

INDIA DAILY

June 24, 2009

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Change in Recommendations

Sterlite Industries: Raise target price but downgrade on valuations

Update

IRB Infrastructure Developers: Rajasthan project win marks a hat-trick

News Round-up

- Four investors—Anam Transport Pvt. Ltd, Sanjivani Horticulture Pvt. Ltd, Arsh Advisors and Owners Ltd and Asian Sirius Energy Ltd—will own a 40.28% stake for Rs90.6 crore in the Mumbai-based wine maker Indage Vintners Ltd, or IVL, if they decide to convert their 10.3 million preferential warrants into equity shares at Rs88 a share. (Mint)
- State-owned utility National Thermal Power Corporation (NTPC) and the largest coal producer Coal India are in advanced stages of acquiring mining assets in Mozambique, Indonesia and Australia, as the new government firms up plans to meet the growing energy demand. (ET)
- In the month of May, India Inc raised US\$494 mn via ECBs vis-a-vis US\$299 mn in the previous month. Under the approval route, BOC India Ltd raised \$79 million for seven years for import of capital goods and Suzlon Energy Ltd raised US\$61 mn for around three years for buyback of FCCBs. (BL)
- The Department of Industrial Policy and Promotion, or DIPP, has given clearances
 for three proposals submitted to the Foreign Investment Promotion Board: By
 Bharti Telemedia, which offers direct-to-home television services, Tata
 Teleservices, in which Japan's DoCoMo has picked up 27.3 per cent equity, and
 SKR BPO Services, which has made downstream investments in Sparsh BPO.
 (BS)
- Bharati Shipyard's bid to wrest control of Great Offshore Ltd took a new turn
 on Tuesday with ABG Shipyard, a rival company, making a counter offer to the
 shareholders of the Mumbai-based offshore service company and Bharati
 immediately upping its offer price. (BL)

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

EQUITY MARKETS

Change %								
India	23-Jun	1-day	1-mo	3-mo				
Sensex	14,324	(0.0)	3.1	52.0				
Nifty	4,247	0.3	0.2	44.5				
Global/Regional indices								
Dow Jones	8,323	(0.2)	0.6	7.0				
Nasdaq Composite	1,765	(0.1)	4.3	13.4				
FTSE	4,230	(0.1)	(3.1)	7.0				
Nikkie	9,573	0.2	3.8	12.8				
Hang Seng	17,538	(2.9)	2.8	26.1				
KOSPI	1,363	0.1	(2.9)	11.5				
Value traded - Indi	ia							
Cash (NSE+BSE)	243.9		302.4	242.0				
Derivatives (NSE)	850.7		681.5	633				
Deri. open interest	928.4		972	766				

Forex/money marke	t								
	Change, basis points								
	23-Jun	1-day	1-mo	3-mo					
Rs/US\$	48.5	(9)	125	(194)					
10yr govt bond, %	7.0	5	53	36					
Net investment (US\$mn)									

	22-Jun	MTD	CYTD
FIIs	(41)	 (2,622)	(1,054)
MFs	25	664	(178)

Top movers -3mo basis									
	C	Change, %							
Best performers	23-Jun	1-day	1-mo	3-mo					
MTNL IN Equity	97	1.7	4.0	42.7					
BJAUT IN Equity	939	(1.7)	(0.2)	59.5					
HPCL IN Equity	308	0.9	(4.1)	22.0					
GMRI IN Equity	139	(0.8)	(17.8)	54.1					
INFO IN Equity	1,747	(1.1)	14.8	32.3					
Worst performers				•					
NACL IN Equity	314	(6.4)	(12.2)	35.5					
DIVI IN Equity	1,070	1.0	(7.7)	17.5					
HDFCB IN Equity	1,485	(3.7)	8.4	57.7					
WPRO IN Equity	377	(0.5)	2.2	55.1					
ABB IN Equity	722	(2.0)	14.4	92.1					



Sterlite Industries (STLT)

Metals

Raise target price but downgrade on valuations. We have rolled over our target price to FY2011E and revised our target price to Rs540 (Rs490 earlier). Also, we have downgraded our rating on the stock to REDUCE from ADD. Stronger Rupee assumptions have led us to lower our estimates for FY2010 and FY2011 to Rs33.2 and Rs41.8, respectively, from Rs41 and Rs50.5 earlier. We have raised our average copper price assumptions to US\$5,000/ton from US\$3,600/ton.

Company data and valuation summary							
Sterlite Industries							
Stock data							
52-week range (Rs) (hig	h,low)		743-165				
Market Cap. (Rs bn)			408.7				
Shareholding pattern (%	6)						
Promoters			61.2				
FIIs			19.3				
MFs			3.5				
Price performance (%)	1M	3M	12M				
Absolute	13.6	76.7	(17.6)				
Rel. to BSE-30	10.1	16.3	(17.8)				

2009	2010E	2011E
49.2	33.2	41.8
(23.6)	(32.5)	26.1
11.7	17.4	13.8
214.5	203.8	223.1
34.8	23.5	29.6
50.1	42.1	54.3
6.7	7.9	5.9
14.3	8.7	9.9
0.0	0.0	0.0
	49.2 (23.6) 11.7 214.5 34.8 50.1 6.7 14.3	49.2 33.2 (23.6) (32.5) 11.7 17.4 214.5 203.8 34.8 23.5 50.1 42.1 6.7 7.9 14.3 8.7

Downgrade to REDUCE on valuations

We have rolled over our target price to FY2011E from an average of FY2010 and FY2011 earlier. Following the rollover, we raise our target price from Rs490 to Rs540 which is 6% lower than the CMP. We therefore downgrade the stock from ADD to REDUCE.

Lower earnings by 19% for FY2010 and 17% for FY2011

We have lowered our earnings estimates lower by 19% for FY2010 and by 17% for FY2011 following changes in our Re/US\$ assumptions. We have lowered our FY2010 and FY2011 Re/US\$ assumptions from Rs50.75 and Rs50.5 to Rs48 and Rs47.75 for FY2010 and FY2011, respectively. Since most of Sterlite's commodity prices are denominated in US\$, earnings are highly sensitive to exchange rates.

Raise average copper price assumptions—no impact on earnings

We have raised our copper price forecast for FY2010 and FY2011 from US\$3,600/ton to US\$5,000/ton. However, since the largest part of Sterlite's copper business comprises of smelting, the impact of copper price revision is only on the topline. We maintain our aluminium price forecasts for FY2010 and FY2011 at US\$1,700/ton and US\$1,900/ton respectively. Also, our zinc price forecast for FY2010 and FY2011 at US\$1,400/ton and US\$1,500/ton, respectively, remains unchanged.

Raise power business valuations

We value Sterlite Energy's 2,400 MW power plant currently under construction at Rs66/share (2X P/B). Sterlite Energy is implementing the project in Orissa and will supply 25% power (600 MW) to the state grid and likely earn regulated returns. Vedanta Aluminium will consume another 1,200 MW and the sale of balance 600 MW still to be tied up. We assume Sterlite Energy will be able to realize regulated returns from the power sale to Vedanta Aluminium, while the likely sale of 600 MW in the merchant market will yield attractive returns.

REDUCE

JUNE 24, 2009

CHANGE IN RECO.

Coverage view: Cautious

Price (Rs): 577

Target price (Rs): 540

BSE-30: 14,324

QUICK NUMBERS

- Lower net earnings by 19% for FY2010E
- Raise copper price assumptions to US\$5,000/ton
- Raise Sterlite Energy valuations to Rs66/share

The project is expected to start commissioning in phases between December 2009 and September 2010. However, we note Sterlite Energy still needs to arrange the complete fuel required for the project. Sterlite Energy has been allocated a coal linkage for 600 MW by Coal India and allocation for the balance is awaited. Production from the allocated coal clock (Rampia and Dip Side of Rampia) will take another 2-3 years to commence. Sterlite Energy's share of coal from the block is sufficient to fuel 1,000 MW of capacity.

SOTP-based target price of Sterlite Industries is Rs540/share

SOTP-based target price of Sterlite, March fiscal year-ends, 2011E basis (Rs mn)

	EBITDA	Multiple	EV	Sterlite's stake	Attributable EV	EV
	(Rs bn)	(X)	(Rs bn)	(%)	(Rs bn)	(Rs/ share)
Aluminium business						
BALCO	8	6.0	50	51.0	25	29
Vedanta Aluminium (VAL)						25
Copper business						
Copper smelting business	10	6.0	58	100.0	58	82
Copper mining						2
Zinc business						
Hindustan Zinc	36	6.0	218	64.9	141	160
Power business						
Sterlite Energy (a)						68
Total enterprise value					225	365
Less: net debt					(124)	(175)
Attibutable market capitalization					349	540
Target price (Rs/share)						540

Notes

(a) We have valued investments in the power business (Sterlite Energy) on DCF-to-equity implying a P/BV of 2X

(b) We have applied 20% holding company discount in case of stakes in Hindustan Zinc, BALCO, Sterlite Energy and CMT

Source: Company, Kotak Institutional Equities estimates

Sterlite Industries, Change in estimates, March fiscal year-ends, 2010E-11E (Rs mn)

	Revised est	imates	Old estimates		% change	
	2010E	2011E	2010E	2011E	2010E	2011E
Net sales	203,779	223,138	183,821	213,138	10.9	4.7
EBITDA	42,133	54,339	46,163	59,471	(8.7)	(8.6)
PAT	23,513	29,643	29,022	35,800	(19.0)	(17.2)
EPS (Rs)	33.2	41.8	41.0	50.5	(19.1)	(17.2)

Source: Kotak Institutional Equities estimates

Metals Sterlite Industries

Sterlite Industries, Key assumptions, March fiscal year-ends, 2007-11E

	2007	2008	2009E	2010E	2011E
Prices (US\$/ton)					
Aluminium	2,548	2,675	2,200	1,700	1,900
Zinc	3,580	2,900	1,550	1,400	1,500
Copper	6,861	6,695	5,800	5,000	5,000
Lead	1,426	2,700	1,500	1,300	1,300

Volumes (tons)					
Aluminium	315,002	358,328	343,000	297,500	346,500
Zinc	349,615	425,532	651,272	696,600	791,100
Copper	133,402	112,411	143,550	151,710	151,710
Lead	50,187	63,566	83,886	114,400	154,400

