 | 39.1 | 21.9 | 19.9 | 14.3 | 11.7 | 11.7 | 8.5 | 7.0 | 6.2 | 4.9 | 3.9 | 1.1 | 2.1 | 2.6 | 35.1 | 38.2 | 36.7 | 454 | 32.1 | 34.5 |
| Hindalco Industries | 127 | ADD | 243,288 | 4,968 | 1,915 | 12.8 | 18.3 | 17.6 | (36.0) | 43.3 | (4.0) | 9.9 | 6.9 | 7.2 | 5.7 | 5.6 | 5.9 | 0.8 | 0.8 | 0.7 | 1.2 | 1.2 | 1.2 | 9.7 | 11.4 | 10.0 | 175 | 37.7 | 27.2 |
| Hindustan Zinc | 119 | BUY | 503,831 | 10,288 | 4,225 | 11.6 | 13.1 | 14.7 | 21.8 | 12.7 | 11.8 | 10.2 | 9.1 | 8.1 | 6.4 | 4.9 | 3.5 | 2.2 | 1.8 | 1.5 | 0.8 | 0.8 | 0.8 | 24.3 | 22.2 | 20.4 | 160 | 34.2 | 2.8 |
| Jindal Steel and Power | 475 | REDUCE | 443,839 | 9,063 | 934 | 40.2 | 43.5 | 52.9 | 5.1 | 8.2 | 21.6 | 11.8 | 10.9 | 9.0 | 9.0 | 8.4 | 7.2 | 3.1 | 2.5 | 1.9 | 0.3 | 0.4 | 0.4 | 30.9 | 25.5 | 24.4 | 595 | 25.2 | 23.1 |
| JSW Steel | 583 | SELL | 131,713 | 2,689 | 226 | 78.6 | 70.2 | 107.5 | (2.2) | (10.7) | 53.1 | 7.4 | 8.3 | 5.4 | 6.0 | 6.4 | 5.4 | 0.8 | 0.7 | 0.7 | 2.1 | 2.1 | 2.1 | 13.6 | 9.3 | 12.9 | 660 | 13.2 | 38.6 |
| National Aluminium Co. | 62 | SELL | 159,789 | 3,263 | 2,577 | 4.1 | 5.0 | 4.8 | 36.3 | 20.5 | (4.1) | 14.9 | 12.4 | 12.9 | 6.9 | 5.4 | 5.2 | 1.4 | 1.3 | 1.2 | 2.4 | 2.4 | 2.4 | 9.9 | 11.1 | 10.0 | 65 | 4.8 | 0.5 |
| Sesa Goa | 216 | SELL | 193,478 | 3,951 | 895 | 47.0 | 40.1 | 41.6 | 59.8 | (14.6) | 3.7 | 4.6 | 5.4 | 5.2 | 3.8 | 4.0 | 3.2 | 1.5 | 1.2 | 0.9 | 1.8 | 1.8 | 1.9 | 36.8 | 22.1 | 17.9 | 230 | 6.4 | 17.4 |
| Sterlite Industries | 118 | BUY | 395,109 | 8,068 | 3,361 | 15.2 | 17.0 | 19.0 | 26.2 | 12.0 | 11.5 | 7.7 | 6.9 | 6.2 | 4.8 | 3.6 | 3.1 | 1.0 | 0.8 | 0.8 | 1.0 | 1.0 | 1.0 | 13.0 | 13.0 | 12.8 | 185 | 57.4 | 18.1 |
| Tata Steel | 435 | BUY | 422,515 | 8,627 | 971 | 75.3 | 68.7 | 76.9 | (2,258.1) | (8.8) | 12.0 | 5.8 | 6.3 | 5.7 | 5.7 | 5.9 | 5.0 | 1.2 | 1.0 | 0.8 | 2.7 | 1.8 | 1.8 | 24.7 | 15.5 | 15.7 | 625 | 43.7 | 49.9 |
| **Metals & Mining** | | **Attractive** | **4,664,181** | **95,236** | | | | | **39.1** | **13.9** | **15.1** | **11.3** | **9.9** | **8.6** | **7.1** | **6.2** | **5.3** | **2.1** | **1.8** | **1.5** | **1.3** | **1.6** | **1.8** | **19.0** | **18.2** | **17.8** | | | |
| **Pharmaceutical** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apollo Hospitals | 499 | ADD | 69,377 | 1,417 | 139 | 13.2 | 17.8 | 21.4 | 21.0 | 34.5 | 19.9 | 37.7 | 28.0 | 23.4 | 17.2 | 13.0 | 10.8 | 3.6 | 2.7 | 2.4 | — | — | — | 9.8 | 10.7 | 10.5 | 650 | 30.1 | 1.1 |
| Biocon | 345 | BUY | 69,000 | 1,409 | 200 | 18.4 | 19.4 | 21.4 | 23.9 | 5.6 | 10.3 | 18.8 | 17.8 | 16.1 | 10.8 | 10.3 | 9.3 | 3.3 | 3.0 | 2.6 | — | — | — | 19.4 | 17.9 | 17.4 | 445 | 29.0 | 2.7 |
