kotak® Institutional Equities

Strategy

INDIA

INDIA

July 09, 2009

BSE-30:13,757

WPI inflation: -1.55%

US$/INR: 48.71

June 2009 quarter earnings preview. We expect earnings of the KIE universe to increase by 4.9% yoy led by a significant increase in the earnings of downstream oil companies. However, on an ex-Energy basis, we expect earnings of KIE universe to decline by 3.8% yoy and 8.5% qoq. The decline in earnings is largely driven by a decline in profits for metals, property and telecom sector stocks. Banking and industrial stocks will likely report strong earnings growth. We expect 1QFY10/2QCY09 earnings of the BSE-30 Index to decline by 6.8% yoy and earnings of the BSE-30 Index (ex-Energy) to decline by 4.9% yoy.

Earnings of KIE Universe is likely to grow by 4.9% yoy

Sector-wise earnings of Kotak coverage companies

	Sales growth (%)		OPM (%)			PAT growth (%)	
	yoy	qoq	Jun-08	Mar-09	Jun-09 (E)	yoy	qoq
Automobiles	6.0	0.7	8.8	9.5	10.4	(2.2)	34.7
Banking	9.1	(3.6)	—	—	—	23.8	(19.9)
Cement	15.0	(0.7)	29.0	28.4	30.4	16.1	6.1
Construction	18.0	(10.1)	8.6	3.2	9.3	12.4	NA
Consumers	5.5	2.4	19.3	21.6	21.0	13.9	3.5
Energy	(26.6)	4.2	8.8	19.5	16.0	33.3	(32.5)
Industrials	19.4	(36.2)	10.2	14.2	12.1	23.7	(52.3)
Media	10.1	3.5	24.5	27.1	28.1	15.3	14.6
Metals	(3.1)	11.0	37.4	19.3	24.2	(34.5)	3.7
Others	10.8	(11.1)	21.5	19.0	21.4	(5.2)	13.2
Pharmaceuticals	16.1	4.4	23.8	17.8	21.1	(7.7)	10.7
Property	(46.7)	48.4	59.6	18.8	42.0	(66.8)	68.7
Retail	12.5	3.4	6.9	7.1	6.7	4.5	(19.5)
Technology	9.8	(3.8)	23.4	24.9	23.8	11.1	(4.1)
Telecom	18.8	2.5	38.1	34.9	34.8	(13.0)	(4.6)
Utilities	15.1	(1.0)	19.9	17.4	21.6	8.3	(7.8)
Kotak coverage	**(10.4)**	**(1.4)**	**14.7**	**18.2**	**17.8**	**4.9**	**(17.3)**
Kotak coverage ex-Energy	**8.5**	**(5.4)**	**21.6**	**17.3**	**19.2**	**(3.8)**	**(8.5)**
BSE 30 Index	**(1.6)**	**0.9**	**25.1**	**21.4**	**25.3**	**(6.8)**	**5.6**
BSE 30 Index ex-Energy	**8.2**	**(3.9)**	**23.1**	**19.6**	**21.2**	**(4.9)**	**(8.6)**

Source: Company, Kotak Institutional Equities estimates

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Important disclosures appear at the back

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The prices in this report are based on the market close of July 9, 2009