Source: Kotak Institutional Equities estimates

Our commodity price assumptions are conservative versus long-term averages

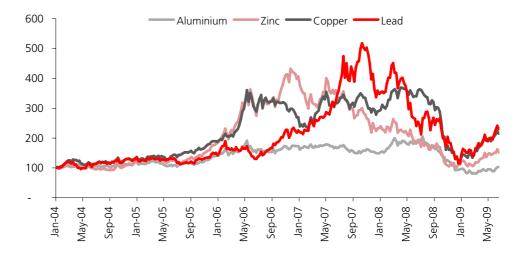
Our price assumptions versus historical average, March fiscal year-ends, 2010-11E (US\$/ton)

		2010E		2011E		
	Our	5-year	10-year	Our	5-year	10-year
Prices	assumption	average	average	assumption	average	average
Aluminium	1,700	2,265	1,871	1,900	2,265	1,871
Zinc	1,400	2,159	1,568	1,500	2,159	1,568
Copper	5,000	5,408	3,606	5,000	5,408	3,606
Lead	1.300	1.558	1.039	1.300	1.558	1.039

Source: Bloomberg, Kotak Institutional Equities estimates

Commodity prices have bounced back from all-time lows

LME metals prices (indexed, Base=Jan 2004)



Source: Bloomberg, Kotak Institutional Equities

Sterlite Industries (consolidated), Profit model, balance sheet and cash flow model, March fiscal year-ends, 2006-2011E (Rs mn)

	2006	2007	2008	2009E	2010E	2011E
Profit model (Rs mn)						
Net sales	131,272	243,868	247,054	214,484	203,779	223,138
EBITDA	36,899	94,589	78,682	50,083	42,133	54,339
Other income	3,343	6,817	15,661	18,501	15,778	17,595
Interest	(2,353)	(3,791)	(3,186)	(3,973)	(4,700)	(4,238)
Depreciaiton	(5,269)	(8,039)	(5,950)	(7,007)	(9,498)	(10,885)
Profit before tax	32,518	88,004	84,679	58,158	43,713	56,811
Taxes	(10,165)	(24,118)	(21,027)	(8,550)	(6,476)	(9,126)
Less: Minority interest	(5,568)	(19,045)	(18,591)	(12,671)	(8,101)	(12,419)
Add: share in associates	(4)	-	-	(1,536)	(5,623)	(5,623)
Net profit	16,781	44,842	45,061	35,400	23,513	29,643
Earnings per share (Rs)	60.1	80.3	63.6	50.0	33.2	41.8
Balance sheet (Rs mn)						
Equity	60,530	99,815	223,024	246,403	269,803	298,854
Deferred tax liability	7,511	99,613	13,537	12,542	13,906	15,778
Total Borrowings	68,822	82,365	106,981		145,382	
Current liabilities	34,113	48,636	50,401	134,212 31,859	31,131	161,083
Total liabilities	170,976	239,990	393,942	425,016	460,222	31,697 507,412
Net fixed assets	85,497	97,176	124,367	132,044	156,995	173,860
Investments	24,952	52.219	162,941	170,758	175,758	200,758
Cash	11,153	11,134	24,536	35,060	43,866	46,602
Other current assets	49,269	79,460	82,099	87,155	83,603	86,193
Miscellaneous expenditure	105	79,400	02,099	67,133	63,003	00,193
Total assets	170,976	239,990	393,942	425,016	460,222	507,412
	.,.	,		-,-		
Cash flow model (Rs mn)						
Operating cash flow excl. working capital	28,131	75,568	61,736	53,538	46,782	58,860
Working capital changes	(8,339)	(18,647)	2,032	4,266	4,325	(1,974)
Capital expenditure	(11,783)	(20,871)	(30,119)	(23,975)	(32,950)	(27,700)
Free cash flow	8,009	36,049	33,648	33,829	18,157	29,186
Ratios						
Debt/equity (X)	1.0	0.8	0.5	0.5	0.5	0.5
Net debt/equity (X)	0.2	(0.2)	(0.6)	(0.5)	(0.5)	(0.6)
RoAE (%)	28.9	50.7	26.1	14.3	8.7	9.9
RoACE (%)	14.7	29.0	17.7	10.5	6.7	7.3
			,			

Source: Company, Kotak Institutional Equities estimates



IRB Infrastructure (IRB)

Infrastructure

Rajasthan project win marks a hat-trick. IRB has emerged as the lowest bidder in three new BOT projects in the states of Goa, Punjab and Rajasthan. We believe IRB will win these projects, which have the potential to boost its construction revenues. Additionally, the likely start of toll collections in the Surat-Dahisar project from mid-July could act as a key catalyst to the stock price. We marginally revise our earnings estimates and retain our BUY rating on the stock with a target price of Rs160/share.

Company data and valu	Company data and valuation summary										
IRB Infrastructure											
Stock data											
52-week range (Rs) (hig	h,low)		175-64								
Market Cap. (Rs bn)			49.3								
Shareholding pattern (%											
Promoters			74.4								
FIIs			9.2								
MFs			4.1								
Price performance (%)	1M	3M	12M								
Absolute	8.9	81.9	(9.5)								
Rel. to BSE-30	5.6	19.7	0.0								

2009	2010E	2011E
5.8	11.3	12.7
69.2	95.7	11.7
25.6	13.1	11.7
9.5	19.7	27.4
1.9	3.8	4.2
4.6	9.5	11.6
14.2	7.7	6.7
11.0	18.1	16.5
0.0	0.0	0.0
	5.8 69.2 25.6 9.5 1.9 4.6 14.2	5.8 11.3 69.2 95.7 25.6 13.1 9.5 19.7 1.9 3.8 4.6 9.5 14.2 7.7 11.0 18.1

Leading contender for three new projects implying Rs35 bn in construction revenues

According to news reports and management communication, IRB has emerged as the lowest bidder and is likely to win three new BOT road projects viz. (a) Panaji to Goa-Karnataka border, (b) Amritsar to Pathankot and (c) Jaipur-Tonk-Deoli project. All the three projects were won at bids not far from the L2 values, which instills confidence in the winning bids levels. We believe that these wins highlight the ability of the company to leverage the experience it has gained in the toll-road segment. These projects are likely to boost the construction revenues of the firm by about Rs35 bn over the next three years.

Bharuch-Surat likely to start toll collections soon—likely catalyst for stock price

IRB management highlighted that the Bharuch-Surat project should start toll collections by mid-July 2009. We believe the start of toll collections in this project could be a key catalyst for the stock price of the company. We estimate a per-day toll collection for FY2010E of Rs5.2 mn and note that the project value is highly sensitive to the toll-collection estimate for the first year.

Marginally revise earnings estimates; Reiterate BUY rating with a target price of Rs160/share

We have marginally revised our earnings estimates to Rs11.3 and Rs12.7 from Rs11.9 and Rs12.1 for FY2010E and FY2011E,. The benefit in earnings from the construction revenues of the new BOT projects was partially offset by a lower per day toll collection estimate for FY2010E in the Bharuch-Surat project. We maintain our SOTP-based target price of Rs160/share comprised of (a) Rs111.4/share from the road projects, (b) Rs35 from construction business and (c) Rs10.4 from net cash at the parent level.

We believe IRB has the ability to create value by leveraging further growth opportunities based on the experience that it has accumulated so far in the toll-road segment. We retain our BUY rating on the stock based on potential upsides from (a) revival in traffic growth, (b) lower interest rates and (c) incremental project wins. The start of toll collections at Bharuch-Surat would be a key catalyst for the stock.

BUY

JUNE 24, 2009

UPDATE

Coverage view: Attractive

Price (Rs): 148

Target price (Rs): 160

BSE-30: 14,326

QUICK NUMBERS

- Rs35 bn—Total cost estimate for three new projects
- Rs25/share—Rough estimate of new project contribution

IRB Infrastructure Infrastructure

These wins highlight the ability of the company to leverage its experience and expertise in the tollroad segment

Three new project wins likely

According to news reports and management communication, IRB has emerged as the lowest bidder and is likely to win three new BOT road projects viz. (a) Panaji to Goa-Karnataka border, (b) Amritsar to Pathankot and (c) Jaipur-Tonk-Deoli project. The details of these projects are given in exhibit 1. The three projects together add up to a road length of 316 km and estimated project cost of Rs35.8 bn (Rs8.4 bn for the Panaji to Goa-Karnataka border, Rs12.5 bn for Amritsar to Pathankot project and Rs15 bn for the Jaipur-Tonk-Deoli project). We believe these wins highlight the ability of the company to leverage its experience and expertise in the toll-road segment.

Exhibit 1: Company likely to win three projects on a trot Details of the three projects likely to be won by IRB

	Panaji to	Amritsar to	
	Goa-Karnataka Border	Pathankot	Jaipur - Tonk - Deoli
Length of road (km)	65	102	149
NHAI projects cost	4,710	7,050	7,921
VGF (%)	39.6	18.0	38.6
Project cost (Rs mn)	8,360	12,500	15,000
Equity (Rs mn)	2,600	3,930	3,930
Debt (Rs mn)	3,900	7,300	8,010
Grant (Rs mn)	1,860	1,270	3,060
Concession period (yrs)	2.5	2.5	2.5
Construction period (yrs)	30	20	25

Source: Company

Based on preliminary information, we have arrived at a rough approximation for the equity value of the three projects at Rs8.3 bn (see Exhibits 2, 3 & 4). This would imply a per share value of about Rs25/share for IRB comprised of (a) Rs12.2/share from the Jaipur-Tonk-Deoli project, (b) Rs9.4/share from the Amritsar-Pathankot project and (c) Rs3.4/share from the Panaji to Goa-Karnataka border project.

We have not included the value of these projects in our SOTP-based target price and will do so only after a detailed discussion with the IRB management which would help us arrive at a more appropriate value.