| Cipla | 283 | REDUCE | 226,865 | 4,632 | 803 | 12.3 | 14.5 | 16.5 | (10.0) | 17.5 | 13.7 | 22.9 | 19.5 | 17.1 | 19.8 | 14.1 | 11.6 | 3.4 | 3.0 | 2.7 | 1.0 | 1.1 | 1.2 | 15.4 | 16.0 | 16.5 | 310 | 9.7 | 8.0 |
| Cadila Healthcare | 757 | REDUCE | 154,995 | 3,165 | 205 | 34.7 | 38.2 | 45.1 | 40.6 | 10.0 | 18.1 | 21.8 | 19.8 | 16.8 | 18.9 | 16.1 | 12.7 | 7.1 | 5.6 | 4.5 | 0.8 | 1.0 | 1.2 | 37.5 | 31.7 | 29.6 | 900 | 18.9 | 2.2 |
| Dishman Pharma & chemicals | 61 | REDUCE | 4,998 | 102 | 81 | 9.8 | 8.0 | 8.7 | (31.8) | (18.3) | 8.0 | 6.2 | 7.6 | 7.1 | 8.2 | 6.2 | 5.7 | 0.6 | 0.5 | 0.5 | — | — | — | 9.6 | 7.2 | 7.3 | 70 | 13.9 | 0.2 |
| Divi's Laboratories | 733 | ADD | 97,245 | 1,986 | 133 | 32.4 | 36.7 | 45.0 | 25.7 | 13.5 | 22.4 | 22.6 | 20.0 | 16.3 | 18.7 | 14.3 | 11.7 | 5.4 | 4.6 | 3.9 | — | — | — | 25.9 | 25.0 | 26.2 | 830 | 13.2 | 2.2 |
| Dr Reddy's Laboratories | 1,510 | REDUCE | 256,656 | 5,241 | 170 | 64.9 | 80.0 | 98.5 | 932.5 | 23.2 | 23.2 | 23.2 | 18.9 | 15.3 | 16.4 | 12.4 | 10.1 | 5.6 | 4.5 | 3.6 | 0.7 | 0.9 | 0.9 | 24.8 | 26.3 | 25.9 | 1,660 | 9.9 | 11.8 |
| GlaxoSmithkline Pharmaceuticals (a) | 2,083 | REDUCE | 176,458 | 3,603 | 85 | 68.3 | 78.2 | 88.6 | 15.5 | 14.6 | 13.3 | 30.5 | 26.6 | 23.5 | 20.3 | 17.9 | 15.4 | 9.0 | 8.3 | 7.7 | 1.9 | 2.4 | 2.7 | 30.9 | 32.6 | 33.9 | 2,220 | 6.6 | 1.5 |
| Glenmark Pharmaceuticals | 298 | ADD | 80,489 | 1,643 | 270 | 17.0 | 26.2 | 23.5 | 33.6 | 54.5 | (10.3) | 17.6 | 11.4 | 12.7 | 19.7 | 13.1 | 11.2 | 4.0 | 3.0 | 2.4 | — | — | — | 20.6 | 29.8 | 21.2 | 395 | 32.7 | 4.4 |
| Jubilant Life Sciences | 178 | REDUCE | 28,284 | 578 | 159 | 14.4 | 16.5 | 22.7 | (45.6) | 14.5 | 37.6 | 12.3 | 10.7 | 7.8 | 10.4 | 8.4 | 7.0 | 1.3 | 1.2 | 1.0 | 1.1 | 1.1 | 1.7 | 12.3 | 11.7 | 14.2 | 205 | 15.5 | 0.9 |
| Lupin | 457 | ADD | 205,026 | 4,186 | 448 | 19.2 | 20.6 | 26.3 | 25.6 | 7.2 | 27.5 | 23.8 | 22.2 | 17.4 | 19.9 | 17.2 | 12.7 | 6.2 | 5.0 | 4.1 | 0.7 | 0.8 | 1.0 | 29.5 | 25.3 | 26.2 | 530 | 15.9 | 9.7 |
| Ranbaxy Laboratories | 515 | SELL | 218,029 | 4,452 | 423 | 40.6 | 16.9 | 20.8 | 475.0 | (58.3) | 22.7 | 12.7 | 30.4 | 24.8 | 15.5 | 26.3 | 20.5 | 3.9 | 3.4 | 3.0 | — | — | — | 34.5 | 11.9 | 12.8 | 435 | (15.6) | 7.3 |
| Sun Pharmaceuticals | 463 | ADD | 479,535 | 9,791 | 1,036 | 17.5 | 20.4 | 24.3 | 34.4 | 16.3 | 19.2 | 26.4 | 22.7 | 19.0 | 22.3 | 17.9 | 14.5 | 4.6 | 3.9 | 3.3 | 0.8 | 0.9 | 1.1 | 21.0 | 20.2 | 20.7 | 560 | 20.9 | 11.2 |