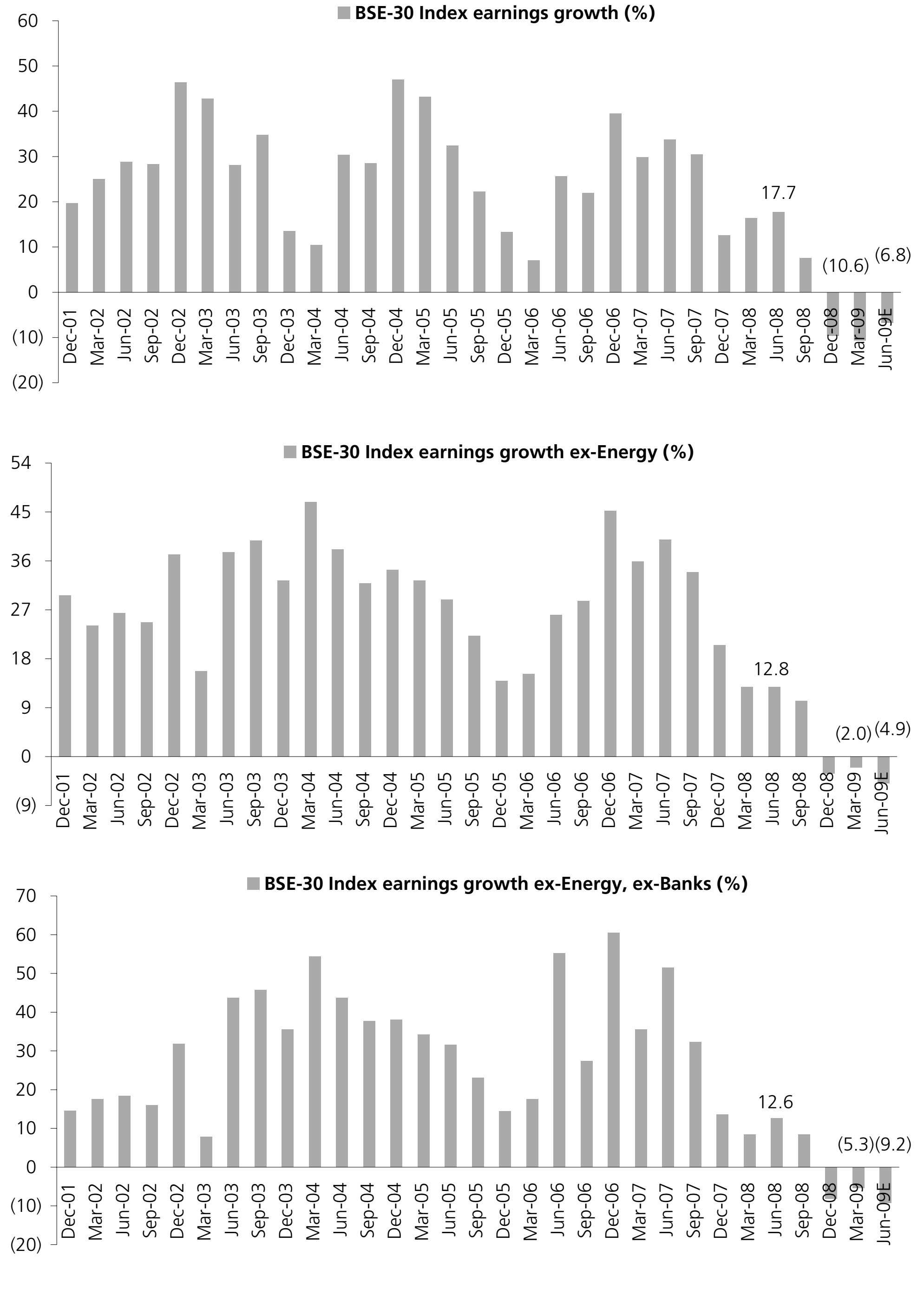
METALS, PROPERTY AND TELECOM TO DRAG EARNINGS GROWTH

Exhibit 1: We expect yoy decline in profits for metals, property, and telecom companies
Sector-wise expectations for June2009 quarter results