Exhibit 2: FCFE valuation of Jaipur - Tonk - Deoli project, March fiscal year-ends, 2010E-35E (Rs mn)

	2010E	2013E	2014E	2015E	2018E	2021E	2024E	2027E	2030E	2033E	2035E
Revenue	_	594	1,323	1,472	2,030	2,798	3,750	5,025	6,734	9,025	10,969
EBITDA	_	505	1,124	1,251	1,725	2,435	1,466	4,372	3,452	7,851	6,472
Interest cost	_	415	906	875	768	583	399	138	-	-	-
Depreciation	_	333	667	667	667	667	667	667	667	667	667
PBT	_	(236)	(433)	(269)	376	1,347	821	4,248	3,931	8,333	6,956
Tax	_	2	5	7	126	189	188	636	705	1,205	1,049
PAT	_	(238)	(438)	(277)	249	1,158	633	3,613	3,226	7,129	5,907
Cash flows to equity											

Cash flows to equity											
Net income	_	(243)	(448)	(291)	193	1,049	351	3,156	2,459	6,359	5,136
Add: Depreciation	_	333	667	667	667	667	667	667	667	667	667
Less Capex	(1,500)	(3,000)				_					
Debt + interest + Grant	1,107	2,214	(267)	(267)	(534)	(534)	(534)	(801)	_	_	_

PAT + Deprn - debt Repayment - capex	(393)	(696)	(49)	109	325	1,181	484	3,022	3,125	7,026	5,803
Present Value of equity	4,047										
Equity IRR (%)	24										

Per share value (Rs mn) 12.2

Source: Company, Kotak Institutional Equities estimates

Infrastructure IRB Infrastructure

Exhibit 3: FCFE valuation of Amritsar to Pathankot project, March fiscal year-ends, 2010E-30E (Rs mn)

	2010E	2013E	2014E	2015E	2016E	2017E	2018E	2021E	2024E	2027E	2030E
Revenue	_	589	1,312	1,460	1,629	1,808	2,013	2,775	3,729	4,984	6,679
EBITDA	_	501	1,115	1,241	1,385	1,537	1,711	2,414	3,244	4,336	5,811
Interest cost	_	378	826	798	770	742	700	532	364	126	-
Depreciation	_	357	714	714	714	714	714	714	714	714	714
PBT	_	(227)	(410)	(250)	(65)	137	382	1,331	2,587	4,177	6,242
Tax	_	2	5	7	12	46	128	188	388	628	967
PAT	_	(229)	(415)	(257)	(76)	91	253	1,143	2,198	3,549	5,275
Cash flows to equity											
. ,		(224)	(425)	(271)	(00)		107	1.024	1.017	2.002	4.500
Net income	_	(234)	(425)	(271)	(99)	53	197	1,034	1,917	3,093	4,508
Add: Depreciation	_	357	714	714	714	714	714	714	714	714	714
Less Capex	(1,250)	(2,500)	_	_	_	_	_	_	_	_	_
Debt + interest + Grant	857	1,714	(243)	(243)	(243)	(243)	(487)	(487)	(487)	(730)	
PAT + Deprn - debt Repayment - capex	(393)	(663)	46	200	371	524	424	1,262	2,144	3,077	5,222
Present Value of equity	3,123	-									
F	2.5										

Equity IRR (%) 25

Per share value (Rs mn) 9.4

Source: Company, Kotak Institutional Equities estimates

Exhibit 4: FCFE valuation of Panaji to Goa-Karnataka border project, March fiscal year-ends, 2010E-39E (Rs mn)

	2010E	2013E	2014E	2018E	2021E	2024E	2027E	2030E	2033E	2036E	2039E
Revenue	_	238	534	835	1,151	1,543	2,068	2,771	3,713	4,976	6,669
EBITDA	_	202	454	710	978	1,311	1,757	2,355	3,156	4,230	4,182
Interest cost	_	202	446	422	344	242	81	-	-	-	-
Depreciation	_	152	304	304	304	304	304	304	304	304	304
PBT	_	(151)	(293)	35	408	979	1,746	2,847	4,156	5,981	6,932
Tax	_	0	1	17	64	159	282	503	1,413	2,033	2,356
PAT	_	(151)	(294)	18	344	820	1,463	2,344	2,743	3,948	4,576
Cash flows to equity											
Net income	_	(152)	(296)	(16)	292	676	1,214	1,811	1,870	2,571	2,530
Add: Depreciation	_	152	304	304	304	304	304	304	304	304	304
Less Capex	(836)	(1,672)	_	_	_	_	_	_	_	_	
Debt + interest + Grant	576	1,152	(52)	(52)	(260)	(468)	(468)				
PAT + Deprn - debt Repayment - capex	(260)	(520)	(44)	236	336	512	1,050	2,115	2,174	2,875	2,834
Present Value of equity	1,127										
Equity IRR (%)	14										

Per share value (Rs mn) 3.4

Source: Company, Kotak Institutional Equities estimates

Winning bids close to second-highest—testifies to rational bidding values

We highlight that the company has won the projects at bids which were very close to the second highest value. This instills confidence in the bid values of IRB with likelihood that the company has not bid too aggressively on the projects. We highlight that the Panaji to Goa-Karnataka border project was won at VGF of 39.6% which is almost the maximum possible (the max. being 40%). Furthermore, in the Jaipur-Tonk-Deoli project, the company won the bid at 38.6% which was quite close to the second highest bid of 39.8% (implying a difference in the grant amount of only Rs90 mn between the two bids). The maximum difference was in the Amritsar to Pathankot project where there was a 5% difference in bids, working out to a difference of Rs350 mn in the grant amount.

IRB Infrastructure Infrastructure

Exhibit 5: Projects won at close to L2 bids instills confidence in the bid values Winning and L2 bids of the three BOT road projects

	Win	Winning bid		.2 bid	Difference		
	VGF (%)	Grant (Rs mn)	VGF (%)	Grant (Rs mn)	VGF (%)	Grant (Rs mn)	
Panaji to Goa-Karnataka Border	39.6	1,863	39.8	1,875	0.3	12	
Jaipur - Tonk - Deoli	38.6	3,060	39.8	3,150	1.1	90	
Amritsar to Pathankot	18.0	1,269	23.0	1,620	5.0	351	

Source: Company

New projects could add construction revenues of Rs35 bn in next three years

We highlight that the three new projects won by the company would boost construction revenues by Rs35 bn over the next 2.5-3 years. This would imply an EBITDA increase of about Rs5.3 bn, at a 15% EBITDA margin. We have increased our construction revenue estimates to Rs17.4 from Rs13.9 bn earlier for FY2011E. We highlight the significant difference in the NHAI benchmark costs and IRB cost estimates for the project which could imply higher margins for these projects. The NHAI TPCs are about 50-55% of the company cost estimates.

Bharuch-Surat likely to start toll collections soon; could be a key catalyst

IRB management highlighted that the Bharuch-Surat project should start toll collections by mid-July 2009. We believe the start of toll collections in this project could be a key catalyst to the stock price. We have reduced our per-day toll collection for FY2010E to Rs5.2 mn from Rs5.8 mn based on lower traffic growth assumption for the year. We believe traffic will start to pick up from 2HFY10E.

The project currently contributes about Rs21/share to the total target price of Rs160/share of IRB. We highlight that this value is very sensitive to the initial year toll collection assumption. A 10% lower per day toll collection would lead to a 29% drop in the per share value of the project (see Exhibit 6).

Exhibit 6: Sensitivity of Bharuch-Surat road project valuation to initial year toll collection assumption

	20% lower	10% lower	Base case	10% higher	20% higher
Per day toll collection assumption for FY2010E (Rs mn)	4.2	4.7	5.2	5.7	6.3
Per share value (Rs)	9.0	15.0	21.2	27.4	33.5

Source: Kotak Institutional Equities estimates

Marginally revise earnings estimates; Reiterate BUY rating and TP of Rs160

We have marginally revised our earnings estimates to Rs11.3 and Rs12.7 from Rs11.9 and Rs12.1 for FY2010E and FY2011E respectively. The benefit in earnings from the construction revenues of the new BOT projects was partially offset by a lower per-day toll collection estimate for FY2010E in the Bharuch-Surat project. We maintain our SOTP-based target price of Rs160/share comprised of (a) Rs111.4/share from the road projects, (b) Rs35 from construction business and (c) Rs10.4 from net cash at the parent level (Exhibit 7, 8). We have not added the value of the three new BOT projects and will do so after more clarity from the management.

We believe IRB has the ability to create value by leveraging further growth opportunities based on the experience that it has accumulated so far in the toll-road segment. We retain our BUY rating on the stock based on potential upsides from (a) revival in traffic growth, (b) lower interest rates and (c) incremental project wins. The start of toll collection at Bharuch-Surat would be a key catalyst for the stock.

Infrastructure IRB Infrastructure

Key risks to existing projects are (1) lower-than-expected economic growth which affects traffic growth, (2) higher interest rates, affecting interest cost of BOT projects, (3) cost and time escalations in projects under execution, affecting expected returns.

Exhibit 7: IRB Infrastructure Developers - SOTP valuation

	Equity value	IRB's stake	Value	Contribution	Per share	
	(Rs mn)	(%)	(Rs mn)	(%)	(Rs)	Asset valuation methodology
Roads	34,695		34,743	65.8	104.5	FCFE
4 BOT projects	4,005	100	4,005	7.6	12.1	FCFE based on FY2011E
Kharpada Bridge	383	100	383	0.7	1.2	FCFE based on FY2011E
Nagar - Karmala - Tembhurni	786	100	786	1.5	2.4	FCFE based on FY2011E
Pune - Solapur	1,250	100	1,250	2.4	3.8	FCFE based on FY2011E
Pune - Nashik	1,716	100	1,716	3.2	5.2	FCFE based on FY2011E
Mumbai - Pune	15,179	100	15,179	28.7	45.7	FCFE based on FY2011E
Thane - Ghodbunder	3,239	100	3,239	6.1	9.7	FCFE based on FY2011E
Bharuch - Surat	7,035	100	7,035	13.3	21.2	FCFE based on FY2011E
Surat-Dahisar	(485)	90	(436)	(8.0)	(1.3)	FCFE based on FY2011E
Kolhapur urban road project	1,585	100	1,585	3.0	4.8	FCFE based on FY2011E
Construction	14,636	100	14,636	27.7	44.0	EV/EBITDA multiple of 6X based on FY2011E
Net cash at parent level	3,460	100	3,460	6.5	10.4	Estimated balance at end-FY2009E
Grand total	52,791		52,839	100	159.0	SOTP

Source: Kotak Institutional Equities estimates

IRB - Sensitivity analysis of stock price to initial traffic growth rate and cost of equity assumptions

		Initial traffic growth rate (%)							
		5.0	6.0	7.0	8.0	9.0			
	Assumed rate -2	84	100	117	134	151			
	Assumed rate -1	79	94	110	126	143			
Cost of equity	Assumed rate	75	90	105	120	135			
(%)	Assumed rate +1	72	85	99	114	128			
	Assumed rate +2	68	81	94	108	122			

Note: Base case interest rate is 11% through the life of the project with equity return expectation of 13.5%