| **Pharmaceuticals** | | **Cautious** | **2,140,514** | **43,706** | | | | | **43.1** | **5.3** | **18.6** | **22.4** | **21.3** | **18.0** | **17.4** | **14.4** | **11.6** | **3.6** | **3.1** | **2.6** | **0.7** | **0.8** | **1.0** | **16.0** | **14.4** | **14.7** | | | |
| **Property** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DLF | 229 | BUY | 392,037 | 8,005 | 1,715 | 9.1 | 11.9 | 15.7 | (14.5) | 31.3 | 31.8 | 25.2 | 19.2 | 14.6 | 16.5 | 13.0 | 9.9 | 1.5 | 1.4 | 1.3 | 0.9 | 1.1 | 1.3 | 5.4 | 7.5 | 9.2 | 270 | 18.1 | 35.1 |
| Housing Development & Infrastructure | 96 | BUY | 42,654 | 871 | 445 | 19.8 | 28.7 | 34.3 | 24.0 | 44.8 | 19.7 | 4.8 | 3.3 | 2.8 | 5.1 | 3.5 | 3.0 | 0.4 | 0.4 | 0.3 | — | 1.0 | 1.6 | 10.0 | 12.3 | 12.7 | 150 | 56.5 | 20.6 |
| Indiabulls Real Estate | 73 | RS | 29,344 | 599 | 402 | 4.0 | 8.5 | 15.4 | (1,095.5) | 114.1 | 81.5 | 18.4 | 8.6 | 4.7 | 13.1 | 10.5 | 4.6 | 0.2 | 0.2 | 0.2 | — | 0.7 | 1.0 | 1.4 | 2.9 | 5.0 | — | — | 8.9 |
| Mahindra Life Space Developer | 286 | BUY | 11,651 | 238 | 41 | 24.9 | 30.8 | 37.5 | 30.2 | 23.7 | 21.6 | 11.4 | 9.3 | 7.6 | 8.6 | 6.2 | 4.5 | 1.1 | 1.0 | 0.9 | 1.8 | 1.6 | 1.8 | 10.4 | 11.6 | 12.7 | 450 | 57.6 | 0.2 |
| Oberoi Realty | 237 | BUY | 78,216 | 1,597 | 330 | 15.7 | 20.0 | 28.0 | 14.8 | 27.6 | 39.7 | 15.1 | 11.8 | 8.5 | 11.1 | 7.7 | 4.8 | 2.3 | 2.0 | 1.6 | 0.4 | 0.6 | 1.0 | 19.9 | 18.2 | 21.3 | 315 | 32.8 | 0.3 |
| Phoenix Mills | 200 | BUY | 28,984 | 592 | 145 | 6.3 | 7.4 | 10.7 | 53.0 | 17.2 | 44.1 | 31.6 | 27.0 | 18.7 | 23.4 | 19.5 | 14.6 | 1.8 | 1.7 | 1.6 | 0.9 | 1.0 | 1.0 | 5.8 | 6.6 | 8.9 | 300 | 49.9 | 0.2 |
| Puravankara Projects | 69 | ADD | 14,652 | 299 | 213 | 5.5 | 9.0 | 10.9 | (18.9) | 62.8 | 21.5 | 12.4 | 7.6 | 6.3 | 17.4 | 9.6 | 8.1 | 1.0 | 0.9 | 0.8 | 1.5 | 2.2 | 2.9 | 8.0 | 12.0 | 13.1 | 80 | 16.5 | 0.0 |
| Sobha Developers | 217 | BUY | 21,255 | 434 | 98 | 18.8 | 20.6 | 27.2 | 33.8 | 9.2 | 32.2 | 11.5 | 10.5 | 8.0 | 10.6 | 9.5 | 6.7 | 1.1 | 1.0 | 0.9 | 1.4 | 1.6 | 1.8 | 10.2 | 10.3 | 12.4 | 370 | 70.7 | 0.7 |
| Unitech | 27 | RS | 70,117 | 1,432 | 2,616 | 2.3 | 2.6 | 2.7 | (23.4) | 12.8 | 4.9 | 11.5 | 10.2 | 9.8 | 13.4 | 10.9 | 8.9 | 0.6 | 0.6 | 0.5 | — | 0.7 | 1.1 | 5.4 | 5.7 | 5.4 | — | — | 16.8 |
| **Property** | | **Cautious** | **724,436** | **14,792** | | | | | **5.3** | **44.3** | **29.6** | **16.9** | **11.7** | **9.0** | **13.4** | **9.6** | **7.2** | **1.0** | **0.9** | **0.9** | **0.7** | **1.0** | **1.3** | **6.1** | **8.1** | **9.5** | | | |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of key Indian companies