	Key points	Key points
Automobiles	A combination of strong volume growth and low raw material costs will likely result in a good earnings season for the industry. EBITDA margins may see good yoy and sequential improvement. We see possible upside to earnings estimates for M&M, given the strong finish to the quarter in terms of volumes. We expect margins to be the key area of focus during the quarter	We expect Maruti's margins to see good improvement sequentially and be flat on a yoy basis. We expect Yen to have a negative impact on a yoy basis. A strong June in terms of tractor volumes could result in upside in the case of M&M. Hero Honda & Bajaj will likely show good yoy margin improvement but lower volumes may preclude Bajaj from showing significant earnings improvement. We expect Tata Motors and Ashok Leyland to report about breakeven results given their anemic volume levels
Banking	Operating income of most banks in 1QFY10E is likely to remain subdued due to lower NIMs and slower loan growth. Higher treasury income, lower provisions and operating expenses are likely to aid earnings. Asset quality trends would be the key variable to track—we expect reported NPLs to remain low, even as restructured assets may rise. Amongst private banks, we expect Axis Bank to report strong NII as well as earnings growth, while amongst public banks, PNB and Bank of Baroda will likely deliver superior performance	Loan growth for the banking system has been flat qoq and thus pressure on margins would continue for most public banks. We expect SBI's NII to decline by 4%. For other public banks, NII is likely to decline qoq. HDFC Bank is likely to see a subdued loan growth but treasury income is likely to be strong. Amongst NBFCs, PFC will likely report strong earnings (up 61% yoy) due to reversal of forex-related provisions
Cement	Strong improvement in realizations in 1QFY10 due to price increase of Rs5-10/bag across regions taken in March 2009; benefit of declining cost of imported coal to further aid profitability	Ramp-up of new capacities will likely result in strong volume growth for Grasim, Ultratech and Shree Cement; we expect ACC and India Cements to report slower-than-industry growth
Chemicals	Decline in global chemical margins yoy will impact the profits of chemical segment of Reliance Industries. However, chemical margins have improved qoq	
Consumers	We believe growth from Tier II and Tier III towns will be a key metric to monitor. Continuing robust rural demand will likely result in strong volume growth in most FMCG categories except soaps and detergents. The unprecedented product price increases has led to decline in volumes in the detergents industry; consumers have rationalized usage. However, personal care segment for most companies will likely report double-digit volume growth	Cigarette underlying volume growth trend is improving, ITC may report 1% growth in cigarette volumes. Unorganized players have re-entered staple categories as volatility in input costs has declined. Judicious price adjustments, likely moderation in ad spends, increase in below-the-line activities and benefits of operating leverage are key triggers to watch out for. We believe that the current market scenario offers tremendous opportunity for players like Godrej Consumer (value-for-money player) to channelize gross margin expansion to gain market shares and improve market positions
Energy	**Upstream oil:** ONGC will likely report higher income qoq due to higher crude price (US$14/bbl qoq); this will be partly offset by (1) likely high subsidy loss of Rs7 bn in 1QFY10 versus Rs8.5 bn in 4QFY09 and (2) stronger rupee qoq. GAIL will likely report qoq increase in EBITDA reflecting (1) higher volumes due to start of gas production from RIL's KG D-6 block and (2) higher petchem/LPG prices, margins	**Downstream oil:** Performance of R&M companies will be strong despite weak underlying refining margins due to (1) high adventitious gains and (2) low levels of under-recoveries. However, profits/losses of R&M companies will be determined by the quantum of oil bonds issued by the government and contribution from upstream companies. We assume under-recoveries of Rs24 bn for the industry and issue of oil bonds of Rs12 bn to the downstream companies for 1QFY10
Industrials	**Industrials:** Revenue growth to be driven by strong order backlog, with momentum remaining muted for companies having high exposure to industrial segment. Order inflows would remain the key driving factor for future revenues. The effect of declining commodity prices would start to kick in; however, the upside would be limited due to rising competition in a low-demand environment	**Construction:** Strong order backlog to drive revenue growth; roads sector could be likely driver for growth with several new initiatives taken by the government to boost ordering activity in the sector; commercial construction segment continues to face the threat of cancellation/deferrals adversely affecting the revenue growth for companies expose to the segment
