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News Round-up

- Reliance Infrastructure and Lanco Infratech have bought the Request for Qualification (RfQ) applications for the Rs121 bn Hyderabad Metro Rail project. (BS)
- India's Essar group has joined the race to buy UK's second largest oil refinery-Shell's Stanlow Complex. (BS)
- Coming as a relief for Air India, the Union petroleum ministry has approved a three-month credit period to oil marketing companies (OMCs) for payment of its aviation turbine fuel (ATF) dues. (BS)
- Mumbai-based financial services firm Edelweiss Capital is in talks with Japanese Insurance Group Tokio Marine Holdings for a possible joint venture in life insurance. (ET)
- After a year of slowdown, the urban car market showed signs of a turnaround in July. New car sales grew 12% yoy in the Top 20 cities after a muted year so far. (ET)
- The Finance Ministry is believed to be favourably inclined towards the Petroleum Ministry's proposal that **ONGC** be reimbursed the royalty that it will have to pay on behalf of **Cairn India** in the Rajasthan oil field. Official sources have told Business Line that ONGC would have to pay about Rs 13,000 crore as royalty. (BL)
- Bharti Airtel** is working on a revised offer for a possible deal with South Africa's **MTN**, which may entail higher cash outgo and additional debt to be raised by the Indian company to fund the transaction. (ET)
- NTPC** Ltd, India's largest power generation utility, is set to escalate its one-and-a-half year dispute with Russia's **Technoprom Exports** (TPE), which had won the contract for supply of boilers to its controversial 1,980MW Barh project in Bihar. While the contract value is around Rs2,066 crore, TPE is adamant on an additional payment of Rs1,700 crore, citing higher steel prices. (Mint)

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

EQUITY MARKETS

India	Change %			
	9-Aug	1-day	1-mo	3-mo
Sensex	15,160	(2.3)	12.3	27.6
Nifty	4,481	(2.3)	11.9	23.8
Global/Regional indices				
Dow Jones	9,370	1.2	15.0	9.3
Nasdaq Composite	2,000	1.4	13.9	15.0
FTSE	4,732	0.9	14.6	6.0
Nikkie	10,579	1.6	13.9	12.2
Hang Seng	20,375	(2.5)	15.1	17.2
KOSPI	1,580	0.2	10.6	11.9
Value traded - India				
Cash (NSE+BSE)	229.7		247.8	268.1
Derivatives (NSE)	652.3		602.2	485
Deri. open interest	708.6		721	709

Forex/money market

	Change, basis points			
	9-Aug	1-day	1-mo	3-mo
Rs/US\$	47.9	16	(73)	(143)
10yr govt bond, %	7.2	5	17	87
Net investment (US\$m)				
	6-Aug		MTD	CYTD
FII	(52)		42	7,411
MF	4		(9)	886

Top movers -3mo basis

	Change, %			
	9-Aug	1-day	1-mo	3-mo
Best performers				
ABAN IN Equity	1068.4	(5.3)	58.1	134.8
SCS IN Equity	102.6	(5.0)	37.7	126.0
FTECH IN Equity	1540.8	1.0	41.9	108.8
WGS IN Equity	211.7	(4.9)	15.2	85.0
SESA IN Equity	240.1	(3.3)	28.8	83.7
Worst performers				
TCOM IN Equity	486.0	(1.5)	5.0	(12.5)
ESOL IN Equity	138.2	(5.8)	14.5	(10.5)
SUNP IN Equity	1199.8	0.0	7.6	(7.1)
BHARTI IN Equity	383.9	(3.9)	(1.3)	(0.1)
DIVI IN Equity	475.0	(2.3)	(4.9)	0.9

AUGUST 10, 2009**NEW RELEASE****BSE-30: 15,160**

Drought raises specter of low growth. Rains were 64% deficient in the week-ending August 5, 2009, taking cumulative deficiency in monsoon season so far to 25%. The area sown has declined by 6% till end-July from last year. Reservoir levels on August 6 were 4.6% less than 10-year average. With met experts suggesting weak monsoon ahead, 2009 could turn out to be amongst the worst meteorological droughts. Full season deficiency was 20% in CY2002, 22% in CY1972 and 18% in 1965. Foodgrain production declined by 18%, 8% and 19% in these years, respectively. Agricultural and allied activities GDP declined by 7%, 5% and 11% in these years. Total GDP growth was 3.8%, -0.3% and -3.7% in these years.

Other key changes in economic indicators during the week

- ▶ WPI inflation continued to fall and was -1.58% for the week-ended July 25, 2009 from -1.54% in the preceding week. CPI inflation increased to 9.3% for June 2009 from 8.6% in May, thus further widening the divergence between the WPI and CPI inflation rates.
- ▶ Government deposits, including investment, with RBI increased to Rs304 bn at end-July suggesting improved cash flow position.
- ▶ FX reserves increased by US\$3.9 bn to US\$271.6 bn in the week-ending July 31, 2009. FII net investments in this week were 736 mn in equity segment, but in debt segment there were disinvestments of 460 mn.

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Annual report makes us more positive. We are increasing FY2011E EPS by 8% as we expect more research partnership deals to come through. Cipla expects to complete commissioning its Indore plant at a cost of Rs7.5 bn in FY2010E and start commercial production FY2011E. Revenues from the American continent increased in FY2009 and Africa continued to be the biggest destination for exports. We assign an ADD rating to the stock with a target price of Rs285.

Company data and valuation summary

Cipla

Stock data				Forecasts/Valuations			2009	2010E	2011E
52-week range (Rs) (high,low)				EPS (Rs)			9.9	12.9	16.3
Market Cap. (Rs bn)				EPS growth (%)			10.0	30.5	25.7
Shareholding pattern (%)				P/E (X)			27.8	21.3	16.9
Promoters				Sales (Rs bn)			49.6	56.7	66.3
FIs				Net profits (Rs bn)			7.7	10.1	12.7
MFs				EBITDA (Rs bn)			10.7	14.9	17.9
Price performance (%)				EV/EBITDA (X)			20.8	14.9	12.1
Absolute				ROE (%)			19.0	21.2	22.4
Rel. to BSE-30				Div. Yield (%)			0.7	0.9	0.9
	1M	3M	12M						
	7.3	19.6	21.4						
	(2.0)	(6.6)	18.3						

Increasing FY2011E PAT by 9% and upgrade rating to ADD

We have reviewed our earnings model for FY2010-11E following FY2009 annual report. There are no material changes to FY2010E while there are no significant changes to operational part of FY2011E. We have increased technical know how fees that Cipla gets from its partners to Rs3.1 bn from Rs2 bn and retained a tax rate of 19% for FY2010E and 16% for FY2011E. We are increasing our target price to Rs285 (from Rs250). This increase is higher than the increase in FY2011E since a part of our price target is linked to FY2012E.