Source: Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

Company Automobiles Ashok Leyland Bajaj Auto Hero Honda Mahindra & Mahindra Maruti Suzuki Tata Motors Automobiles Banks/Finandal Institutions Andhra Bank Axis Bank Bank of Banda Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LICCI Bank LIDC LICCI Bank LI	23-Jun-09 Price (Rs) 29 939 1,435 703 1,053 342 83 749 433	ADD SELL REDUCE ADD SELL SELL Cautious	38,845 135,829 286,520 186,579 304,418 190,479	800 2,799 5,904 3,845 6,273	1,330 145 200 265		2010E 1.8 65.3 83.8 40.4	2.4 73.1 91.2	2009 (60.1) (6.7) 32.4	2010E 23.3 34.0	33.3 12.0	2009 20.2 19.3	PER (X) 2010E	2011E 12.3	2009 11.7	/EBITDA (X 2010E	2011E 7.1		2010E 1.6	2011E	3.4	2010E 3.4	2011E 3.4	2009 8.0	2010E 9.7	2011E 12.5	32	(%) (U	3mo US\$ mn)
Automobiles Ashok keyland Bajaj Auto Hero Honda Mahindra & Mahindra Maruf Suzuki Tata Motors Automobiles Banks/Financial Institutions Andhra Bank Axis Bank Bank of Banda Bank of India Canara Bank Corporation Bank Federal Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LICIC Bank LICIC Bank LICH BANK BANK BANK BANK BANK BANK BANK BANK	29 939 1,435 703 1,053 342 83 749	ADD SELL REDUCE ADD SELL SELL	38,845 135,829 286,520 186,579 304,418	800 2,799 5,904 3,845	1,330 145 200 265	1.4 48.7 64.2	1.8 65.3 83.8	2.4 73.1 91.2	(60.1) (6.7)	23.3 34.0	33.3 12.0	20.2	16.4	12.3	11.7	8.5	7.1	1.6	1.6	1.5	3.4	3.4	3.4	8.0		12.5	32		
Bajaj Auto Hero Honda Mahindra & Mahindra Mahindra & Mahindra Maruti Suzuki Tata Motors Automobiles Banks/Financial Institutions Andhra Bank Axis Bank Bank of Bancial Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LICICI Bank LICICI Bank LICH Overseas Bank JASK Bank LIC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank LICH Opp. State Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	939 1,435 703 1,053 342 83 749 433	SELL REDUCE ADD SELL SELL	135,829 286,520 186,579 304,418	2,799 5,904 3,845	145 200 265	48.7 64.2	65.3 83.8	73.1 91.2	(6.7)	34.0	12.0														9.7			9.6	2.0
Bajaj Auto Hero Honda Mahindra & Mahindra Mahindra & Mahindra Maruti Suzuki Tata Motors Automobiles Banks/Financial Institutions Andhra Bank Axis Bank Bank of Bancial Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LICICI Bank LICICI Bank LICH Overseas Bank JASK Bank LIC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank LICH Opp. State Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	1,435 703 1,053 342 83 749 433	ADD SELL SELL	286,520 186,579 304,418	5,904 3,845	200 265	64.2	83.8	91.2	(=)			19.3	14.4	12.0	44.7			7.4											
Mahindra & Mahindra Maruti Suzuki Tata Motors Automobiles Banks/Financial Institutions Andhra Bank Axis Bank Bank of Bancial Bank Bank of Bancial Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank ICICI Bank ICICI Bank IDFC India Infoline Indian Bank Bank of Moverseas Bank JASK Bank ICI Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	703 1,053 342 83 749 433	ADD SELL SELL	186,579 304,418	3,845	265				32.4	20.5						8.7	8.6	7.1	5.5	4.3	2.1	2.1	2.1	40.2	42.8	36.8	780	(16.9)	4.5
Maruti Suzuki Tata Motors Automobiles Banks/Financial Institutions Andria Bank Andria Bank Asia Bank Bank of Baroda Bank of India Canara Bank Corporation Bank Federal Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LICTCI Ban	1,053 342 83 749 433	SELL SELL	304,418			21.7	40.4				8.8	22.4	17.1	15.7	14.7	11.4	10.0	7.3	5.7	4.5	1.4	1.5	1.5	36.6	37.4	31.9	1,000	(30.3)	18.8
Tata Motors Automobiles Banks/Financial Institutions Andhra Bank Axis Bank Bank of Baroda Bank of India Canara Bank Corporation Bank Federal Bank Federal Bank Future Capital Holdings HDFC HDFC Bank ICICI Bank IDEC India Infoline Indian Overseas Bank ILC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	342 83 749 433	SELL		6,273			40.4	43.6	(42.9)	86.0	8.0	32.4	17.4	16.1	28.6	13.2	11.8	3.9	2.9	2.6	1.3	1.3	1.3	12.3	19.3	17.0	670	(4.7)	17.6
Automobiles Banks/Financial Institutions Andria Bank Andria Bank Andria Bank Asis Bank Bank of Baroda Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LIDFC India Infoline Indian Bank Indian Overseas Bank Jak Bank LIC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rusual Electrification Corp. Shriram Transport SREI State Bank of India	83 749 433		190,479		289	42.2	58.3	63.4	(29.5)	38.1	8.6	24.9	18.1	16.6	21.1	11.1	9.1	3.1	2.7	2.4	0.3	0.5	0.5	13.3	16.1	15.1	780	(26.0)	24.2
Banks/Financial Institutions Andhra Bank Ans Bank Bank of Baroda Bank of India Canara Bank Corporation Bank Federal Bank Federal Bank Federal Bank Future Capital Holdings HDFC India India IDFC India Overseas Bank IJK Bank IUC Housing Finance IIC Housing Financ	749 433	Cautious		3,925	556	20.8	15.2	20.0	(58.3)	(27.0)	32.2	16.5	22.6	17.1	21.7	14.1	12.0	1.4	1.3	1.3	1.6	1.6	1.6	9.0	6.1		235	(31.4)	40.4
Andhra Bank Axis Bank Bank of Baroda Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LDFC India Infoline Indian Bank Indian Overseas Bank JBK Bank LUC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	749 433		1,142,669	23,546					(165.1)	184.8	102.9	135.6	105.9	90.7	109.6	67.0	58.8	24.5	19.7	16.5	10.2	10.5	10.5	119.5	131.4	113.4			
Axis Bank Bank of Baroda Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank KICTI Bank LICT	749 433																												
Bank of Baroda Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank ICICI Bank IDEC India Infoline India Bank ICI Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	433		40,255	829	485	13.5	11.1	12.6	14.0	(17.9)	13.6	6.1	7.5	6.6				1.2	1.1	1.0	5.4	3.3	3.8	19.0	14.0	14.4	90	8.4	1.7
Bank of India Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank LICICI Bank LICIC Bank		BUY	269,020	5,543	359	50.6	56.1	66.6	56.9	11.0	18.7	14.8	13.4	11.3				2.9	2.5	2.2	1.3	1.5	1.8	19.1	18.3	18.9	850	13.4	71.9
Canara Bank Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank ICICI Bank IDFC India Infoline Indian Bank Indian Overseas Bank JAK Bank ILC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India		REDUCE	158,219	3,260	366	60.9	54.9	58.5	55.1	(9.8)	6.5	7.1	7.9	7.4				1.5	1.5	1.3	2.1	1.9	2.0	18.7	14.9	14.2	440	1.7	12.2
Corporation Bank Federal Bank Future Capital Holdings HDFC HDFC Bank HDFC HDFC Bank HDFC India Infoline Indian Bank Indian Overseas Bank J&K Bank LUC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rual Electrification Corp. Shriram Transport SREI State Bank of India	343	ADD	180,284	3,715	526	57.2	46.3	53.2	40.7	(19.1)	14.9	6.0	7.4	6.4				1.8	1.7	1.5	2.3	1.9	2.2	29.2	19.0	18.7	360	5.0	16.3
Federal Bank Future Capital Holdings HDFC HDFC Bank ICICI Bank IDFC India Infoline Indian Indian Holdings Holdin Bank Indian Overseas Bank J&K Bank ICI Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	263	REDUCE	107,994	2,225	410	50.5	38.6	41.4	32.4	(23.6)	7.1	5.2	6.8	6.4				1.3	1.2	1.1	3.0	3.0	3.8	18.3	12.4	12.2	260	(1.3)	6.0
Future Capital Holdings HDFC HDFC Bank LCICI Bank LDFC India Infoline Indian Bank Indian Overseas Bank JASK Bank LUC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	337	BUY	48,339	996	143	62.2	51.5	55.3	21.4	(17.3)	7.4	5.4	6.5	6.1				1.0	0.9	0.8	3.8	3.1	3.4	19.6	14.3	13.8	395	17.2	1.0
HDFC HDFC Bank ICICI Bank ICICI Bank ICICI Bank ICICI Bank IDFC India Infoline Indian Bank Indian Deverseas Bank I&K Bank ILC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	243	BUY	41,527	856	171	27.8	31.4	38.2	(19.2)	13.1	21.5	8.7	7.7	6.4				1.0	0.9	0.8	2.1	2.4	2.9	11.5	11.8	13.0	320	31.8	3.4
HDFC Bank ICICI Bank IDFC India Infoline Indian Bank Indian Overseas Bank JAK Bank IUC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	248	BUY	15,667	323	63	4.5	28.8		(198.6)	546.1	(100.0)	55.7	8.6					2.1	1.7					3.8	21.4		440	77.6	1.5
ICICI Bank IDPC India Infoline India Infoline India Insank Indian Bank Indian Overseas Bank I&K Bank LUC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	2,365	REDUCE	672,824	13,864	284	80.2	91.5	103.6	(6.5)	14.0	13.3	29.5	25.9	22.8				5.1	4.6	4.1	1.3	1.4	1.5	18.2	18.3	18.3	2,025	(14.4)	66.8
IDEC India Infoline Indian Bank Indian Overseas Bank JASK Bank ILC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	1,485	REDUCE	654,198	13,480	440	55.4	63.2	75.1	20.4	14.2	18.8	26.8	23.5	19.8				4.4	3.1	2.8	0.6	0.8	1.0	16.9	15.4	15.0	1,490	0.3	53.2
India Infoline Indian Bank Indian Meseas Bank IASK Bank IAK Bank ICK Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	697	REDUCE	775,984	15,990	1,113	33.8	32.3	38.5	(15.4)	(4.4)	19.2	20.6	21.6	18.1				1.6	1.5	1.4	1.6	1.3	1.4	7.8	7.1	8.0	685	(1.7)	199.4
Indian Bank Indian Overseas Bank JAK Bank LIC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	136	ADD	176,284	3,632	1,294	5.8	7.0	0.0	(10.0)	21.0	13.3	23.4	19.4	17.1	11.7	10.0	0.1	2.9	2.6	2.3	0.7	0.9	1.0	12.9 11.7	1-4.1	14.2	85	(37.0)	40.6
Indian Overseas Bank JAK Bank LIC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport State State Bank of India	121	ADD	37,775	778	311	5.0	5.8	6.5		15.5	12.3	24.1	20.8	18.6	11.2	10.0	9.1	3.2	2.9	2.6	2.0	2.6	3.1		13.5	14.6	90	(25.8)	11.7
J&K Bank ILC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shiriam Transport SRE State Bank of India	137 83	BUY	58,986	1,215 932	430 545	28.1 24.3	26.6 16.6	30.6 22.2	24.7 10.3	(5.3)	15.0 33.8	4.9 3.4	5.2	4.5				1.1	1.0	0.9	3.1 6.3	2.9 4.5	3.3 5.0	22.7	18.3 14.5	18.1 17.0	185	34.8 56.5	3.1 4.6