Media	**Television:** We expect extreme weakness in ad revenues of key broadcasters (ZEEL, Sun TV) given cricket (IPL and T20 World Cup) dominating the quarter. The ad revenue market has stabilized but we are yet to witness any significant recovery. Subscription revenues will continue to exhibit strong yoy growth driven by DTH (domestic) and rupee depreciation (international). Dish TV will likely continue in investment mode given (1) aggressive volume growth and (2) high subsidies to lure subscribers away from cable to DTH	**Print:** We expect moderate yoy growth in ad revenues driven by regional ad markets, election spending and ramp-up in new print media brands. Declining newsprint prices are likely to positively impact EBITDA margins of key newspaper publishers (HTML and JAGP). Moreover, we expect EBITDA to be supported by the various cost rationalization measures (primarily savings on newsprint, overheads)
Metals	**Ferrous:** Volumes for the large manufacturers such as Tata Steel and JSW Steel have improved by 25-30% qoq following their capacity expansions. Also, India is perhaps the only market among the top-five markets, which is witnessing growth. Domestic steel production grew by 9% in the month of May 2009	**Non-ferrous:** Prices of non-ferrous metals have risen by 15-35% qoq. However, prices continue to remain sharply lower compared to year-ago prices. Thus, earnings would be sharply lower yoy but improve significantly qoq
Pharmaceuticals	We expect lower yoy domestic sales growth in 1QFY10E post the strong growth seen in FY2009. However, we expect Dr Reddy and Ranbaxy to show some improvement in domestic business after the dismal performance in FY2009 and factor in higher domestic sales growth. We expect Ranbaxy to report lower sales yoy from US due to the import ban. We include US$72 mn of Immitrex sales for DRL, same as that reported in 3QFY09 and 4QFY09 and include US$30 mn of exclusivity sales for SUN this quarter. We expect Dishman to report lower sales qoq due to a halt in supplies of Esprosartan to Solvay which will resume from 2QFY10E	We expect adjusted EBITDA margins to decline yoy for (1) Sun, Glenmark due to completion of most of the exclusivity benefits and (2) Biocon due to the inclusion of low-margin Axicorp sales. We expect DRL to report higher margins yoy due to Immitrex sales this quarter. We expect CMOs such as Jubilant, Piramal to report steady margins qoq due to cost rationalization measures
Property	Weak 1QFY10 quarter on a yoy basis largely on account of low revenue booking from existing projects on account of low sales and slower construction. Launches in 4QFY09-1QFY10 will take at least 2-3 quarters to make a meaningful contribution to revenues. DLF 1QFY10 results will show better qoq results as 4QFY09 had one-off reversals	Capital raised though QIPs will likely reduce interest cost from 2QFY10 in case of Unitech, Sobha and HDIL. We highlight that commercial sales continue to be very weak, which will impact revenues of DLF and UT particularly. DLF will have no sales to DAL in 1QFY10, which contributed ~50% of sales in 1QFY09
Technology	We expect revenue-upgrade cycle to start from June 2009 quarter, albeit at a measured pace. Lower project cancellations, improving demand environment and favorable cross-currency movements will contribute to better-than-expected performance in the June 2009 quarter even as pricing continues to be under pressure	US$ has depreciated against all major invoicing currencies in the last three months—8% against GBP, 4% against EURO, and 14% against AUD. As a result of this change, we expect currency volatility to provide 1.5-4% boost to US$ revenue growth of various IT companies. However, we expect Infosys' FY2010E EPS guidance (upper-end) to be revised down to Rs99, note that Infosys' guidance was based on Re/US$ rate of 50.7, versus 48.1 currently
Telecom	We expect pressure on wireless revenues on account of the reduction in termination rates effected from April 1, 2009. Profitability of the wireless segment will however be maintained in a narrow band given little pricing action in the market in the June 2009 quarter. MOU would be a key metric to watch given the declining volume elasticity seen over the past few quarters	We expect sequential net income decline for RCOM and Idea on account of (1) higher interest and depreciation charges due to rapid network expansion and (2) non-recurrence of one-time gains on write-off of stock option expenses in case of RCOM. Expect strong net income performance from Bharti, aided by reversal of forex losses booked in the March 2009 quarter. MTNL could report another quarter of EBITDA losses
Utilities	Revenue from sale of power to be aided by 10% yoy increase in NTPC's generation due to commercial generation from Kahalgaon and Sipat. Tata Power to benefit from sale of 190 MW of power on merchant basis during the quarter	Construction revenues to drive revenue growth for Reliance Infrastructure and Lanco as execution of power projects gains momentum