New plant at Indore to help gain more partnerships

Construction work at the Special Economic Zone (SEZ) project for pharmaceutical finished dosages in Madhya Pradesh continues. The total project cost is about Rs7.5 bn. This project includes facilities for the manufacture of aerosols, respules, liquid orals, pre-filled syringes (PFS), nasal sprays, large volume parenterals (LVP), eye drops, tablets and capsules. Cipla proposes to take validation batches for these dosage forms in FY2010E and commercial production is expected to commence in FY2011E. We continue to believe this will bring down the effective tax rate for Cipla from 19% in FY2010E to about 16%.

Cipla says all facilities continue to be approved by US FDA

Mr. Amar Lulla, Joint Managing Director of Cipla, told a business channel recently that Ciplas' facilities are regularly audited and approved by the US FDA. Mr. Lulla referred to recent observations by the FDA as a part of the audit process. He emphasized that Cipla has responded to the queries and all facilities continue to be approved by US FDA as of now.

ADD
AUGUST 10, 2009
CHANGE IN RECO.

Coverage view: **Attractive**

Price (Rs): **274**

Target price (Rs): **285**

BSE-30: **15,160**
QUICK NUMBERS

- Capex of Rs19 bn in the past three years
- Raise FY2011E by 8%
- Strong equity position with Rs43 bn at end FY2009

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Upgrade rating to ADD

We are upgrading our rating to ADD rating with an SOTP-based target price of Rs285 (was Rs250). Cipla has avoided the riskier markets of Russia and Latin America. Its business model is seen to be more predictable and less risky compared to other Indian companies. It has a strong balance sheet with very low debt of Rs8 bn debt compared to equity of Rs42 bn. The increase in our price target is higher than the increase in FY2011E since a part of our price target is linked to FY2012E.

SOTP based valuation FY2011-2E

	PAT (Rs mn)		P/E	Valuation (Rs mn)	
	2011E	2012E	(X)	2011E	2012E
Finished dosage India	4,567	5,271	20.0	91,345	105,418
API global	1,159	1,123	11.5	13,331	12,918
Finished dosage USA	2,009	2,428	15.0	30,137	36,414
Finished dosage Europe	1,178	1,423	15.0	17,666	21,346
Finished dosage RoW	3,741	4,520	15.0	56,116	67,805
Total	12,654	14,765		208,595	243,901
Value per share (Rs)				268	314
Price target					284

Source: Kotak Institutional Equities

Changes to estimates and key assumptions for FY2010-11E

We have reviewed our FY2010-11 estimates. There are no material changes to FY2010E and only small changes to the operational part of FY2011E. We have raised our assumptions of technical knowhow fees that Cipla gets from its partners and retained a tax rate of 19% for FY2010E and 16% for FY2011E.

Change in estimates, March fiscal year-ends (Rs mn)

	Old estimates		New estimates		% change	
	2010E	2011E	2010E	2011E	2010E	2011E
Net sales	56,698	66,199	56,698	66,287	0	0
Operating expenses						
Materials	(26,469)	(31,058)	(26,469)	(31,021)	0	(0)
Selling and administration	(7,951)	(9,253)	(7,951)	(9,258)	0	0
Employee cost	(3,475)	(3,927)	(3,475)	(3,927)	0	(0)
R&D	(3,118)	(3,641)	(3,118)	(3,646)	0	0
Others	(3,118)	(3,641)	(3,118)	(3,646)	0	0
Total expenditure	(44,132)	(51,519)	(44,132)	(51,497)	0	(0)
EBITDA	12,566	14,679	12,566	14,790	0	1
Depreciation and amortisation	(2,033)	(2,550)	(2,033)	(2,550)	0	0
EBIT	10,533	12,129	10,533	12,240	0	1
Net finance cost	(465)	(300)	(465)	(275)	0	(8)
Other income	2,142	1,975	2,292	3,100	7	57
Pretax profits before extra-ordinaries	12,209	13,804	12,359	15,065	1	9
Current tax	(1,842)	(1,709)	(1,945)	(2,010)	6	18
Deferred tax	(350)	(400)	(350)	(400)	0	0
Fringe benefit tax	(75)	(100)	0		(100)	(100)
Reported net profit	9,942	11,596	10,064	12,654	1	9

Source: Kotak Institutional Equities

New manufacturing facilities at Indore and Sikkim

Over the last three years, Cipla has invested about Rs.19 bn in a new manufacturing facility. This expansion program will help meet the increasing demands of Indian and international business and to sustain growth. It will also help take advantage of taxation and other fiscal benefits.

Construction work at Special Economic Zone (SEZ) project for pharmaceutical finished dosages in Madhya Pradesh continues. The total project cost is about Rs7.5 bn. This project includes facilities for the manufacture of aerosols, respules, liquid orals, pre-filled syringes (PFS), nasal sprays, large volume parenterals (LVP), eye drops, tablets and capsules. During FY2010E, Cipla proposes to take validation batches for these dosage forms and commercial production is expected to commence in FY2011E. We continue to believe this will bring down the effective tax rate for CIPLA from 19% in FY2010E to about 16%.

For the Indian market, Cipla has invested Rs3 bn in a new facility in Sikkim for the manufacture of formulations including capsules, tablets, nasal sprays, inhalers, eye drops and respules (used in asthma treatment). The facility commenced commercial production during the year. Sikkim offers several exemptions relating to income tax and excise.

Work at the Cipla SEZ project at Kerim, Goa remained suspended due to the stop-work order issued by the State Government. Cipla has received a letter in July 2008 from the government revoking the order, consequent to the filing of a petition by the developer of the SEZ against the order. The petition is currently pending before the Goa bench of Bombay High Court.

Cipla views on pricing in India

Cipla reminds investors that the drug pricing policy has not been announced for more than five years. Cipla hopes that the present government will address this issue with some sense of urgency. It hopes that the government will announce a policy which is fair, transparent and against the monopoly. The management believes free and open competition is the best way to control drug prices.

Foreign exchange derivative exposure

Cipla has reduced its forward US\$ sold position by end of FY2009 and has created forward US\$ bought position that it did not have at the end of FY2008.

It has increased its open position in receivables so it will be hurt by an appreciating Rupee. This, in fact, did happen in 1QFY10E where it lost Rs970 mn on its debtors.

Select foreign exchange derivatives and exposure
Outstanding at March end, March fiscal year-ends

Nature of instrument	Currency	Cross	2009	2008
		Currency	Rs m	Rs m
Forward contracts - Sold	US\$	INR	6,240	17,375
Forward contracts - Bought	US\$	INR	7,488	
Open foreign exchange positions				
Receivables			10,870	1,078
Payables			3,442	2,632
Loans				5,108

Source: Company

► New product introduction continues at a rapid pace

Cipla introduced many new drugs and formulations during the year. Many new products were launched in the area HIV/AIDS, cancer, asthma and feminine healthcare. Cipla introduced many products that have delivery differentiation. These products are in lifestyle related illnesses such as smoking cessation, hair growth etc. We believe this will help Cipla in gaining market share.