| Company | 10-Oct-11 Price (Rs) | Rating | Mkt cap. (Rs mn) | Mkt cap. (US$ mn) | O/S shares (mn) | EPS (Rs) 2011E | EPS (Rs) 2012E | EPS (Rs) 2013E | EPS growth (%) 2011E | EPS growth (%) 2012E | EPS growth (%) 2013E | PER (X) 2011E | PER (X) 2012E | PER (X) 2013E | EV/EBITDA (X) 2011E | EV/EBITDA (X) 2012E | EV/EBITDA (X) 2013E | Price/BV (X) 2011E | Price/BV (X) 2012E | Price/BV (X) 2013E | Dividend yield (%) 2011E | Dividend yield (%) 2012E | Dividend yield (%) 2013E | RoE (%) 2011E | RoE (%) 2012E | RoE (%) 2013E | Target price (Rs) | Upside (%) | ADVT-3mo (US$ mn) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sugar** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bajaj Hindustan | 38 | REDUCE | 8,588 | 175 | 228 | 1.9 | 3.7 | 1.6 | (28.7) | 90.5 | (57.3) | 19.5 | 10.2 | 23.9 | 16.8 | 5.6 | 5.3 | 0.3 | 0.3 | 0.3 | 1.6 | 1.6 | 1.6 | 1.7 | 2.7 | 1.1 | 60 | 59.6 | 1.8 |
| Balrampur Chini Mills | 46 | BUY | 11,297 | 231 | 247 | 6.7 | 4.0 | 7.7 | 111.0 | (40.5) | 94.0 | 6.8 | 11.5 | 5.9 | 10.5 | 8.3 | 5.5 | 0.7 | 0.7 | 0.7 | 1.7 | 1.6 | 1.6 | 11.6 | 6.5 | 11.9 | 80 | 74.9 | 1.4 |
| Shree Renuka Sugars | 54 | BUY | 36,335 | 742 | 670 | 10.5 | 6.4 | 5.0 | 214.7 | (39.4) | (21.0) | 5.2 | 8.5 | 10.8 | 8.1 | 6.3 | 5.3 | 1.5 | 1.3 | 1.2 | 1.8 | 1.8 | 1.8 | 34.4 | 16.1 | 11.4 | 75 | 38.4 | 8.5 |
| **Sugar** | | **Cautious** | **56,220** | **1,148** | | | | | **122.4** | **(24.7)** | **(7.4)** | **7.0** | **9.2** | **10.0** | **10.4** | **6.3** | **5.3** | **0.8** | **0.7** | **0.7** | **1.8** | **1.8** | **1.8** | **11.6** | **8.1** | **7.0** | | | |
| **Technology** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HCL Technologies | 414 | SELL | 291,800 | 5,958 | 705 | 22.9 | 29.5 | 32.8 | 30.4 | 28.9 | 11.3 | 18.1 | 14.0 | 12.6 | 11.0 | 8.5 | 7.6 | 3.5 | 2.9 | 2.5 | 1.8 | 1.9 | 1.9 | 21.0 | 22.6 | 21.7 | 375 | (9.4) | 10.5 |
| Hexaware Technologies | 84 | ADD | 24,495 | 500 | 290 | 3.0 | 7.5 | 7.3 | (36.8) | 154.4 | (3.4) | 28.6 | 11.2 | 11.6 | 21.6 | 9.8 | 8.3 | 2.5 | 2.3 | 2.1 | 1.8 | 3.6 | 3.9 | 9.3 | 21.3 | 18.6 | 80 | (5.2) | 3.5 |
| Infosys Technologies | 2,590 | BUY | 1,486,631 | 30,355 | 574 | 119.7 | 134.3 | 160.3 | 10.5 | 12.1 | 19.4 | 21.6 | 19.3 | 16.2 | 14.7 | 13.0 | 10.7 | 5.7 | 4.8 | 4.0 | 2.3 | 1.6 | 1.9 | 28.0 | 27.1 | 27.2 | 2,900 | 12.0 | 83.3 |
| Mahindra Satyam | 70 | SELL | 82,085 | 1,676 | 1,176 | 4.2 | 6.7 | 7.0 | 68.9 | 58.4 | 4.7 | 16.6 | 10.5 | 10.0 | 12.1 | 6.1 | 4.8 | 4.8 | 3.3 | 2.5 | — | — | — | 27.6 | 37.1 | 28.2 | 70 | 0.3 | 9.2 |