Source: Kotak Institutional Equities estimates

Exhibit 2: We expect earnings of BSE-30 Index to decline by 6.8% yoy in 1QFY10E
Earnings growth of BSE-30 Index (%)



Source: Company, Kotak Institutional Equities estimates.

1QFY10E/2QCY09 EARNINGS PREVIEW FOR KIE UNIVERSE

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
Automobiles						
Ashok Leyland						
Net sales	18,839	12,181	10,016	(46.8)	(17.8)	Poor demand, inventory correction to likely result in 47% yoy decline in net revenues
Operating profit	1,172	1,148	920	(21.4)	(19.8)	
EBITDA	1,293	1,279	1,040	(19.5)	(18.7)	
PBT	745	359	140	(81.2)	(60.9)	EBITDA margin to show good yoy improvement (300 bps) on account of lower raw material costs
PAT	527	569	140	(73.4)	(75.3)	
Extraordinaries	(22)	(35)	—	(100.0)	(100.0)	
PAT-reported	506	533	140	(72.2)	(73.7)	
Bajaj Auto						
Net sales	22,315	17,875	22,043	(1.2)	23.3	Lower volumes (down 12% yoy) offset by improved mix to results in flat yoy revenues flat
Operating profit	1,875	1,900	2,766	47.5	45.6	
EBITDA	2,956	3,088	3,916	32.5	26.8	
PBT	2,611	2,723	3,456	32.4	27.0	We expect EBITDA margin to expand 450 bps yoy on account of better product mix and lower raw material costs
PAT	1,751	2,132	2,596	48.3	21.8	
Extraordinaries	—	(829)	(661)	—	(20.3)	
PAT-reported	1,751	1,302	1,935	10.5	48.6	
Hero Honda						
Net sales	28,435	34,118	38,069	33.9	11.6	We expect 1QFY10 earnings to grow 66% yoy led by 25% yoy growth in volumes, higher realization
Operating profit	3,410	5,384	6,109	79.1	13.5	
EBITDA	3,803	5,826	6,609	73.8	13.4	
PBT	3,430	5,479	6,239	81.9	13.9	
PAT	2,654	3,915	4,555	71.6	16.3	
Extraordinaries	—	—	—	—	—	
PAT-reported	2,654	3,915	4,555	71.6	16.3	
Mahindra & Mahindra						
Net sales	32,934	36,192	41,711	26.6	15.2	Higher UV (up 56% yoy) and tractor (up 13% yoy) sales, lower raw material costs to likely result in 200 bps yoy expansion in EBITDA margin
Operating profit	2,621	5,612	4,212	60.7	(25.0)	
EBITDA	3,004	6,227	4,638	54.4	(25.5)	
PBT	2,286	5,086	3,607	57.8	(29.1)	1QFY09 are on standalone basis while 4QFY09 and 1QFY10 include PTL's financials
PAT	1,745	4,181	2,889	65.6	(30.9)	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,745	4,181	2,889	65.6	(30.9)	
Maruti Suzuki						
Net sales	47,536	63,344	60,885	28.1	(3.9)	Higher exports (up 34% yoy) from entry into new markets and strong domestic growth (9.6% yoy) to likely result in 10% growth in earnings
Operating profit	5,103	4,493	6,732	31.9	49.8	
EBITDA	7,324	5,547	8,382	14.4	51.1	
PBT	5,495	3,487	6,212	13.0	78.1	We expect EBITDA margin to improve 400 bps sequentially on account of lower raw material costs
PAT	4,059	2,431	4,473	10.2	84.0	
Extraordinaries	—	—	—	—	—	
PAT-reported	4,059	2,431	4,473	10.2	84.0	
Tata Motors						
Net sales	69,284	67,053	59,720	(13.8)	(10.9)	We expect 1QFY10 revenues to decline 13.8% yoy mainly on account of lower volumes (down 6.5%) and lower realizations for CVs
Operating profit	5,225	3,463	3,422	(34.5)	(1.2)	
EBITDA	7,245	4,279	5,672	(21.7)	32.5	
PBT	4,313	(1,060)	(128)	(103.0)	(87.9)	Lower volumes would limit margin improvement on a sequential basis, expect margin to decline 180 bps yoy