► Direction of exports shows gains in America sales

For FY2008, the share of America had gone down below 30% for the first time in several years. This has changed in FY2009. We think this could be positive for EBITDA margin. Africa has become an important market for Cipla in the past three years, with increasing sales related to HIV and AIDS. With the financial backing of several western countries and a number of large charitable organizations getting involved in this effort, this business will continue to grow for the next few years.

Exports to America increase in FY2009 , March fiscal year-ends

Exports direction in % terms	2004	2005	2006	2007	2008	2009
Europe	23	20	17	21	22	17
Africa	22	26	34	28	34	35
Australasia	8	10	11	11	9	10
Middle East	10	11	8	7	10	9
Americas	37	33	30	33	25	29
Total	100	100	100	100	100	100

Source: Company

An update on US FDA issues

US FDA conducted inspections of three manufacturing sites of Cipla and issued form 483 containing 9 to 10 "Inspectional Observations" on various manufacturing issues. The manufacturing sites inspected by the FDA are in Goa, Kurkumbh and Bangalore.

Mr. Amar Lulla, Joint Managing Director of Cipla, told a business channel recently that Cipla's facilities are regularly audited and approved by the US FDA. Mr. Lulla referred to recent observations by the FDA as a part of the audit process. He emphasized that Cipla has responded to the queries and all facilities continue to be approved by US FDA as of now.

Income statement assumptions

Following are the main assumptions related to our estimates

- We forecast Indian finished dosage revenues to grow 14% yoy for the next three quarters and for FY2011E.
- We forecast International API revenues to reach US\$30 mn every quarter for the next three quarters. For FY2011E, we forecast 5% growth in dollar terms.
- We expect international finished dosage business to pick up momentum in the remaining three quarters of FY2010E and grow 20% yoy in dollar terms. We expect this growth rate to sustain in FY2011E.
- We forecast EBITDA margin of 22% in FY2010-11E. This is a significant improvement over the 19% achieved in FY2009. This expansion of margin is coming from lower material costs, tighter expenses control and operating leverage of the new Sikkim plant.

- For FY2011E, we retain this assumption at this time. This could increase further, depending on our currency forecast and usage of new Indore plant by Cipla. We will review these assumptions once we get closer to FY2011E.

Profit and loss statement, March fiscal year-ends, 2007-11E

	2007	2008	2009	2010E	2011E
Gross operating revenues	35,332	41,010	50,216	57,284	66,964
India	17,524	19,908	22,790	25,828	29,444
International	17,807	21,103	27,427	31,456	37,520
Excise duty	(949)	(907)	(610)	(586)	(677)
Net sales	34,382	40,104	49,606	56,698	66,287
Operating expenses					
Materials	(16,949)	(21,130)	(23,474)	(26,469)	(31,021)
Selling and administration	(5,085)	(6,135)	(8,835)	(7,951)	(9,258)
Employee cost	(1,846)	(2,555)	(2,714)	(3,475)	(3,927)
R&D	(1,473)	(2,029)	(2,355)	(3,118)	(3,646)
Others	(2,152)	(1,845)	(2,747)	(3,118)	(3,646)
Total expenditure	(27,505)	(33,693)	(40,125)	(44,132)	(51,497)
EBITDA	6,877	6,410	9,481	12,566	14,790
Depreciation and amortisation	(1,034)	(1,307)	(1,518)	(2,033)	(2,550)
EBIT	5,844	5,104	7,963	10,533	12,240
Net finance cost	(70)	(117)	(329)	(465)	(275)
Other income	2,306	3,393	1,335	2,292	3,100
Pretax profits before extra-ordinaries	8,080	8,379	8,968	12,359	15,065
Current tax	(1,218)	(940)	(1,010)	(1,945)	(2,010)
Deferred tax	(147)	(365)	(150)	(350)	(400)
Fringe benefit tax	(35)	(64)	(98)	0	0
Reported net profit	6,680	7,010	7,710	10,064	12,654
Minority Interests					
Reported net profit after minority interests	6,680	7,010	7,710	10,064	12,654
Exceptional items					
Reported net profit after minority interests and excep. Items	6,680	7,010	7,710	10,064	12,654
Growth rate %					
Gross operating revenues					
India		14	14	13	14
International		19	30	15	19
EBITDA		(7)	48	33	18
Pretax profits before extra-ordinaries		4	7	38	22
Reported net profit		5	10	31	26
Effective tax rate %	17	16	14	19	16

Source: Kotak Institutional Equities, Company

Balance sheet comments and forecast assumptions

- Capex was Rs9 bn in FY2009E. In FY2010E, we model in capex spending of Rs4.8 bn including completing on Indore plant. The total expenses on Indore plant are expected to Rs7.5 bn. We have capitalized this amount in FY2010.

- ▶ Working capital as a percentage of gross sales increased to 56% of sales at the end of FY2009 from 50% a year ago. Most of this increase is in the number of debtors' days to 135 from 125. This is driven by a couple of reasons. International revenues accounted for 55% of total revenues, up from 53% in FY2008. These sales are normally on longer credit terms compared to Indian sales. The second impact may be due to turbulence across economies that had impacted cash conversion cycles for most businesses.
- ▶ Cipla has a very strong balance sheet with equity of Rs43.4 bn and debt of Rs9.4 bn.

Balance Sheet, March Fiscal year ends, 2007-11

	2007	2008	2009	2010E	2011E
Equity					
Share capital	1,555	1,555	1,555	1,555	1,555
Share premium	7,650	7,650	7,650	7,650	7,650
Other reserves	23,158	28,347	34,274	42,064	52,445
Net worth	32,363	37,552	43,478	51,269	61,649
Secured	73	170	28	28	28
Unsecured	1,163	5,636	9,375	7,250	2,327
Debt	1,236	5,805	9,402	7,278	2,355
Trade creditors	3,059	5,335	4,559	5,296	6,180
Taxation	2,211	2,158	1,950	3,895	5,906
Dividends (incl tax)	1,819	1,819	1,819	2,273	2,273
Other creditors	2,324	3,166	5,719	3,000	3,000
Current liabilities	9,413	12,477	14,046	14,465	17,359
Minority Interests					
Deferred tax liabilities	1,127	1,492	1,642	1,992	2,392
Total sources of funds	44,137	57,326	68,568	75,002	83,755
Assets					
Inventories	9,786	11,205	13,983	16,039	18,750
Sundry debtors	10,288	14,065	18,529	21,195	24,777
Other debtors	6,958	11,379	11,133	10,576	12,587
Cash and cash equivalents	1,315	797	534	800	800
Current assets	28,347	37,446	44,179	48,611	56,913
Gross block	17,997	22,018	26,933	34,433	37,433
Less: Accumulated depreciation	4,116	5,404	7,008	9,041	11,591
Net fixed assets	13,881	16,614	19,925	25,392	25,842
Intangible assets					
Capital -WIP	732	2,331	3,663	1,000	1,000
Investments	1,178	935	801	0	0
Total uses of funds	44,137	57,326	68,568	75,002	83,755
Leverage and return ratios					
Debt/Equity	0.0	0.2	0.2	0.1	0.0
Debt/Capitalisation	0.0	0.1	0.2	0.1	0.0
Net debt/Equity	(0.0)	0.1	0.2	0.1	0.0
Net debt/Capitalisation	(0.0)	0.1	0.2	0.1	0.0
Net debt/EBITDA	(0.0)	0.8	0.9	0.5	0.1
ROAvg. Equity (%)	25.6	20.1	19.0	21.2	22.4
ROAvg. Capital Empl (%)	20.1	13.3	16.5	18.9	20.0