| Mindtree | 336 | ADD | 13,847 | 283 | 41 | 24.7 | 35.2 | 37.2 | (52.7) | 42.4 | 5.8 | 13.6 | 9.6 | 9.0 | 7.6 | 5.8 | 4.7 | 1.8 | 1.5 | 1.4 | 0.7 | 1.0 | 3.3 | 14.4 | 17.2 | 16.1 | 375 | 11.5 | 1.6 |
| Mphasis BFL | 334 | SELL | 70,339 | 1,436 | 211 | 51.8 | 38.6 | 30.0 | 18.8 | (25.5) | (22.2) | 6.4 | 8.7 | 11.1 | 5.5 | 6.5 | 7.0 | 2.1 | 1.8 | 1.6 | 1.2 | 1.3 | 1.5 | 38.6 | 22.3 | 14.8 | 300 | (10.1) | 3.6 |
| Patni Computer Systems | 296 | ADD | 39,381 | 804 | 133 | 42.6 | 25.9 | 27.2 | 16.5 | (39.3) | 5.2 | 6.9 | 11.4 | 10.9 | 3.7 | 4.1 | 2.8 | 1.2 | 1.2 | 1.1 | 22.3 | 1.7 | 1.8 | 18.4 | 8.2 | 10.2 | 300 | 1.5 | 1.2 |
| Polaris Software Lab | 130 | REDUCE | 12,951 | 264 | 100 | 19.3 | 18.8 | 19.0 | 25.7 | (2.6) | 0.7 | 6.7 | 6.9 | 6.9 | 3.7 | 2.8 | 2.4 | 1.3 | 1.1 | 1.0 | 2.8 | 3.0 | 3.2 | 20.2 | 16.8 | 14.8 | 130 | 0.1 | 2.1 |
| TCS | 1,065 | ADD | 2,083,831 | 42,549 | 1,957 | 44.5 | 52.8 | 61.1 | 26.8 | 18.6 | 15.6 | 23.9 | 20.2 | 17.4 | 18.1 | 14.8 | 12.4 | 8.3 | 6.8 | 5.6 | 1.7 | 2.0 | 2.3 | 37.8 | 36.9 | 35.2 | 1,160 | 9.0 | 47.6 |
| Tech Mahindra | 576 | SELL | 72,589 | 1,482 | 126 | 48.8 | 72.1 | 75.5 | (25.2) | 47.8 | 4.7 | 11.8 | 8.0 | 7.6 | 8.2 | 8.2 | 7.2 | 2.2 | 1.9 | 1.7 | 0.7 | 0.7 | 1.7 | 20.5 | 26.0 | 23.8 | 600 | 4.1 | 3.6 |
| Wipro | 349 | ADD | 856,201 | 17,482 | 2,454 | 21.6 | 22.4 | 24.5 | 14.5 | 3.9 | 9.1 | 16.2 | 15.6 | 14.3 | 11.8 | 10.5 | 9.3 | 3.6 | 3.0 | 2.6 | 1.2 | 1.4 | 1.5 | 24.3 | 21.1 | 19.7 | 370 | 6.0 | 11.9 |
| **Technology** | | **Attractive** | **5,034,149** | **102,790** | | | | | **17.1** | **13.1** | **13.0** | **19.6** | **17.3** | **15.3** | **14.1** | **12.1** | **10.3** | **5.1** | **4.3** | **3.7** | **1.9** | **1.7** | **2.0** | **26.2** | **24.9** | **23.8** | | | |
| **Telecom** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bharti Airtel | 364 | ADD | 1,380,617 | 28,190 | 3,798 | 15.9 | 18.2 | 28.0 | (32.6) | 14.5 | 53.7 | 22.8 | 19.9 | 13.0 | 10.0 | 7.7 | 5.8 | 2.8 | 2.5 | 2.1 | — | — | — | 13.3 | 13.3 | 17.4 | 460 | 26.5 | 47.2 |
| IDEA | 92 | ADD | 304,234 | 6,212 | 3,303 | 2.7 | 2.7 | 5.1 | (0.5) | (1.4) | 89.2 | 33.9 | 34.3 | 18.1 | 10.9 | 8.3 | 6.3 | 2.5 | 2.3 | 2.0 | — | — | — | 7.6 | 7.0 | 12.0 | 115 | 24.9 | 19.3 |
| MTNL | 31 | SELL | 19,562 | 399 | 630 | (10.4) | (9.1) | (8.4) | (33.7) | (11.9) | (8.1) | (3.0) | (3.4) | (3.7) | 0.9 | 1.2 | 1.6 | 0.2 | 0.2 | 0.2 | — | — | — | (6.1) | (5.7) | (5.5) | 35 | 12.7 | 0.8 |
| Reliance Communications | 74 | SELL | 157,913 | 3,224 | 2,133 | 6.3 | 2.6 | 5.2 | (71.1) | (59.4) | 103.2 | 11.7 | 28.9 | 14.2 | 5.9 | 6.4 | 5.4 | 0.4 | 0.4 | 0.4 | — | — | — | 3.2 | 1.3 | 2.7 | 80 | 8.0 | 19.3 |