LIC Housing Finance Mahindra & Mahindra Financial Oriental Bank of Commerce PEC Punjab National Bank Rural Electrification Corp. Shriram Transport SREE State Bank of India			45,246		545 48								5.0	3.7				0.8	0.7								130		
Mahindra & Mahindra Financial Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shiriam Transport SREI State Bank of India	486 599	ADD BUY	23,548 50.870	485 1.048	48 85	84.5 62.5	80.8 68.8	95.4 80.3	13.8 37.3	(4.3)	18.0 16.8	5.7 9.6	6.0 8.7	5.1 7.5				1.0	0.9	0.9	3.5 2.3	3.3	3.9	16.7 26.2	14.1 23.9	14.9 23.4	550	13.3	0.4
Oriental Bank of Commerce PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	599 241	ADD	23.054	1,048	96	62.5 22.4	27.5	30.0	7.5	22.9	16.8	9.6	8.7	7.5 8.0				1.6	1.8	1.5	2.3	2.5	3.0	26.2 15.4	16.9	16.3	390 240	(34.8)	13.4
PFC Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	179	REDUCE	23,054 44,734	4/5 922	96 251	36.1	27.5	34.6	7.5 51.4	(24.5)	26.7	4.9	6.5	5.2				0.8	0.8	0.8	4.0	3.1	3.1	15.4	10.2	16.3	190	6.4	3.6
Punjab National Bank Rural Electrification Corp. Shriram Transport SREI State Bank of India	188	SELL	216.297	4.457	1.148	13.0	16.5	19.3	14.3	26.7	17.6	14.5	11.5	9.7				1.9	1.8	1.6	1.4	2.6	2.3	13.8	15.8	16.7	160	(15.1)	6.3
Rural Electrification Corp. Shriram Transport SREI State Bank of India	625	BUY	197.111	4,062	315	98.0	98.5	115.1	50.9	0.5	16.8	6.4	6.3	5.4				1.6	1.4	1.2	3.1	3.2	3.7	23.0	19.9	20.1	800	28.0	21.8
Shriram Transport SREI State Bank of India	158	RUY	135.831	2 799	859	16.5	17.5	20.8	50.3	6.5	18.8	9.6	9.0	7.6				1.0	1.7	1.4	1.3	2.0	2.4	21.0	19.6	20.1	155	(2.0)	3.9
SREI State Bank of India	288	ADD	60.860	1.254	212	30.1	32.5	36.9	56.8	7.9	13.7	9.6	8.9	7.8				2.8	2.4	2.0	3.0	3.4	3.8	29.6	27.0	25.8	300	4.3	2.9
State Bank of India	67	ADD	7,751	160	116	7.7	6.9	8.2	(32.8)	(10.1)	18.6	8.7	9.6	8.1				0.7	0.7	0.6	3.5	4.2	4.8	14.0	11.5	13.0	95	42.5	3.4
	1,708	BUY	1,084,548	22.348	635	143.6	121.1	139.2	34.8	(15.7)	14.9	11.9	14.1	12.3				2.2	2.2	1.9	1.7	1.8	1.9	17.1	12.7	13.3	1,870	9.5	123.3
	218	BUY	110.015	2 267	505	34.2	29.6	35.5	24.5	(13.5)	19.9	6.4	7.4	6.1				1.3	1.1	1.0	2.4	2.0	2.4	27.2	19.5	19.9	280	28.6	7.0
Banks/Financial Institutions	210	Attractive	5,237,218	107,917	303	34.2	25.0	33.3	337.8	511.9	306.0	339.9	284.0	238.0	11.2	10.0	9.1	49.8	44.0	37.6	64.3	62.4	71.3	473.2	418.4	405.8	200	20.0	7.0
Cement		Attractive	3,237,210	107,517					337.0	311.3	500.0	333.3	204.0	250.0		10.0	5.1	45.0	44.0	37.0	04.5	02.4	,	475.2	410.4	403.0			
ACC	746	REDUCE	140,112	2,887	188	56.3	55.2	42.2	(12.2)	(1.9)	(23.6)	13.3	13.5	17.7	6.6	6.7	7.8	2.7	2.3	2.1	3.1	3.1	3.1	24.7	21.3	15.1	725	(2.8)	12.8
Ambuja Cements	86	REDUCE	131,533	2,710	1,522	7.2	7.0	5.8	(5.0)	(3.1)	(16.2)	12.0	12.4	14.8	6.4	6.5	7.5	2.2	1.9	1.8	3.5	2.2	2.5	19.7	16.9	12.8	80	(7.4)	5.7
Grasim Industries	2,230	REDUCE	204,496	4,214	92	238.5	235.7	239.1	(16.2)	(1.2)	1.4	9.4	9.5	9.3	5.4	4.9	4.6	1.9	1.6	1.4	1.5	1.5	1.5	21.7	18.2	16.0	2,300	3.1	10.2
India Cements	138	ADD	38,982	803	282	22.7	19.8	17.5	(7.3)	(12.8)	(11.2)	6.1	7.0	7.9	4.3	4.4	4.7	1.0	0.9	0.8	1.5	1.5	2.3	15.7	14.7	11.7	155	12.1	8.9
Shree Cement	1,129	BUY	39,343	811	35	174.7	91.6	86.2	93.7	(47.6)	(5.9)	6.5	12.3	13.1	4.5	4.8	5.1	3.3	2.7	2.3	0.9	0.9	0.9	65.7	24.0	18.9	1,150	1.8	0.6
UltraTech Cement	655	ADD	82,083	1,691	125	78.0	70.5	55.6	(4.1)	(9.7)	(21.0)	8.4	9.3	11.8	5.5	5.1	5.8	1.9	1.6	1.4	1.2	1.2	1.2	31.2	22.3	15.0	725	10.6	5.4
Cement		Neutral	636,549	13,117					48.9	(76.2)	(76.5)	55.6	64.0	74.6	32.8	32.5	35.5	12.9	11.1	9.9	11.8	10.5	11.6	178.6	117.4	89.6			
Constructions																													
Consolidated Construction Co.	218	ADD	8,045	166	37	19.7	27.2	31.9	(18.1)	38.0	17.5	11.1	8.0	6.8	7.4	5.2	4.4	1.6	1.3	1.2	1.3	1.8	2.1	15.0	18.1	18.3	190	(12.7)	0.2
IVRCL	305	BUY	41,290	851	135	16.7	17.9	22.1	7.4	7.4	23.1	18.3	17.0	13.8	12.5	9.5	7.5	2.3	2.0	1.8	0.3	0.3	0.3	13.2	12.6	13.6	350	14.7	20.9
Nagarjuna Construction Co.	121	BUY	27,662	570	229	6.7	7.5	8.5	(6.4)	11.9	13.3	18.0	16.1	14.2	11.5	8.8	7.5	1.6	1.5	1.4	1.1	1.3	1.7	9.4	9.8	10.3	145	20.1	7.2
Punj Lloyd	197	BUY	61,179	1,261	311	(7.4)	15.9	17.2	(174.4)	(314.8)	7.7	(26.5)	12.3	11.5	27.9	7.1	6.8	2.5	2.1	1.7	(0.2)	0.4	0.4	(9.2)	18.9	17.1	200	1.7	37.3
Sadbhav Engineering	664	BUY	8,294	171	13	50.6	51.1	73.1	25.0	0.9	43.0	13.1	13.0	9.1	9.6	7.6	6.1	2.4	2.0	1.7	0.8	0.9	1.1	18.0	15.7	18.6	830	25.1	0.2
Constructions		Attractive	146,470	3,018					(166.5)	(256.6)	104.7	33.9	66.4	55.4	69.0	38.2	32.5	10.3	9.0	7.8	3.3	4.7	5.5	46.5	75.0	78.0			
Consumer Products																													
Asian Paints	1,087	ADD	104,255	2,148	96	38.4	49.1	57.5	(2.2)	27.9	17.1	28.3	22.1	18.9	16.4	12.9	10.9	9.2	7.5	6.2	1.6	1.8	2.1	36.3	38.5	36.8	1,200	10.4	0.8
Colgate-Palmolive (India)	552	ADD	75,027	1,546	136	21.6	24.4	25.7	26.3	12.9	5.4	25.6	22.6	21.5	20.5	18.3	15.9	35.0	28.9	27.3	2.7	3.3	3.8	156.1	140.2	131.1	520	(5.7)	2.3
GlaxosmithKline Consumer	913	ADD	38,405	791	42	44.8	56.1	63.6	15.8	25.2	13.5	20.4	16.3	14.4	11.4	9.2	8.1	5.0	4.3	3.8	1.6	2.3	3.2	26.8	28.5	28.0	1,050	15.0	0.9
Godrej Consumer Products	180	ADD	46,446	957	258	6.8	8.7	9.8	(3.9)	27.8	12.8	26.6	20.8	18.4	23.2	17.1	14.4	7.0	6.1	5.2	2.2	2.2	2.2	42.7	42.7	33.1	180	0.0	0.7
Hindustan Unilever	260	BUY	566,769	11,679	2,179	9.5	10.6	12.2	19.0	11.1	15.0	27.3	24.6	21.4	20.8	18.4	15.9	27.5	24.6	22.0	3.4	3.6	4.2	112.4	105.9	108.9	320	23.1	25.5
ITC	197	ADD	743,924 7 598	15,329 157	3,769 73	8.7 5.6	9.9	11.3	4.8	14.2 78.5	14.4 25.0	22.8 18.6	19.9	17.4	13.8	12.3 7.1	10.9	5.2	4.6	4.0	1.9	2.0	2.3	25.4 10.7	25.4 16.7	25.4 19.4	225 145	14.0	32.6
Jyothy Laboratories	105		.,						(18.6 29.5				16.0		25.2	20.0	22.0	2.5	2.0	2.5		16.7	19.4		38.5	
Nestle India Tata Tea	1,726 726	ADD	166,394 44,908	3,429 925	96 62	58.6 57.0	70.5 62.8	82.4 69.2	31.0 5.3	20.4	16.8 10.2	29.5 12.7	24.5 11.6	21.0 10.5	18.7	16.0	13.8	35.2 0.9	28.9	23.9 0.8	2.5	3.0	3.5 2.8	126.7 9.8	129.6	124.8	2,100 900	21.7	1.8
	/26				62	57.0	62.8	69.2	84.7																		900	23.9	2.9
Consumer Products		Attractive	1,793,727	36,961					84./	228.0	130.1	211.7	172.8	151.8	143.7	117.3	100.3	125.0	105.8	93.2	18.2	20.8	24.1	546.9	537.5	518.0			
Energy Bharat Petroleum	423	SELL	153.023	3.153	362	20.4	32.1	41.8	(50.7)	57.8	30.1	20.8	13.2	10.1	7.8	7.5	5.8	1.1	1.1	1.0	1.7	2.8	3.7	5.2	7.7	9.4	475	12.2	10.3
Caim India	423 229	REDUCE	434 717	8 958	1 897	43	9.2	31.2	(30.7)	115.1	238.0	53.4	74.8	7.3	7.8	12.8	5.8	1.1	1.1	1.0	1.7	2.0	10.9	2.5	5.1	16.5	225	(1.8)	36.0
Carri India Castrol India		BUY	44,325	8,958 913	1,897	21.3	25.5	26.6	20.8	115.1	4.3	16.8	14.1	13.5	35.0 9.5	12.8 8.1	7.7	1.3	8.9	8.3	4.7	5.0	10.9 5.6	61.2	66.5	63.7	390	(1.8)	36.0
GAIL (India)			355,300	7,321	1,268	23.4	20.6	21.8	14.7	(11.8)	5.7	12.0	13.6	12.8	6.5	7.7	8.1	2.2	2.0	1.8	2.6	2.4	2.4	18.4	14.5	14.0	390	7.1	14.1
GSPL (India)	359				563	1.9	2.5	3.7	4.4	30.5	52.6	25.8	19.8	13.0	9.0	5.8	4.9	2.2	1.9	1.8	1.1	1.4	7.7	8.2	9.8	14.4	45	(7.3)	5.8
Hindustan Petroleum	359 280	ADD	27 222			1.9	2.5				109.2	18.1	18.4	8.8	6.9	7.7	5.7	0.8	0.8	0.8	1.1	3.9	8.7	4.4	3.9	7.8	350	13.7	12.7
Industan Petroleum Indian Oil Corporation	359 280 49	REDUCE	27,323	563			16.7	24.0									3.7	U.O	U.O	U.O	1.7	5.9	0.4	44.44	5.3				
Oil & Natural Gas Corporation	359 280 49 308	REDUCE SELL	104,330	2,150	339	17.0	16.7	34.9 43.1	(49.3)	(1.6)				12.6	10.4	5.6	5.5	1.4	1.2	1.2	1.4	3.2	3.7	16	10.2	9.2			7.0
Petronet LNG	359 280 49 308 545	REDUCE SELL REDUCE	104,330 649,961	2,150 13,393	339 1,192	17.0 18.9	44.3	43.1	(69.1)	133.8	(2.6)	28.8	12.3	12.6	10.4	5.6	5.5	1.4	1.3	1.2	1.4	3.3	3.2	4.6	10.2	9.3	550	0.9	7.8
Reliance Industries	359 280 49 308 545 1,027	REDUCE SELL REDUCE BUY	104,330 649,961 2,195,995	2,150 13,393 45,250	339 1,192 2,139	17.0 18.9 100.3	44.3 95.3	43.1 119.2	(69.1) 8.1	133.8	(2.6) 25.1	28.8 10.2	12.3 10.8	8.6	3.9	3.8	3.1	1.9	1.8	1.6	3.3	3.9	4.1	18.9	15.9	18.2	550 1,100	0.9 7.1	53.9
Reliance Petroleum	359 280 49 308 545 1,027 74	REDUCE SELL REDUCE	104,330 649,961 2,195,995 55,463	2,150 13,393	339 1,192	17.0 18.9	44.3 95.3 7.3	43.1	(69.1) 8.1 9.2	133.8	(2.6)	28.8	12.3											18.9 23.9			550 1,100 57	0.9	
Energy	359 280 49 308 545 1,027	REDUCE SELL REDUCE BUY REDUCE	104,330 649,961 2,195,995	2,150 13,393 45,250 1,143	339 1,192 2,139 750	17.0 18.9 100.3 6.9	44.3 95.3	43.1 119.2 8.5	(69.1) 8.1	133.8 (5.0) 5.9	(2.6) 25.1 16.8	28.8 10.2 10.7	12.3 10.8 10.1	8.6 8.7	3.9 7.6	3.8 6.5	3.1 5.9	1.9 2.5	1.8	1.6 1.7	3.3 2.4	3.9 2.7	4.1 3.0	18.9	15.9 21.1	18.2 20.5	550 1,100 57 1,650	0.9 7.1 (22.9) (18.1)	53.9 7.5 249.7
	359 280 49 308 545 1,027 74 2,015	REDUCE SELL REDUCE BUY REDUCE SELL	104,330 649,961 2,195,995 55,463 3,170,853	2,150 13,393 45,250 1,143 65,338	339 1,192 2,139 750 1,573	17.0 18.9 100.3 6.9 103.4	44.3 95.3 7.3 128.0	43.1 119.2 8.5 169.0	(69.1) 8.1 9.2 (1.5)	133.8 (5.0) 5.9 23.8	(2.6) 25.1 16.8 32.0	28.8 10.2 10.7 19.5	12.3 10.8 10.1 15.7	8.6 8.7 11.9	3.9 7.6 14.0	3.8 6.5 9.0	3.1 5.9 6.9	1.9 2.5 2.7	1.8 2.0 2.4	1.6 1.7 2.1	3.3 2.4	3.9 2.7 0.7	4.1 3.0 0.9	18.9 23.9 15.1	15.9 21.1 16.0	18.2 20.5 18.6	550 1,100 57 1,650	0.9 7.1 (22.9)	53.9 7.5