Source: Kotak Institutional Equities, Company

AUGUST 10, 2009

UPDATE

BSE-30: 15,160

Rain strain. KIE's economics research has alerted us to a potential 20-25% deficiency in rainfall. We believe such a shortfall in rainfall could be negative for auto earnings. M&M has direct exposure to agricultural demand with tractors accounting for 35% of volumes and almost 50% of its UV sales coming from rural and semi-urban areas. Rural demand accounts for 40% of Hero Honda sales and 12% of Maruti sales.

Weak monsoon now a reality; our 5% tractor industry growth estimate at risk

Our economist, Dr. Mridul Sagar, expects 20-25% rainfall deficiency across the full monsoon season, which could impact India's GDP growth by 1.7 ppt. Among auto companies, M&M could see the biggest impact from lower demand for tractors. Reduced rural income could also lead to demand declining for the company's UVs. Close to 50% of UV sales come from rural areas. We have modeled 22% volume growth for UVs and a 5% growth in tractors (adjusted for PTL), which could be at risk. The company's new product Xylo, which drives our volume growth estimate, is primarily sold in urban areas. We see a bigger risk to our tractor volume estimates and give a historical perspective and sensitivities below.

Forty percent of Hero Honda's sales come from rural demand and this could get impacted by lower rural household income. We have modeled 15% volume growth for FY2010E, which could prove aggressive. Maruti, with 12% of its sales coming from rural areas, appears to be at a lesser risk. However, demand from smaller cities has been a big driver of Maruti's sales growth. The company has indicated that sales from the top 40 cities declined by about 5% in FY2009, while the smaller cities have grown in the 20% range. Maruti's rural sales accounted for 12% of total sales in 1QFY10, up from 9% for FY2009 and 3.5% in FY2008.

FY2003—The last time the rains played truant: Tractors impacted the most

The current situation could be worse than 2002 (FY2003), when rainfall deficiency was 19X%. In FY2003, M&M's tractor volumes declined 19% yoy from an already depressed base. An economic slowdown had already resulted in a 27% yoy decline in FY2002. Another key point was the rapid and immediate rate of decline seen in FY2003 (Exhibit 1). UV sales remained strong and showed a 23% growth. Tractors, however, had a larger share of total volumes at close to 50% in FY2002. The weakness in tractors appeared to extend beyond FY2003, with insipid 5% growth in FY2004. Hero Honda's sales didn't see any impact from a weak monsoon in 2002 (Exhibit 2). Volumes grew 18% in FY2003. However, rural sales may have been a much smaller part of the company's product mix back then.

A 10% reduction in our volume estimates would reduce our FY2010E EPS estimates by up to 10%

Our FY2010E EPS estimate for M&M would go down to Rs47 from Rs51 if we reduce our tractor volumes by 10%. A 10% reduction in our UV volume estimate has a higher Rs7 per share negative impact on earnings, given the higher realization. A combined negative impact could lower our valuations by up to Rs150. We are maintaining our earnings estimates and targets for now. For Hero Honda and Maruti, a 10% reduction in our volume estimate would result in a 10% decline in our EPS estimate.

QUICK NUMBERS

Rural demand

- M&M: 60%
- Hero Honda: 40%
- Maruti: 12%

Earnings impact

- 1% decline in volumes = 1% decline in EPS

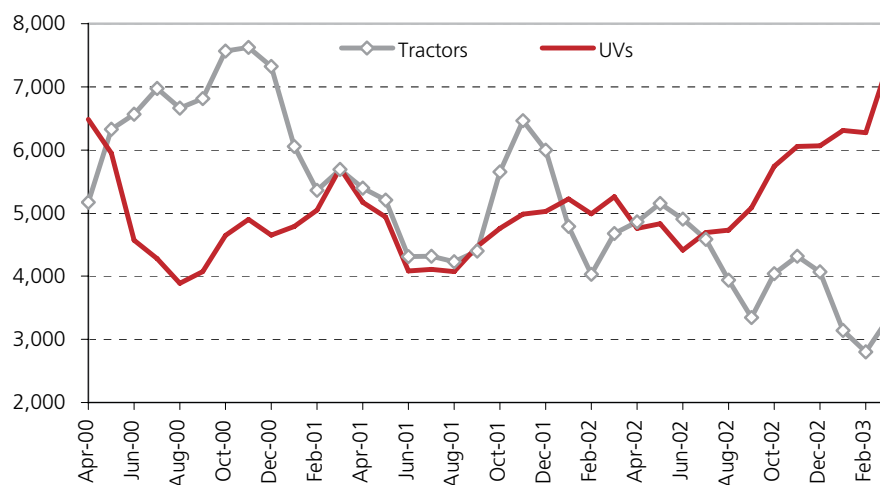
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FY2003 tractor sales were ugly, UVs were more resilient

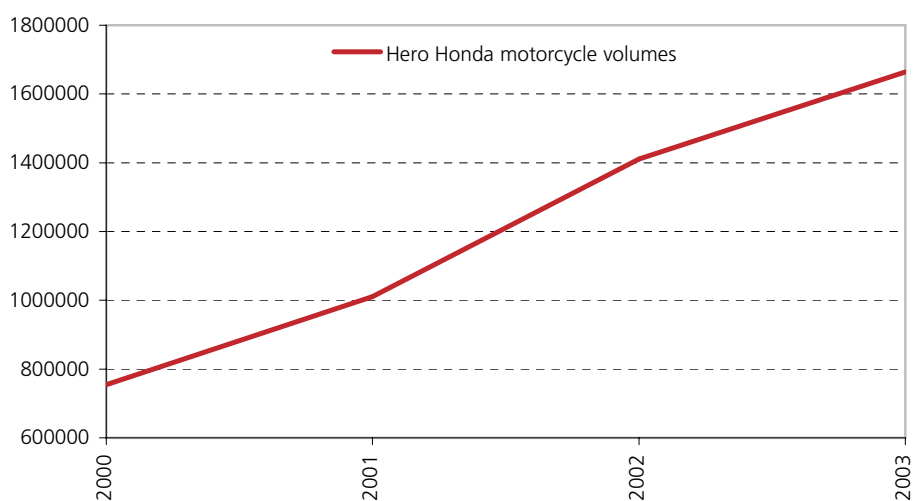
Tractor and UV sales, trailing 3 month basis (units, FY2001-2003)