PAT	4,124	(2,443)	(128)	(103.1)	(94.8)	
Extraordinaries	(862)	8,357	—	(100.0)	(100.0)	
PAT-reported	3,261	5,914	(128)	(103.9)	(102.2)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
Banking						
Andhra Bank						
Net interest income	3,666	3,953	3,699	0.9	(6.4)	We expect NIM to remain under pressure even in 1QFY10 and NII to decline by around 5% on a sequential basis
Operating profit	2,063	2,769	2,149	4.2	(22.4)	
Treasury income (net)	(874)	614	600	(168.6)	(2.3)	
Loan loss provision	362	921	1,000	176.1	8.6	Higher contribution from treasury segment, no depreciation losses on the AFS book may help the company report PAT growth of around 20% yoy
PAT	776	2,012	1,137	46.4	(43.5)	
PAT-reported	776	2,012	1,137	46.4	(43.5)	
Axis Bank						
Net interest income	8,105	10,326	9,917	22.4	(4.0)	Expect margins to remain stable sequentially as funding costs likely to decline in line with declining lending yields
Operating profit	6,913	9,725	7,857	13.7	(19.2)	
Treasury income (net)	1,110	1,660	1,555	40.0	(6.4)	
Loan provision	667	2,730	2,500	274.7	(8.4)	Fee income traction likely to sustain. Provisions likely to increase due to higher NPLs and restructured assets
PAT	3,301	5,815	4,157	25.9	(28.5)	
Extraordinaries	—	—	—	—	—	
PAT-reported	3,301	5,815	4,157	25.9	(28.5)	
Bank of Baroda						
Net interest income	11,170	14,708	13,500	20.9	(8.2)	We expect NII growth to be strong yoy for the company despite the softer interest rate environment
Operating profit	8,278	9,629	8,500	2.7	(11.7)	
Treasury income (net)	(1,898)	3,349	1,500	(179.0)	(55.2)	
Loan loss provision	581	2,030	2,500	330.1	23.2	Lower base of 1QFY10 likely to result in strong PAT growth for the bank
PAT	3,709	7,527	4,875	31.5	(35.2)	
Extraordinaries	—	—	—	—	—	
PAT-reported	3,709	7,527	4,875	31.5	(35.2)	
Bank of India						
Net interest income	11,808	14,334	13,513	14.4	(5.7)	BoI's NII likely to be under pressure as the benefit of the equity offering made in 4QFY08 is no longer available and the credit environment remains subdued
Operating profit	11,314	12,741	10,963	(3.1)	(13.9)	
Treasury income (net)	5,664	7,854	6,450	13.9	(17.9)	
Loan loss provision	(589)	1,340	1,200	(303.6)	(10.4)	PAT growth will likely be flat on a yoy basis despite healthy contribution from non-interest income segment (primarily treasury) as the company made lower effective tax rate in 1QFY09
PAT	5,620	8,104	6,764	20.4	(16.5)	
Extraordinaries	—	—	—	—	—	
PAT-reported	5,620	8,104	6,764	20.4	(16.5)	
Canara Bank						
Net interest income	10,191	13,053	12,253	20.2	(6.1)	Canara Bank's NII likely to be in excess of 10% yoy, partly aided by the lower base of the last year
Operating profit	7,396	8,398	8,353	12.9	(0.5)	
Treasury income (net)	(4,220)	3,290	1,500	(135.5)	(54.4)	
Loan provision	1,550	2,500	4,000	158.1	60.0	Yoy growth in PAT likely to be rather strong as the company had a rather subdued 1QFY09 on account of high MTM losses and losses in the treasury segment
PAT	1,226	7,188	4,390	258.1	(38.9)	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,226	7,188	4,390	258.1	(38.9)	