Source: Company, Bloomberg, Kotak Institutional Equities estimates

					shares		nc (n-)						PER (X)		EV/EBITDA (X)				- (D) ((V)		District 1	1 - 4 - 1 - 1 - 4 - 4		-	(0/)		price Ups	dala n	mo
_	23-Jun-09		Mkt				PS (Rs)			growth (%									e/BV (X)			l yield (%)			oE (%)		p p.		
Company ndustrials	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009 2	2010E 2	011E	2009 2	2010E 2	2011E	2009	2010E	2011E	(Rs) (1	%) (USS	, mn)
ndustriais ARR	722	REDUCE	153.040	3.154	212	25.0	29.6		(3.4)	18.7	(100.0)	28.9	24.4		18.2	15.0		6.0	4.9		0.4	0.4		22.6	22.2		500	(30.8)	8.
ABB BGR Energy Systems	289	REDUCE	20,794	3,154 428	72	15.6	29.6	26.4	29.0	47.8	14.2	18.5	12.5	10.9	10.3	7.6	6.5	3.6	2.9	2.4	0.4	1.3	1.5	21.6	26.0	24.3	315	9.1	1.0
Bharat Electronics	1.331	REDUCE	106,476	2,194	80	101.9	111.1	119.0	(0.0)	9.0	7.1	13.1	12.0	11.2	5.6	5.7	5.1	2.7	2.3	2.4	1.9	1.9	1.9	22.4	20.9	19.2	1,025	(23.0)	2.
Bharat Heavy Electricals	2.132	REDUCE	1.043.534	21,503	490	64.1	92.0	106.8	9.8	43.5	16.1	33.2	23.2	20.0	24.8	15.8	13.0	8.0	6.4	5.1	0.8	0.9	1.1	26.4	30.7	28.6	1,900	(10.9)	64.
Crompton Greaves	2,132	ADD	101,984	2,101	367	15.3	16.9	19.9	37.3	10.2	17.5	18.1	16.5	14.0	10.8	9.6	8.2	5.7	4.4	3.5	0.8	0.8	0.9	36.5	30.7	27.8	300	7.8	7.6
Larsen & Toubro	1,486	ADD	886,935	18,276	597	52.6	57.5	68.2	38.6	9.4	18.5	28.3	25.8	21.8	20.1	16.9	14.2	5.6	4.6	3.8	0.7	0.7	0.8	22.5	19.4	19.1	1,375	(7.5)	103.9
Maharashtra Seamless	277	BUY	19 540	403	71	35.9	33.0	39.6	22.2	(8.1)	20.3	7.7	8.4	7.0	5.2	5.4	4.2	1.4	1.3	1.1	1.9	1.8	2.6	20.3	16.0	16.8	225	(18.8)	103.3
Siemens	467	REDUCE	157,386	3,243	337	19.8	21.1	33.0	39.7	6.4	(100.0)	23.6	22.2	7.0	13.5	12.8	4.2	5.9	4.9	1.1	1.4	0.9	2.0	27.1	24.2	10.0	360	(22.9)	8.1
Suzion Energy	107	ADD	167,986	3,461	1,571	7.0	8.2	12.8	6.0	17.7	56.3	15.3	13.0	8.3	10.4	9.1	7.2	1.7	1.4	1.2	0.5	0.5	0.9	11.3	11.7	15.7	90	(15.8)	125.7
Industrials	107	Neutral	2.657.676	54,764	1,571	7.0	0.2	12.0	179.1	154.6	(50.1)	186.7	157.9	93.2	118.9	97.9	58.4	40.7	33.1	19.2	9.2	9.2	9.6	210.8	201.5	151.4	- 30	(13.0)	123.
Infrastructure		recution	2,037,070	34,704					175.1	154.0	(50.1)	100.7	137.3	33.2	110.5	37.3	30.4	40.7	33.1	13.2	3.2	J.L	3.0	210.0	201.5	131.4			
IRB Infrastructure	148	BUY	49.272	1.015	332	5.8	11.3	12.7	69.2	95.7	11.7	25.6	13.1	11.7	14.2	7.7	6.7	2.6	2.1	1.8				11.0	18 1	16.5	160	7.9	8.5
Infrastructure	140	Attractive	49,272	1,015	332	5.0	11.5	12.7	69.2	95.7	11.7	25.6	13.1	11.7	14.2	7.7	6.7	2.6	2.1	1.8				11.0	18.1	16.5	100	7.5	0
Media				.,																									
DishTV	38	REDUCE	35,867	739	946	(7.3)	(4.1)	(3.2)	(23.9)	(44.4)	(22.6)	(5.2)	(9.3)	(12.0)	(22.9)	(139.1)	44.5	-5.6	-17.7	-7.1				86.1	91.1	84.8	32	(15.6)	13.7
HT Media	92	ADD	21.563	444	234	0.8	4.2	6.3	(80.4)	399.4	49.2	108.4	21.7	14.5	22.4	9.2	7.3	2.6	2.4	2.2	0.4	0.9	2.8	2.3	11.3	15.6	120	30.4	0.5
Jagran Prakashan	79	BUY	23,687	488	301	2.9	4.2	5.5	(12.1)	47.2	29.6	27.5	18.7	14.4	15.4	10.3	8.2	4.3	4.0	3.6	2.5	3.2	3.8	15.8	22.1	26.5	92	17.0	0.2
Sun TV Network	235	REDUCE	92.550	1.907	394	9.3	11.1	12.8	11.8	19.2	15.8	25.3	21.2	18.3	15.8	14.0	12.3	5.4	5.0	4.6	1.7	2.6	3.4	23.5	25.1	26.7	200	(14.8)	1.5
Zee Entertainment Enterprises	167	REDUCE	72,682	1,498	435	8.1	9.3	11.2	(9.0)	15.5	20.0	20.7	17.9	14.9	14.5	12.5	10.3	2.2	2.0	1.9	1.4	1.6	1.9	11.6	12.2	13.7	145	(13.3)	8.4
Zee News	39	ADD	9,423	194	240	1.9	2.1	2.5	20.4	11.1	18.8	21.1	19.0	16.0	11.0	9.2	8.2	3.8	3.3	2.9	1.0	1.0	1.5	20.0	19.0	19.5	40	1.8	1.5
Media		Neutral	255,771	5,270					(93.2)	448.1	110.8	197.8	89.2	66.2	56.2	(83.8)	90.7	12.7	-1.0	8.1	7.1	9.3	13.4	159.3	180.8	186.7			
Metals																													
Hindalco Industries	82	BUY	143,013	2,947	1,753	7.7	2.0	10.0	(44.4)	(73.3)	386.0	10.6	39.8	8.2	6.4	8.9	6.8	0.4	0.4	0.4				10.3	5.2	6.7	135	65.4	24.6
Hindustan Zinc	571	BUY	241,076	4,968	423	64.6	62.9	80.9	(38.0)	(2.6)	28.7	8.8	9.1	7.1	5.0	4.5	2.7	1.6	1.4	1.2	0.7	0.9	0.9	20.1	16.5	17.9	825	44.6	4.4
Jindal Steel and Power	2,337	ADD	359,754	7,413	154	198.0	172.4	196.2	139.3	(12.9)	13.8	11.8	13.6	11.9	8.0	8.3	6.9	4.9	3.6	2.8	0.3	0.3	0.3	53.1	31.0	26.4	1,820	(22.1)	35.3
JSW Steel	564	SELL	105,561	2,175	187	13.1	24.1	53.5	(84.7)	83.3	121.8	42.9	23.4	10.6	9.1	9.1	7.1	1.0	0.9	8.0	0.2	0.9	0.9	11.0	4.3	8.3	390	(30.9)	47.8
National Aluminium Co	314	SELL	202,152	4,166	644	19.7	13.7	20.4	(22.0)	(30.6)	48.8	15.9	22.9	15.4	9.9	10.1	6.6	1.9	1.8	1.6	1.1	0.6	0.6	12.7	8.1	11.1	290	(7.6)	3.7
Sesa Goa	181	BUY	142,766	2,942	787	24.8	25.5	34.2	30.8	3.0	34.0	7.3	7.1	5.3	4.5	3.9	2.3	3.2	2.3	1.6	1.9	1.9	1.9	52.8	37.1	36.0	240	32.3	41.6
Sterlite Industries	577	REDUCE	408,659	8,421	708	49.2	33.2	41.8	(23.6)	(32.5)	26.1	11.7	17.4	13.8	6.7	7.9	5.9	1.6	1.4	1.3				14.3	8.7	9.9	540	(6.4)	49.5
Tata Steel	400	BUY	329,125	6,782	822	123.9	55.5	87.0	63.6	(55.2)	56.7	3.2	7.2	4.6	3.9	5.5	4.2	0.7	0.7	0.6	3.2	3.2	3.2	36.8	15.7	21.3	280	(30.1)	124.7
Metals		Cautious	1,932,106	39,813					21.0	(120.8)	715.9	112.4	140.4	76.8	53.6	58.2	42.4	15.4	12.5	10.3	7.4	7.9	7.9	211.2	126.6	137.6			
Others																													