Source: Company, Kotak Institutional Equities estimates

Hero Honda's volumes didn't skip a beat in FY2003

Hero Honda motorcycle annual volumes (units, FY2000-FY2003)



Source: Company, Kotak Institutional Equities estimates

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

Company	9-Aug-09		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT- 3mo (US\$ mn)
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E			
Energy																													
Bharat Petroleum	522	SELL	171,156	3,577	328	20.4	38.2	41.8	(50.7)	87.6	9.5	25.7	13.7	12.5	5.6	5.6	5.2	1.3	1.2	1.1	1.5	3.2	3.5	5.2	9.1	9.4	475	(9.0)	11.5
Cairn India	239	REDUCE	453,398	9,475	1,897	4.3	8.8	30.8	(3,703)	105	249.9	56	27	7.8	39.2	13.6	5.4	1.4	1.3	1.2	—	—	8.4	2.5	4.9	16.2	225	(5.9)	34.4
Castrol India (a)	457	BUY	56,522	1,181	124	21.3	31.1	32.0	20.8	45.9	3.0	21.5	14.7	14.3	12.2	8.7	8.4	12.6	11.1	10.0	3.3	4.8	5.0	61.2	80.2	73.5	480	5.0	1.1
GAIL (India)	319	ADD	404,517	8,454	1,268	22.1	20.6	22.1	8.4	(6.8)	7.2	14.4	15.5	14.4	7.6	8.7	8.9	2.5	2.2	2.0	1.5	1.7	1.7	17.6	14.4	13.9	330	3.5	17.8
GSPL	66	REDUCE	37,397	782	563	2.2	3.5	6.7	21.7	58.3	92.7	30.3	19.1	9.9	10.8	6.4	4.1	2.8	2.5	2.6	1.1	1.8	10.1	9.6	13.9	25.7	65	(2.2)	7.8
Hindustan Petroleum	369	REDUCE	125,213	2,617	339	17.0	41.4	38.6	(49.3)	144.0	(6.8)	21.8	8.9	9.6	6.5	5.2	NA	1.0	0.9	NA	1.4	4.3	4.0	4.4	10.1	8.8	375	1.5	14.5
Indian Oil Corporation	555	REDUCE	653,933	13,666	1,179	18.9	63.8	43.5	(69.1)	236.9	(31.8)	29.3	8.7	12.7	10.5	4.8	5.4	1.4	1.2	1.2	1.4	3.3	2.3	4.6	14.6	9.1	550	(0.8)	9.8
Oil & Natural Gas Corporation	1,139	BUY	2,436,406	50,918	2,139	91.4	95.8	114.6	(1.5)	4.9	19.6	12.5	11.9	9.9	4.5	4.2	3.6	2.2	2.0	1.8	2.8	3.2	3.7	17.3	16.2	17.5	1,200	5.3	61.9
Petronet LNG	67	REDUCE	49,950	1,044	750	6.9	7.2	8.6	—	3.6	19.6	9.6	9.3	7.8	7.0	6.3	5.4	2.2	1.8	1.5	2.6	3.0	3.4	23.9	20.6	20.6	64	(3.9)	8.2
Reliance Industries	1,998	SELL	2,742,911	57,323	1,373	103.4	103.1	148.2	(1.5)	(0.2)	43.6	19.3	19.4	13.5	11.4	8.1	5.9	2.3	2.1	1.9	0.7	0.8	1.0	15.1	13.0	16.6	1,600	(19.9)	236.1
Reliance Petroleum	124	NR	558,225	11,666	4,500	—	3.1	10.0	n/a	n/a	n/a	n/a	n/a	12.4	n/a	n/a	9.4	4.1	4.0	3.2	—	1.6	1.6	0.6	10.1	29.0	—	—	24.1
Energy		Cautious	7,689,629	160,703					(10.6)	27.0	30.4	18.0	14.2	10.9	8.4	6.4	5.2	2.1	1.9	1.7	1.4	2.0	2.7	11.5	13.3	15.6			
Industrials																													
ABB	668	REDUCE	141,449	2,956	212	25.8	23.3	30.0	11.3	(9.8)	28.6	25.8	28.6	22.3	15.3	16.1	12.2	6.7	5.6	4.6	0.3	0.4	0.5	29.2	21.3	22.7	660	(1.1)	9.1
BGR Energy Systems	366	ADD	26,348	551	72	15.6	25.9	30.9	29.0	65.4	19.2	23.4	14.1	11.9	13.0	8.7	7.2	4.6	3.7	2.9	0.7	1.2	1.4	21.6	28.8	27.4	400	9.3	1.6
Bharat Electronics	1,422	REDUCE	113,764	2,378	80	101.9	113.7	121.2	(0.0)	11.5	6.6	14.0	12.5	11.7	6.1	5.4	4.8	2.9	2.5	2.1	1.8	1.8	1.8	22.4	21.3	19.5	1,450	2.0	2.9
Bharat Heavy Electricals	2,183	REDUCE	1,068,720	22,335	490	64.1	93.1	106.8	9.8	45.1	14.8	34.0	23.5	20.4	18.6	13.1	11.2	8.2	6.5	5.3	0.8	0.9	1.0	26.4	31.0	28.5	2,100	(3.8)	57.8
Crompton Greaves	273	ADD	100,008	2,090	367	15.3	17.7	20.3	37.3	15.3	15.0	17.8	15.4	13.4	9.5	8.2	6.9	5.5	4.2	3.3	0.7	0.8	0.9	35.9	30.8	27.6	315	15.5	5.6
Larsen & Toubro	1,466	ADD	864,736	18,072	590	50.1	60.7	75.4	32.1	21.1	24.3	29.3	24.2	19.4	18.7	14.4	12.0	5.7	4.3	3.6	0.7	0.8	0.8	21.7	20.4	20.3	1,525	4.0	108.9
Maharashtra Seamless	272	BUY	19,195	401	71	35.9	33.0	35.3	22.2	(7.9)	6.9	7.6	8.2	7.7	4.4	4.5	3.9	1.4	1.2	1.1	2.0	1.8	2.3	20.3	16.0	15.0	285	4.7	1.4
Siemens	453	ADD	152,868	3,195	337	14.2	22.8	22.7	(22.2)	61.0	(0.5)	32.0	19.9	20.0	15.1	11.2	11.3	6.8	5.6	4.6	0.7	1.6	1.0	23.3	30.8	25.2	515	13.6	7.8
Suzlon Energy	87	ADD	145,894	3,049	1,678	7.4	3.9	6.1	12.8	(47.2)	54.7	11.7	22.2	14.4	10.2	11.5	9.6	1.5	1.2	1.1	-	-	0.2	12.5	6.2	8.3	110	26.5	162.1
Industrials		Neutral	2,632,983	55,026					14.3	20.3	18.9	26.3	21.9	18.4	15.3	12.4	10.6	5.3	4.2	3.5	0.7	0.9	0.9	20.1	19.2	19.1			