| Tata Communications | 186 | REDUCE | 53,110 | 1,084 | 285 | (24.9) | (28.8) | (34.0) | (13.0) | 15.6 | 18.1 | (7.5) | (6.5) | (5.5) | 10.6 | 9.2 | 9.2 | 1.5 | 2.1 | 3.9 | — | — | — | (17.5) | (27.0) | (50.2) | 180 | (3.4) | 1.2 |
| **Telecom** | | **Neutral** | **1,915,436** | **39,110** | | | | | **(45.8)** | **0.6** | **71.4** | **27.7** | **27.5** | **16.1** | **9.2** | **7.7** | **6.0** | **1.7** | **1.6** | **1.4** | — | — | — | **6.0** | **5.7** | **8.9** | | | |
| **Utilities** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adani Power | 79 | REDUCE | 188,106 | 3,841 | 2,393 | 2.4 | 11.0 | 15.0 | 200.7 | 368.5 | 35.8 | 33.4 | 7.1 | 5.2 | 34.9 | 7.3 | 4.7 | 3.0 | 2.0 | 1.4 | — | — | — | 8.5 | 33.5 | 31.8 | 100 | 27.2 | 3.5 |
| CESC | 270 | BUY | 33,739 | 689 | 125 | 37.7 | 42.5 | 51.3 | 9.1 | 12.7 | 20.8 | 7.2 | 6.4 | 5.3 | 5.3 | 5.7 | 5.4 | 0.7 | 0.7 | 0.6 | 1.8 | 2.0 | 2.2 | 10.5 | 10.7 | 11.5 | 440 | 62.9 | 1.6 |
| JSW Energy | 49 | REDUCE | 80,360 | 1,641 | 1,640 | 5.1 | 4.8 | 4.7 | 12.9 | (6.2) | (1.8) | 9.5 | 10.2 | 10.4 | 11.1 | 7.4 | 5.8 | 1.4 | 1.2 | 1.1 | (2.0) | — | — | 16.1 | 13.0 | 11.3 | 60 | 22.4 | 1.9 |
| Lanco Infratech | 15 | BUY | 33,901 | 692 | 2,223 | 2.0 | 3.0 | 3.4 | (5.8) | 47.2 | 16.6 | 7.6 | 5.2 | 4.4 | 8.3 | 7.7 | 7.3 | 0.9 | 0.7 | 0.6 | — | — | — | 12.2 | 15.0 | 14.6 | 45 | 195.1 | 6.2 |
| NHPC | 23 | ADD | 284,147 | 5,802 | 12,301 | 1.3 | 1.8 | 2.1 | (27.2) | 36.0 | 16.3 | 17.1 | 12.6 | 10.8 | 12.8 | 9.7 | 7.7 | 1.0 | 1.0 | 0.9 | 1.8 | 2.1 | 2.5 | 6.3 | 8.0 | 8.8 | 30 | 29.9 | 2.1 |
| NTPC | 171 | REDUCE | 1,406,676 | 28,722 | 8,245 | 11.0 | 11.2 | 12.0 | 5.3 | 1.4 | 6.8 | 15.5 | 15.2 | 14.3 | 12.8 | 12.3 | 11.6 | 2.0 | 1.9 | 1.7 | 2.2 | 2.0 | 2.1 | 13.7 | 12.8 | 12.6 | 180 | 5.5 | 9.7 |
| Reliance Infrastructure | 399 | BUY | 105,730 | 2,159 | 265 | 58.0 | 64.1 | 76.3 | (6.5) | 10.5 | 19.0 | 6.9 | 6.2 | 5.2 | 6.7 | 3.5 | 2.5 | 0.4 | 0.4 | 0.4 | 2.4 | 2.6 | 2.8 | 6.4 | 11.2 | 12.2 | 920 | 130.8 | 13.9 |
| Reliance Power | 82 | SELL | 230,577 | 4,708 | 2,805 | 2.7 | 2.9 | 2.9 | (5.0) | 7.6 | (0.5) | 30.3 | 28.2 | 28.3 | 163.1 | 69.7 | 14.6 | 1.4 | 1.3 | 1.3 | — | — | — | 4.9 | 4.9 | 4.7 | 88 | 7.1 | 6.5 |
| Tata Power | 104 | BUY | 255,720 | 5,221 | 2,468 | 7.6 | 8.5 | 9.2 | 21.5 | 10.7 | 8.8 | 13.5 | 12.2 | 11.2 | 10.7 | 8.5 | 8.8 | 1.8 | 2.1 | 2.7 | 13.5 | 14.5 | 16.4 | 13.8 | 15.5 | 20.8 | 135 | 30.3 | 8.9 |
| **Utilities** | | **Cautious** | **2,618,956** | **53,475** | | | | | **5.1** | **20.2** | **12.8** | **15.2** | **12.6** | **11.2** | **13.8** | **10.3** | **8.7** | **1.5** | **1.4** | **1.3** | **2.8** | **2.8** | **3.1** | **10.1** | **11.3** | **11.8** | | | |