Corporation Bank						
Net interest income	3,780	4,283	4,072	7.7	(4.9)	NII growth likely to be subdued due to the soft interest rate environment
Operating profit	3,115	3,669	3,152	1.2	(14.1)	
Treasury income (net)	(594)	1,371	1,000	(268.5)	(27.0)	
Loan provision	320	400	1,000	212.5	150.0	Yoy growth in PAT is likely to be muted despite the higher contribution from the treasury segment as the effective tax rate in 1QFY09 was low at 16%
PAT	1,843	2,605	2,049	11.2	(21.3)	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,843	2,605	2,049	11.2	(21.3)	
Federal Bank						
Net interest income	2,822	3,209	2,950	4.5	(8.1)	NII growth to be under pressure as the benefit of rights made in 4QFY08 is no longer available and muted pricing power of banks in the current credit environment
PBT	2,529	2,666	2,718	7.5	2.0	
Treasury income (net)	(1,398)	165	200	(114.3)	21.6	
Loan provision	320	516	1,250	290.6	142.1	PAT growth likely to remain strong despite the company making higher provisions to protect against future credit losses on account of (1) lower MTM provisions and (2) better contribution from the treasury segment
PAT	681	1,142	1,167	71.3	2.3	
PAT-reported	681	1,142	1,167	71.3	2.3	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
HDFC						
Net operational income	7,451	10,843	9,254	24.2	(14.7)	We factor moderate growth in mortgages, spreads may move up yoy but report a marginal qoq decline
PBT	6,499	10,276	8,159	25.6	(20.6)	
Treasury income (net)	—	27	50	—	87.3	
PAT	4,681	7,333	5,711	22.0	(22.1)	Capital gains and dividend income is challenging to project and remains a key sensitivity to our earnings
PAT-reported	4,681	7,333	5,711	22.0	(22.1)	
HDFC Bank						
Net interest income	17,235	18,520	19,050	10.5	2.9	Loan growth likely to remain subdued as retail loans have slowed down; Margins likely to be higher yoy
PBT	10,850	12,695	12,026	10.8	(5.3)	
Treasury income (net)	(776)	2,436	1,000	(228.9)	(58.9)	
Loan provision	3,244	6,000	4,500	38.7	(25.0)	Higher treasury and lower cost / income to support earnings for the bank
PAT	4,644	6,309	5,883	26.7	(6.8)	
PAT-reported	4,644	6,309	5,883	26.7	(6.8)	
ICICI Bank						
Net interest income	20,898	21,388	21,273	1.8	(0.5)	NIM likely to remain stable on account of (1) slower credit growth and (2) re-pricing benefits in case of deposits
Operating profit	23,080	19,415	18,735	(18.8)	(3.5)	
Treasury income (net)	(5,940)	2,140	3,000	(150.5)	40.2	
Loan provision	7,925	10,845	11,000	38.8	1.4	Higher provisioning likely to continue due to high NPL additions coupled with provisions for restructured accounts
PAT	7,280	7,438	7,944	9.1	6.8	
Extraordinaries	—	—	—	—	—	
PAT-reported	7,280	7,438	7,944	9.1	6.8	
IDFC						
Net operational income	3,839	4,125	4,300	12.0	4.2	Loan growth will likely remain subdued during the quarter
Operating profit	2,871	1,669	3,052	6.3	82.8	
Treasury income (net)	—	—	—	—	—	
PAT	2,160	1,162	2,228	3.1	91.7	Growth in core items (margins, fees) and non-core items (capital gains) will drive earnings
PAT-reported	2,160	1,162	2,228	3.1	91.7	
Indian Bank						