Infrastructure																													
GVK Power & Infrastructure	44	BUY	69,248	1,447	1,579	0.8	0.7	1.0	(20.6)	(13.6)	54.9	57.5	66.5	43.0	52.2	17.3	16.0	3.0	2.2	2.1	—	—	0.7	4.8	3.8	5.0	50	14.0	22.0
IRB Infrastructure	176	BUY	58,546	1,224	332	5.3	10.7	13.6	54.3	101.7	27.5	33.3	16.5	12.9	17.9	9.3	8.6	3.2	2.6	2.1	0.7	—	—	10.1	17.4	18.1	200	13.5	10.9
Infrastructure		Attractive	127,794	2,671					13.7	62.1	33.8	45.1	27.9	20.8	28.5	12.5	11.5	3.1	2.4	2.1	0.3	—	0.4	6.8	8.5	10.2			
Media																													
DishTV	45	REDUCE	42,634	891	946	(8.8)	(3.2)	(1.3)	n/a	(63.4)	(60.8)	(5.1)	(14.0)	(35.8)	(30.6)	66.0	15.3	(6.9)	(8.4)	(20.1)	—	—	—	84.4	54.0	NA	35	(22.3)	15.7
HT Media	111	ADD	25,990	543	234	0.9	4.8	6.6	(78.8)	422.4	37.4	121.1	23.2	16.9	27.6	11.3	9.2	3.1	2.9	2.6	0.4	0.7	2.3	2.5	12.8	16.3	125	12.7	0.6
Jagran Prakashan	86	ADD	25,825	540	301	3.0	4.8	5.8	(6.6)	58.0	20.0	28.2	17.8	14.9	16.0	10.3	8.5	4.6	4.3	3.9	2.3	3.4	3.7	16.7	24.9	27.4	105	22.4	1.1
Sun TV Network	266	REDUCE	104,884	2,192	394	9.1	11.3	13.3	9.3	24.4	18.4	29.4	23.6	20.0	15.4	13.1	11.0	6.0	5.3	4.7	0.9	1.5	2.3	22.5	24.0	24.9	235	(11.7)	2.6
Zee Entertainment Enterprises	189	REDUCE	81,966	1,713	434	8.3	10.0	12.0	(6.5)	20.6	19.5	22.8	18.9	15.8	16.2	13.6	10.9	2.5	2.3	2.1	1.2	1.4	1.7	11.9	13.0	14.4	160	(15.4)	8.3
Zee News	42	ADD	9,986	209	240	1.9	2.2	2.7	21.3	14.7	23.4	22.2	19.4	15.7	11.5	9.4	7.9	4.0	3.4	2.9	1.0	1.0	1.4	20.1	19.6	20.7	45	8.0	1.6
Media		Neutral	291,285	6,087					(22.3)	112.2	49.0	70.0	33.0	22.1	21.9	14.4	10.8	4.8	4.2	3.7	1.0	1.3	1.9	6.8	12.9	16.7			
Metals																													
Hindalco Industries	101	BUY	177,627	3,712	1,753	2.8	3.5	11.1	(77.9)	25.5	218.4	36.6	29.2	9.2	11.6	8.5	6.7	0.5	0.5	0.4	—	—	—	10.3	5.2	6.5	135	33.2	29.0
National Aluminium Co.	316	SELL	203,634	4,256	644	19.7	13.7	20.4	(22.0)	(30.6)	48.8	16.0	23.1	15.5	8.1	8.6	5.8	1.9	1.8	1.6	1.1	0.6	0.6	12.7	8.1	11.1	290	(8.2)	4.0
Jindal Steel and Power	2,722	SELL	419,152	8,760	154	198.0	247.1	236.4	139.3	24.8	(4.3)	13.8	11.0	11.5	9.1	7.3	6.9	5.6	3.7	2.8	—	0.2	0.2	51.9	40.3	27.6	2,150	(21.0)	51.9
JSW Steel	698	SELL	130,625	2,730	187	13.1	36.8	65.9	(84.7)	180.1	79.1	53.1	19.0	10.6	9.9	9.3	7.0	1.4	1.2	1.1	0.1	0.4	0.7	11.7	5.1	10.7	440	(37.0)	57.8
Hindustan Zinc	741	BUY	313,012	6,542	423	64.6	57.3	74.1	(38.0)	(11.2)	29.3	11.5	12.9	10.0	7.5	7.6	5.0	2.1	1.8	1.5	0.5	0.7	0.7	20.1	15.1	16.7	825	11.4	6.2
Sesa Goa	240	BUY	188,977	3,949	787	25.1	25.5	34.2	32.6	1.3	34.3	9.6	9.4	7.0	6.3	5.8	3.7	4.2	3.0	2.2	1.5	1.5	1.5	53.3	36.9	35.9	240	(0.0)	52.5
Sterlite Industries	630	REDUCE	529,343	11,063	840	49.2	29.8	38.0	(23.6)	(39.3)	27.2	12.8	21.1	16.6	9.1	8.9	6.6	2.0	1.5	1.3	—	—	—	14.3	8.1	8.4	550	(12.7)	66.3
Tata Steel	457	BUY	405,098	8,466	887	110.0	41.2	78.8	45.3	(62.6)	91.6	4.1	11.1	5.8	5.0	7.6	5.7	1.0	1.0	0.8	3.2	3.5	3.5	36.3	15.5	25.7	465	1.9	148.8
Metals		Cautious	2,367,469	49,477					(0.8)	(29.0)	47.3	10.2	14.4	9.8	7.3	7.9	6.0	1.6	1.4	1.2	0.9	0.9	0.9	15.5	9.4	12.3			
Pharmaceutical																													
Biocon	229	BUY	45,850	958	200	4.7	14.4	18.6	(79.9)	206.8	29.3	48.9	15.9	12.3	19.7	9.2	7.3	3.0	2.6	2.2	0.0	0.0	0.1	6.2	17.8	20.0	270	17.8	6.3
Cipla	274	REDUCE	212,667	4,444	777	9.9	12.8	14.9	9.5	29.5	216.67	27.7	21.4	18.3	19.8	14.8	12.8	5.0	4.2	3.6	0.9	1.1	1.3	19.1	21.4	21.3	285	4.2	10.0
Dishman Pharma & chemicals	208	BUY	16,933	354	81	18.0	21.2	27.3	22.1	17.9	28.7	11.6	9.8	7.6	9.3	7.4	5.8	2.4	2.0	1.6	0.0	0.0	0.0	22.8	21.9	22.9	280	34.5	0.8
Divi's Laboratories	475	BUY	30,661	641	65	31.9	36.8	43.3	19.9	15.2	17.7	14.9	12.9	11.0	5.8	4.4	3.3	5.2	3.9	3.0	0.1	0.1	0.1	40.4	34.4	31.1	565	18.9	3.7
Dr Reddy's Laboratories	788	BUY	133,408	2,788	166	32.4	49.3	52.5	24.3	52.2	6.4	24.3	16.0	15.0	10.5	8.4	7.5	3.8	3.1	2.7	0.8	0.9	1.0	13.6	21.4	19.2	860	9.2	8.1
Glenmark Pharmaceuticals	253	BUY	67,208	1,405	269	11.1	11.6	15.7	(57.0)	4.2	35.1	22.																	