| **Others** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carborundum Universal | 146 | SELL | 13,684 | 279 | 93 | 18.3 | 18.9 | 21.0 | 67.7 | 3.7 | 10.6 | 8.0 | 7.7 | 7.0 | 6.4 | 5.5 | 4.9 | 1.6 | 1.4 | 1.2 | 2.6 | 2.7 | 3.0 | 20.7 | 18.4 | 17.8 | 290 | 98.1 | 0.1 |
| Havells India | 346 | REDUCE | 43,147 | 881 | 125 | 24.5 | 25.8 | 28.8 | 334.1 | 5.1 | 11.5 | 14.1 | 13.4 | 12.0 | 9.4 | 8.7 | 7.6 | 6.1 | 4.3 | 3.3 | 0.7 | 0.8 | 0.9 | 53.9 | 37.6 | 30.9 | 370 | 7.0 | 2.3 |
| Jaiprakash Associates | 73 | BUY | 155,656 | 3,178 | 2,126 | 6.0 | 6.3 | 7.2 | 230.2 | 3.9 | 15.6 | 12.2 | 11.7 | 10.1 | 11.8 | 10.2 | 9.8 | 1.4 | 1.3 | 1.2 | — | — | — | 13.3 | 11.7 | 12.3 | 115 | 57.1 | 26.4 |
| Jet Airways | 236 | BUY | 20,378 | 416 | 86 | (10.1) | (69.1) | 7.0 | (91.0) | 588 | (110.1) | (23.5) | (3.4) | 33.8 | 9.6 | 11.6 | 7.4 | 1.3 | 2.0 | 1.9 | — | — | — | (5.0) | — | — | 500 | 111.8 | 10.4 |
| SpiceJet | 22 | BUY | 9,533 | 195 | 441 | 2.5 | (3.0) | 3.3 | (1.8) | (220.2) | (210.4) | 8.7 | (7.2) | 6.5 | 12.6 | (17.3) | 9.2 | 3.0 | 3.0 | 2.1 | — | — | — | (961) | (41.6) | 37.7 | 50 | 131.5 | 2.2 |
| Tata Chemicals | 308 | REDUCE | 78,580 | 1,604 | 255 | 26.2 | 32.9 | 38.8 | (0.7) | 25.4 | 17.9 | 11.8 | 9.4 | 8.0 | 7.3 | 5.1 | 4.3 | 1.4 | 1.3 | 1.1 | 3.2 | 3.9 | 4.9 | 16.9 | 18.6 | 19.5 | 365 | 18.3 | 2.7 |
| United Phosphorus | 134 | BUY | 61,789 | 1,262 | 462 | 12.3 | 15.9 | 19.8 | 3.9 | 28.8 | 24.3 | 10.8 | 8.4 | 6.8 | 6.6 | 4.6 | 3.8 | 1.7 | 1.4 | 1.2 | 1.5 | 2.2 | 2.6 | 18.0 | 18.5 | 19.8 | 220 | 64.4 | 3.9 |
| **Others** | | | **382,768** | **7,816** | | | | | **233.8** | **(5.8)** | **57.1** | **13.5** | **14.3** | **9.1** | **9.9** | **8.8** | **7.6** | **1.6** | **1.5** | **1.3** | **1.1** | **1.3** | **1.6** | **12.1** | **10.4** | **14.4** | | | |
| **KS universe (b)** | | | **43,696,864** | **892,228** | | | | | **18.5** | **17.2** | **16.5** | **14.9** | **12.7** | **10.9** | **9.7** | **8.1** | **6.9** | **2.3** | **2.0** | **1.8** | **1.7** | **1.8** | **2.1** | **15.4** | **15.8** | **16.2** | | | |
| **KS universe (b) ex-Energy** | | | **36,063,964** | **736,375** | | | | | **20.8** | **14.8** | **19.5** | **15.9** | **13.9** | **11.6** | **11.2** | **9.5** | **8.0** | **2.5** | **2.2** | **1.9** | **1.6** | **1.7** | **1.9** | **15.9** | **16.0** | **16.7** | | | |
| **KS universe (d) ex-Energy & ex-Commodities** | | | **30,371,923** | **620,152** | | | | | **19.4** | **14.8** | **20.5** | **17.0** | **14.8** | **12.3** | **12.7** | **10.7** | **8.9** | **2.6** | **2.3** | **2.0** | **1.7** | **1.7** | **1.9** | **15.5** | **15.7** | **16.6** | | | |