Aban Offshore	888	SELL	33,634	693	38	87.8	125.3	214.6	21.5	42.7	71.3	10.1	7.1	4.1	9.0	7.7	6.5	2.4	1.8	1.3	0.4	0.6	0.6	33.7	33.3	36.7	365	(58.9)	69.8
Havells India	260	REDUCE	15,726	324	61	(1.0)	10.3	14.7	(103.7)	(1,135.4)	43.0	(262.0)	25.3	17.7	10.3	8.9	8.0	2.2	2.1	1.9	1.3	1.6	1.9	(0.9)	8.5	11.4	120	(53.8)	2.5
Jaiprakash Associates	201	ADD	282,516	5,821	1,403	3.0	6.8	9.9	(38.7)	126.3	45.5	67.1	29.6	20.4	22.7	15.2	14.3	5.1	4.5	3.7	0.0	0.0	0.0	8.0	16.1	20.0	190	(5.6)	101.2
Jindal Saw	394	BUY	21,601	445	55	64.3	47.8	41.7	(0.8)	(25.6)	(12.8)	6.1	8.2	9.4	4.0	4.1	4.0	0.6	0.6	0.6	1.3	1.0	1.0	10.8	7.4	6.2	300	(23.8)	3.7
PSL	118	BUY	5,121	106	44	22.0	36.8	30.0	4.3	67.4	(18.5)	5.3	3.2	3.9	4.7	3.6	3.1	8.0	0.7	0.6	4.3	5.5	5.5	10.2	13.4	11.1	160	36.2	1.0
Sintex	205	BUY	27,927	575	136	23.8	25.2	27.6	21.9	5.6	9.6	8.6	8.1	7.4	6.2	5.6	4.7	1.4	1.2	1.1	0.5	0.6	0.6	16.6	15.0	14.2	275	34.4	4.4
Tata Chemicals	230	ADD	54,065	1,114	235	27.6	23.1	27.2	(30.4)	(16.4)	17.9	8.3	10.0	8.5	5.5	4.5	3.8	1.1	1.0	1.0	4.0	3.9	3.9	17.9	12.9	13.7	200	(13.0)	5.0
United Phosphorus	147	BUY	67,683	1,395	462	10.7	13.5	18.0	27.8	25.7	33.9	13.7	10.9	8.1	9.7	6.7	5.1	2.2	1.9	1.6	8.0	1.0	1.4	18.1	18.2	20.5	140	(4.4)	5.3
Welspun Gujarat Stahl Rohren	201	REDUCE	37,868	780	189	17.3	23.4	17.3	(15.8)	35.0	(25.7)	11.6	8.6	11.6	7.3	5.2	6.1	2.1	1.6	1.4	1.0	0.7	0.8	17.6	20.8	12.9	125	(37.7)	21.4
Others		-	546,141	11,254					(114.0)	(874.8)	164.2	(131.1)	111.0	91.1	79.4	61.5	55.5	18.0	15.5	13.1	13.6	14.9	15.7	132.1	145.5	146.7			
Pharmaceuticals																													
Biocon	200	BUY	40,040	825	200	4.7	13.6	19.4	(80.0)	192.2	42.8	43.0	14.7	10.3	13.1	10.1	7.1	2.6	2.3	2.0	0.0	0.1	0.1	6.2	16.9	20.9	235		4.4
Cipla	259	ADD	201,552	4,153	777	9.9	13.9	15.5	9.5	40.6	11.9	26.2	18.7	16.7	20.0	14.0	12.3	4.7	4.0	3.4	1.0	1.2	1.3	19.1	23.0	21.8	250	(3.6)	10.0
Dishman Pharma & chemicals	182	BUY	14,827	306	81	18.0	21.2	27.3	22.1	17.9	28.7	10.1	8.6	6.7	8.5	6.7	5.3	2.1	1.7	1.4	0.0	0.0	0.0	22.8	21.9	22.9	280	53.6	0.6
Divi's Laboratories	1,070	BUY	69,895	1,440	65	63.8	74.6	86.5	19.9	16.9	16.0	16.8	14.3	12.4	14.3	11.4	9.1	5.7	4.2	3.2	0.1	0.1	0.1	39.8	33.5	29.3	1,375	28.5	4.2
Dr Reddy's Laboratories	745	BUY	125,996	2,596	169	32.4	44.8	48.4	24.5	38.2	8.0	23.0	16.6	15.4	10.8	8.4	7.3	3.6	3.1	2.6	0.8	0.9	1.1	13.7	19.8	18.2	770	3.4	6.7
Glenmark Pharmaceuticals	220	BUY	58,435	1,204	266	16.0	18.2	22.5	(38.2)	13.9	23.6	13.8	12.1	9.8	9.2	7.9	6.6	2.6	2.2	1.8	0.0	0.0	0.0	22.0	19.8	20.2	390	77.4	9.6
Jubilant Organosys	167 847	BUY	28,633 75,065	590 1.547	171	16.5 60.7	18.6 66.0	21.8 71.3	(26.2)	12.6 8.7	17.0	10.1	9.0	7.7	11.9	7.5	5.5	2.2	1.8	1.5	0.8	0.8	1.0	18.6	22.6	21.7	250	49.5	0.6
Lupin Piramal Healthcare	847 298	BUY	75,065 62,355	1,547	89 209	60.7 17.3	66.0 22.4	71.3 28.2	21.9	8.7 29.8	8.0 26.0	14.0	12.8	11.9	13.8	11.5 9.0	9.8 7.3	4.4	3.4	2.8	1.4	1.3	1.6	33.7 26.3	30.3	26.1 30.8	1,075 340	26.9 14.0	3.0
	298	REDUCE		7,285	209 427				(134.7)		(189.8)	(33.9)	(48.1)			(200.4)			3.7					(8.8)	(4.7)				17.4
Ranbaxy Laboratories Sun Pharmaceuticals		REDUCE	117,039 265,207	2,412 5.465	427 207	(8.1) 87.8	(5.7) 88.9	5.1 89.7	(134.7)	(29.5)	(189.8)	(33.9)	(48.1)	53.5 14.3	(82.3)	(200.4)	22.9 9.5	2.4	2.0	2.1	3.7	4.2	4.6 1.1	(8.8)	(4.7)	4.1 20.9	150	(45.3) 40.6	17.4
	1,280		,	-,	207	87.8	88.9	89.7		342.5			14.4 86.5				9.5										1,800	40.6	22
Pharmaceuticals		Attractive	1,059,043	21,822					(166.4)	342.5	(6.9)	155.0	86.5	169.2	43.7	(103.5)	102.7	38.9	31.5	26.3	10.3	11.1	12.4	225.0	239.6	237.0			
Property	316	REDUCE	542 020	11 169	1 716	29.3	16.3	17.5	(36.6)	(44.4)	7.2	10.8	19.4	18.1	11.3	16.1	13.7	2.2	2.0	1.9	0.9	0.9	13	22.5	10.8	10.6	320	13	157
		NR	,	,	.,		19.8	17.5	(40.1)	(44.4)						16.1											320		
Housing Development & Infrastructur Indiabulls Real Estate	226	ADD	62,261 77 992	1,283	275 401	30.6	19.8	7.5	(81.8)	(35.3)	25.1	7.4 64.8	11.4 62.4	9.1 25.9	10.3	42.0	9.6	1.4	1.3	1.2	2.2	2.7	3.5	21.2	12.1	13.9	235	(100.0)	110.1
Mahindra Life Space Developer	194	BUY	11,792	1,607	401	10.2	10.8	15.4	(81.8)	5.3	141.1 42.5	27.4	26.0	18.3	(190.9)	42.0 24.6	12.6	1.2	1.3	1.2	1.4	1.4	1.4	1.3	1.6	6.7	410	46.2	1.0
	103	BUY	14.861	306	145	5.2	7.1	8.7	63.1	38.3	21.4	19.9	14.4	11.8	22.4	10.2	8.9	1.3	0.9	0.9		1.4	1.4	4.8 5.1	6.7	7.7	210	104.7	0.4
Phoenix Mills	78	REDUCE	14,861	306	213	6.8	7.1	7.4	(39.8)	38.3	6.9	19.9	14.4	11.8	17.9	10.2	11.9	1.0	1.2	1.1	1.0				10.8	10.7		(29.3)	0.4
Puravankara Projects Sobba	197	REDUCE	16,604	342 296	213 73	17.4	11.9	14.7	(45.2)	(31.4)	23.5	11.5	11.2	10.5	17.9	14.7	11.9	1.2	1.2	1.1	2.0	2.6	2.6	11.5 12.0	7.7	9.0	55 90	(29.3)	1.5
	197		,=					4.4		(31.4)			16.5	13.4				3.4	2.2	2.0	2.0	2.0	2.0		,,,			(=)	
Unitech	//	SELL	154,715	3,188	2,009	6.4	4.4	4.4	(38.4)		(0.9) 266.8	12.1	17.4		12.9	13.0	12.4 91.4				7.6	10.6	12.2	25.1	15.1	11.8	55	(28.6)	146.4
Property		Cautious	894,623	18,434					(258.0)	(91.3)	200.8	165.2	1/8./	124.6	(63.8)	146.4	91.4	13.1	11.0	10.2	7.6	10.6	12.2	103.4	69.6	73.7			
Retail		REDUCE	49,829	1,027	44	45.9	50.1	56.9	30.8	9.2	13.7	24.5	22.4	19.7	15.7	13.6	11.8	8.6	6.7	5.3	0.9	1.0	1.1	38.9	33.6	29.9	850	(24.3)	3.2
Titan Industries	1.123																												