Kotak Institutional Equities: Valuation summary of key Indian companies

	9-Aug-09		Mkt cap.		O/S	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)	shares (mn)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	(Rs)	(%)	(US\$ mn)
Retail	1,145	REDUCE	50,804	1,062	44	44.3	49.4	58.5	26.4	11.6	18.4	25.8	23.1	19.6	15.6	14.3	11.9	8.8	6.8	5.3	0.9	0.9	1.0	37.5	33.1	30.5	1,040	(9.1)	1.9
		Neutral	50,804	1,062					26.4	11.6	18.4	25.8	23.1	19.6	15.6	14.3	11.9	8.8	6.8	5.3	0.9	0.9	1.0	34.1	29.3	27.3			
Technology																													
HCL Technologies	244	REDUCE	169,823	3,549	695	16.2	13.1	17.0	6.0	(19.0)	29.5	15.1	18.6	14.4	8.4	8.2	7.9	2.7	2.6	2.4	4.9	4.9	4.9	18.6	14.4	17.7	135	(44.8)	6.4
Infosys Technologies	2,040	BUY	1,170,759	24,467	574	102.4	102.5	112.8	29.6	0.1	10.1	19.9	19.9	18.1	14.7	14.1	11.9	6.4	5.2	4.4	1.2	1.2	1.6	36.7	28.9	26.3	1,900	(6.8)	68.3
Mphasis BFL	478	REDUCE	99,596	2,081	208	14.2	38.9	33.5	15.7	174.5	(13.9)	33.7	12.3	14.3	25.6	8.8	8.3	6.9	4.7	3.7	0.8	0.9	1.0	22.8	45.4	28.8	335	(29.9)	6.0
Mindtree	428	BUY	17,610	368	41	13.2	37.0	43.9	(50.5)	179.5	18.5	32.3	11.6	9.8	5.6	8.0	6.1	3.2	2.5	2.0	0.4	—	1.0	5.5	24.0	22.5	500	16.8	3.4
Patni Computer Systems	357	REDUCE	45,869	959	129	26.8	33.8	36.7	(19.3)	26.1	8.6	13.3	10.6	9.7	6.3	4.6	4.4	1.8	1.5	1.3	0.5	1.9	2.1	16.2	14.8	14.6	320	(10.3)	4.5
Polaris Software Lab	123	SELL	12,100	253	99	13.1	13.8	12.9	76.0	5.4	(6.4)	9.4	8.9	9.5	3.7	4.5	4.7	1.6	1.4	1.2	2.2	1.6	1.6	18.1	16.4	13.6	80	(34.7)	4.0
TCS	509	ADD	996,411	20,824	1,957	26.4	30.5	33.8	3.1	15.2	10.8	19.3	16.7	15.1	13.4	11.8	10.4	6.4	5.1	4.3	1.4	1.8	2.7	36.9	33.9	31.1	510	0.2	36.8
Wipro	499	ADD	728,953	15,234	1,462	25.7	27.5	32.0	15.8	6.6	16.6	19.4	18.2	15.6	14.2	12.7	10.5	4.9	4.0	3.3	0.8	1.5	1.9	26.9	24.0	23.3	520	4.3	16.3
Technology		Neutral	3,251,019	67,942					14.7	9.4	11.3	19.2	17.6	15.8	13.3	11.9	10.3	5.3	4.4	3.7	1.3	1.7	2.1	27.7	24.8	23.6			
Telecom																													
Bharti Airtel	384	ADD	1,457,668	30,463	3,797	22.3	26.9	30.6	26.4	20.5	13.8	17.2	14.3	12.5	10.1	8.5	7.3	4.6	3.5	2.7	0.5	0.8	1.0	31.4	28.0	24.6	425	10.7	88.6
IDEA	73	REDUCE	226,581	4,735	3,104	2.9	3.4	3.6	(26.5)	15.8	7.3	25.2	21.7	20.2	9.4	7.8	7.0	1.6	1.5	1.4	—	—	—	10.4	7.4	8.0	65	(11.0)	22.2
MTNL	96	SELL	60,606	1,267	630	3.1	(4.8)	(3.9)	(57.1)	(256.5)	(18.1)	31.4	(20.0)	(24.5)	12.8	(16.1)	(55.3)	0.5	0.5	0.5	6.2	—	—	1.1	(2.6)	(2.2)	50	(48.0)	5.1
Reliance Communications	255	SELL	525,912	10,991	2,064	27.7	21.2	23.0	4.7	(23.3)	8.3	9.2	12.0	11.1	8.1	7.9	6.3	1.3	1.2	1.1	0.3	—	—	17.0	10.6	10.3	240	(5.8)	80.0
Tata Communications	486	REDUCE	138,496	2,894	285	13.6	14.0	15.2	24.0	3.2	8.2	35.8	34.7	32.1	15.2	13.8	12.8	2.0	1.9	1.9	1.0	1.3	1.5	5.4	5.2	5.5	400	(17.7)	8.7
Telecom		Cautious	2,409,264	50,350					11.1	1.1	12.8	15.0	14.9	13.2	9.5	8.6	7.2	2.3	2.0	1.8	0.6	0.5	0.7	15.4	13.5	13.3			
Transportation																													
Container Corporation	1,109	ADD	144,089	3,011	130	64.4	67.8	80.3	11.6	5.3	18.5	17.2	16.3	13.8	12.5	11.3	9.4	3.8	3.2	2.8	1.3	1.4	1.6	24.0	21.4	21.7	1,125	1.5	1.2
Transportation		Cautious	144,089	3,011					11.6	5.3	18.5	17.2	16.3	13.8	12.5	11.3	9.4	3.8	3.2	2.8	1.3	1.4	1.6	22.1	19.9	20.1			
Utilities																													
CESC	305	ADD	38,080	796	125	32.3	37.9	42.0	16.2	17.4	11.0	9.4	8.0	7.2	5.2	5.4	5.7	1.0	0.9	0.8	1.3	1.6	1.7	11.7	11.9	11.6	345	13.2	3.2
Lanco Infratech	406	ADD	90,232	1,886	222	14.5	20.8	36.6	(2.5)	43.8	76.2	28.1	19.5	11.1	24.0	16.2	7.9	4.2	3.2	2.5	—	—	—	16.1	18.7	25.2	440	8.4	30.4
NTPC	212	SELL	1,751,337	36,601	8,245	9.5	10.8	12.2	1.6	14.1	12.6	22.4	19.6	17.4	17.7	14.5	13.7	3.0	2.7	2.5	1.7	1.9	2.2	13.8	14.5	15.0	180	(15.3)	40.4
Reliance Infrastructure	1,147	BUY	259,693	5,427	226	62.7	63.7	68.6	66.7	1.6	7.8	18.3	18.0	16.7	22.9	21.0	16.7	1.5	1.4	1.3	0.6	0.7	0.8	4.9	6.1	7.8	1,250	9.0	113.3
Reliance Power	161	REDUCE	386,237	8,072	2,397	1.0	2.5	3.1	—	141.5	24.4	158.0	65.4	52.6	—	—	—	2.8	2.7	2.6	—	—	—	1.8	4.2	5.0	160	(0.7)	37.0
Tata Power	1,294	ADD	307,169	6,419	237	47.7	74.6	84.1	49.7	56.5	12.7	27.1	17.3	15.4	11.9	11.7	11.2	3.1	2.3	2.1	0.8	0.9	1.1	11.4	15.4	14.3	1,250	(3.4)	15.6
Utilities		Attractive	2,832,747	59,201					12.3	21.2	14.7	25.1	20.7	18.1	18.6	16.7	14.9	2.7	2.4	2.2	1.2	1.4	1.5	10.7	11.7	12.3			
Others																													
Aban Offshore	1,068	SELL	40,471	846	38	95.7	152.5	207.1	32	59.4	35.7	11.2	7.0	5.2	11.6	9.3	8.3	2.3	1.7	1.3	0.3	0.3	0.3	26.5	29.9	29.1	400	(62.6)	97.9
Havells India	282	REDUCE	17,078	357	61	4.9	12.3	19.1	(82)	NA	56.2	NA	23.0	14.7	9.9	8.1	7.0	2.7	3.1	2.6	0.9	0.9	0.9	4.5	12.4	19.3	175	(38.0)	2.3
Jaiprakash Associates	218	REDUCE	306,375	6,403	1,403	3.0	6.7	11.4	(39)	123.8	70.2	72.7	32.5	19.1	24.1	14.6	13.1	5.5	4.6	3.8	—	—	—	8.0	15.5	21.9	220	0.8	104.1
Jindal Saw	503	ADD	28,935	605	58	74.3	61.5	61.1	20	(17.2)	(0.7)	6.8	8.2	8.2	4.7	5.0	4.4	0.8	0.8	0.7	0.9	0.8	0.8	11.6	8.9	8.6	430	(14.4)	4.5
PSL	126	BUY	5,502	115	44	22.2	37.6	30.1	5	69.2	(19.8)	5.7	3.4	4.2	6.3	6.5	5.2	0.6	0.6	0.6	6.9	6.9	6.9	11.9	13.4	11.3	160	26.7	1.2
Sintex	207	BUY	28,268	591	136	23.8	25.2	27.6	22	5.6	9.6	8.7	8.2	7.5	6.3	5.7	4.7	1.4	1.2	1.1	0.5	0.6	0.6	16.6	15.0	14.2	275	32.8	4.7
Tata Chemicals	258	ADD	62,731	1,311	243	26.6	17.8	26.8	(33)	(33.0)	50.4	9.7	14.4	9.6	6.3	6.5	5.2	1.3	1.3	1.2	3.4	3.4	3.4	17.9	11.0	14.7	260	0.9	6.2
Welspun Gujarat Stahl Rohren	212	REDUCE	39,954	835	189	17.3	24.0	17.8	(16)	38.7	(25.8)	12.2	8.8	11.9	7.0	5.1	5.9	2.2	1.7	1.5	1.0	0.7	0.8	17.8	21.7	13.4	145	(31.5)	26.6
United Phosphorus	163	BUY	75,306	1,574	462	10.7	13.9	18.0	28	29.7	29.6	15.2	11.7	9.1	10.1	7.3	5.8	2.5	2.1	1.8	0.7	0.9	1.2	18.1	19.1	20.8	160	(1.8)	6.4
Others			604,621	12,636					(8.1)	28.1	30.2	19.4	15.1	11.6	11.2	9.1	8.3	2.5	2.2	1.9	0.7	0.7	0.7	13.2	14.7	16.3			
KS universe (b)			34,381,455	718,526					1.3	8.6	20.5	17	15.8	13.1	11.1	9.5	8.1	2.6	2.3	2.0	1.3	1.5	1.8	15.1	14.3	15.3			
KS universe (b) ex-Energy			26,691,827	557,823					5.1	3.7	17.3	16.9	16.3	13.9	12.5	11.2	9.6	2.8	2.4	2.1	1.2	1.3	1.5	16.5	14.7	15.2			
KS universe (d) ex-Energy & ex-Commodities			23,555,994	492,288					7.0	9.1	15.2	18.4	16.8	14.6	14.6	12.5	10.8	3.0	2.6	2.3	1.2	1.4	1.6	16.5	15.5	15.7			