Notes:

(a) For banks we have used adjusted book values.

(b) 2010 means calendar year 2009, similarly for 2011 and 2012 for these particular companies.

(c) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector.

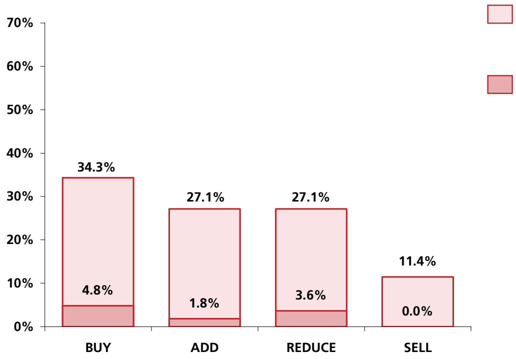
(d) Rupee-US Dollar exchange rate (Rs/US$)= 48.98

Source: Company, Bloomberg, Kotak Institutional Equities estimates

"Each of the analysts named below hereby certifies that, with respect to each subject company and its securities for which the analyst is responsible in this report, (1) all of the views expressed in this report accurately reflect his or her personal views about the subject companies and securities, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report: Sanjeev Prasad, Rohit Chordia."

**Kotak Institutional Equities Research coverage universe** (IMP: Our ratings definitions have changed as of September 6, 2011)

Distribution of ratings/investment banking relationships




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

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

* The above categories are defined as follows: Buy = We expect this stock to outperform the BSE Sensex by 10% over the next 12 months; Add = We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months; Reduce = We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months; Sell = We expect this stock to underperform the BSE Sensex by more then 10% over the next 12 months. These ratings are used illustratively to comply with applicable regulations. As of 30/06/2011 Kotak Institutional Equities Investment Research had investment ratings on 166 equity securities.

Source: Kotak Institutional Equities

As of June 30, 2011

## Ratings and other definitions/identifiers

### Definitions of ratings

**BUY.** We expect this stock to deliver more than 17.5% returns over the next 12 months.

**ADD.** We expect this stock to deliver 7.5-17.5% returns over the next 12 months.

**REDUCE.** We expect this stock to deliver 0-7.5% returns over the next 12 months.

**SELL.** We expect this stock to deliver less than 0% returns over the next 12 months.

Our target prices are also on a 12-month horizon basis.

### Other definitions

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

### Other ratings/identifiers

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

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

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

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