Source: Company, Bloomberg, Kotak Institutional Equities estimates

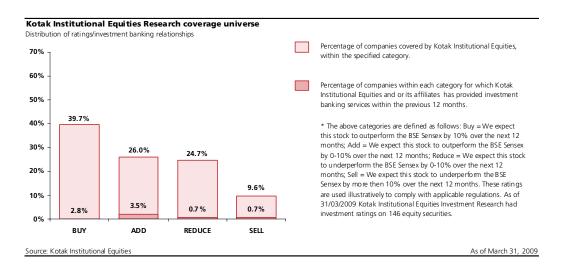
Kotak Institutional Equities: Valuation summary of key Indian companies

KOTAK INSTITUTIONAL EQUITIES RESEARCH

					O/S																						Target		ADVT-
	23-Jun-09		Mkt	cap.	shares	shares EPS (Rs)			EP	S growth (%)		PER (X)		E	V/EBITDA (X)	P	Price/BV (X)		Divide	end yield (9	%)		RoE (%)		price l	pside	3mo
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	(Rs)	(%) (U	JS\$ mn)
Telecom																													
Bharti Airtel	786	ADD	1,492,321	30,750	1,898	44.6	52.2	59.8	26.4	17.0	14.6	17.6	15.1	13.1	10.3	8.8	7.6	4.7	3.6	2.8	0.5	0.8	1.0	31.4	27.0	23.8	775	(1.4)	96.4
IDEA	78	REDUCE	242,877	5,005	3,104	2.9	2.9	3.2	(26.5)	(0.1)	10.9	27.0	27.0	24.3	9.9	8.9	7.4	1.8	1.7	1.5				10.4	6.4	6.8	65	(16.9)	20.8
MTNL	97	SELL	61,142	1,260	630	5.1	5.5	6.5	(28.4)	7.6	17.7	19.0	17.6	15.0	5.2	4.9	4.5	0.5	0.5	0.5	6.2	6.2	6.2	2.2	2.4	2.9	50	(48.5)	4.3
Reliance Communications	296	SELL	631,546	13,014	2,133	27.7	20.3	21.1	4.7	(26.6)	3.9	10.7	14.6	14.0	9.4	8.9	7.0	1.8	1.6	1.4	0.3			18.6	11.7	10.9	180	(39.2)	81.2
Tata Communications	449	REDUCE	127,851	2,634	285	13.6	14.0	15.2	24.0	3.2	8.2	33.0	32.0	29.6	14.1	12.8	11.9	1.9	1.8	1.7	1.1	1.4	1.7	5.4	5.2	5.5	400	(10.8)	8.1
Telecom		Cautious	2,555,736	52,663					0.3	1.0	55.3	107.3	106.3	96.1	49.0	44.3	38.4	10.7	9.2	8.0	8.1	8.4	8.9	67.8	52.8	49.9			
Transportation																													
Container Corporation	932	ADD	121,174	2,497	130	64.4	71.4	83.3	11.6	10.8	16.6	14.5	13.1	11.2	10.3	8.7	7.2	3.2	2.7	2.3	1.5	1.7	2.0	24.0	22.5	22.2	850	(8.8)	1.2
Transportation		Cautious	121,174	2,497					11.6	10.8	16.6	14.5	13.1	11.2	10.3	8.7	7.2	3.2	2.7	2.3	1.5	1.7	2.0	24.0	22.5	22.2			
Utilities																													
CESC	288	ADD	35,938	741	125	31.2	38.0	42.1	12.3	21.8	10.8	9.2	7.6	6.8	5.1	5.9	6.3	1.0	0.9	0.8	1.6	1.9	2.1	11.4	12.2	11.9	345	19.9	2.0
Lanco Infratech	364	ADD	80,951	1,668	222	14.5	18.1	33.8	(2.5)	25.1	86.9	25.2	20.1	10.8	22.9	17.5	8.2	3.7	3.1	2.4				16.1	16.9	25.0	360	(1.1)	21.7
NTPC	196	SELL	1,616,936	33,318	8,245	9.4	10.8	12.2	1.1	14.7	12.6	20.8	18.1	16.1	15.8	13.4	12.8	2.7	2.5	2.3	1.8	2.1	2.3	13.7	14.5	15.0	180	(8.2)	42.2
Reliance Infrastructure	1,223	BUY	277,039	5,709	226	64.1	58.8	62.9	70.5	(8.2)	6.9	19.1	20.8	19.5	20.5	20.9	16.2	1.7	1.5	1.4	0.6	0.7	0.8	6.3	7.0	9.0	1,250	2.2	124.9
Reliance Power	172	REDUCE	412,002	8,490	2,397	1.0	2.5	3.1	168.2	140.3	25.3	168.5	70.1	56.0	136.7	1,120.7	87.6	3.0	2.9	2.7				1.8	4.2	5.0	160	(6.9)	37.6
Tata Power	1,132	ADD	252,001	5,193	223	56.2	76.6	86.5	76.6	36.2	12.9	20.1	14.8	13.1	11.1	11.5	10.8	2.5	2.2	1.9	1.0	1.1	1.2	13.4	15.8	15.7	1,100	(2.8)	14.3
Utilities		Attractive	2,674,866	55,118					326.3	229.9	155.4	262.9	151.5	122.2	212.1	1,189.9	141.9	14.6	13.1	11.6	5.0	5.7	6.4	62.8	70.5	81.7			
KS universe (b)			24,376,367	487,771					26.0	2.0	7.8	12	12.1	11.2	7.9	8.0	7.0	2.2	1.9	1.7	1.7	1.7	2.0	17.9	15.3	14.8			
KS universe (b) ex-Energy			18,082,077	361,822					30.8	5.1	(0.2)	12.1	11.5	11.5	8.6	8.6	8.1	2.3	1.9	1.7	1.7	1.7	1.9	19.2	16.8	14.9			
KS universe (d) ex-Energy & ex-Commodities		16,258,901	325,341					36.0	6.2	6.9	13.6	12.8	12.0	10.6	10.3	9.0	2.6	2.2	1.9	1.7	1.7	1.9	18.7	16.8	15.9				

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.
(4) Rupee-US Dollar exchange rate (Rs/US\$)=
48.53

Source: Company, Bloomberg, Kotak Institutional Equities estimates



Ratings and other definitions/identifiers

Rating system

Definitions of ratings

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 Sensexby more than 10% over the next 12 months. Our target price are also on 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 (A), Neutral (N), Cautious (C).

Other ratings/identifiers

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

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