Note:

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

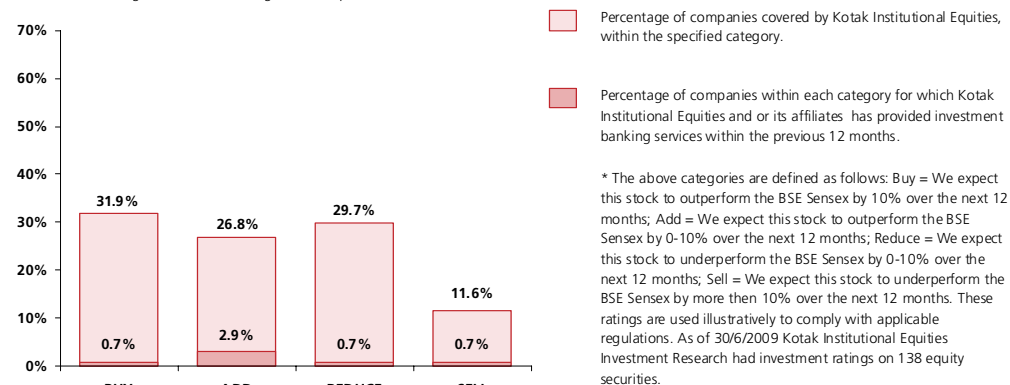
(2) 2009 means calendar year 2008, similarly for 2010 and 2011 for these particular companies.

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

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As of June 30, 2009

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SELL. We expect this stock to underperform the BSE Sensex by more than 10% over the next 12 months.

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