Net interest income	5,395	6,675	6,300	16.8	(5.6)	NII will likely be flat on a yoy basis due to the soft interest rate environment and lower loan growth
Operating profit	4,117	5,536	4,900	19.0	(11.5)	
Treasury income (net)	(1,329)	578	400	(130.1)	(30.8)	
Loan provision	112	-	1,400	1,145.6	—	PAT growth may be around 10% yoy on account of higher contribution from the treasury segment. We expect the company to make higher provisions towards NPLs as a prudential measure
PAT	2,176	3,941	2,730	25.5	(30.7)	
Extraordinaries	—	—	—	—	—	
PAT-reported	2,176	3,941	2,730	25.5	(30.7)	
India Infoline						
Net sales	2,690	1,870	2,661	(1.1)	42.3	Significant qoq improvement in market volumes, improvement in market share will likely provide an upside
Operating profit	—	—	—	—	—	
EBITDA	998	436	881	(11.7)	101.8	
PBT	777	291	769	(0.9)	164.5	Operating leverage remains a key sensitivity
PAT	495	253	506	2.1	100.0	
Extraordinaries	—	—	—	—	—	
PAT-reported	495	253	506	2.1	100.0	
Indian Overseas Bank						
Net interest income	6,602	7,041	6,900	4.5	(2.0)	NII growth is likely to be under pressure given credit environment of (1) low credit demand and (2) soft interest rates
Operating profit	3,267	4,876	3,800	16.3	(22.1)	
Treasury income (net)	200	2,380	1,500	650.0	(37.0)	Company may report a 10% yoy decline in net profit despite higher treasury income. We note that it had a write-back of MTM provisions in 1QFY09 (unlike other banks) as it sold down its investments, which helped prevent a sharp rise in overall provision burden. Further, the effective tax rate for 1QFY09 was lower at 15%
Loan provision	450	1,900	2,000	344.4	—	
PAT	2,560	3,224	2,310	(9.8)	—	
Extraordinaries	—	—	—	—	—	
PAT-reported	2,560	3,224	2,310	(9.8)	(28.3)	
J&K Bank						
Net interest income	2,263	2,506	2,470	9.2	(1.4)	J&K Bank's NII growth may be under pressure in 1QFY10, similar to most banks in the system
Operating profit	1,924	1,780	1,945	1.1	9.3	
Treasury income (net)	(28)	384	350	(1,336.4)	(8.8)	PAT growth to be impacted by higher provisions, lower treasury profits and lower fee income on government business.
Loan provision	126	626	500	296.8	(20.1)	
PAT	1,315	787	1,257	(4.4)	59.7	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,315	787	1,257	(4.4)	59.7	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
Mahindra & Mahindra Financial Services						
Net interest income	1,697	2,161	1,968	16.0	(8.9)	Loan growth will likely be moderate
PBT	419	1,605	486	16.2	(69.7)	
PAT	268	1,081	326	21.7	(69.8)	Yoy improvement in margins will support core earnings
Extraordinaries	—	—	—	—	—	
PAT-reported	268	1,081	326	21.7	(69.8)	
Oriental Bank of Commerce						
Net interest income	4,467	4,603	4,400	(1.5)	(4.4)	NII growth likely to be under pressure on account of the credit environment of low loan growth and soft interest rates
PBT	2,926	3,901	2,784	(4.9)	(28.6)	
PAT	2,205	1,958	1,809	(18.0)	(7.6)	PAT to decline 18% yoy despite higher treasury income as the company had a one-time tax write-back in 1QFY09 due to change in its accounting policy for valuing its investment book
Extraordinaries	—	—	—	—	—	
PAT-reported	2,205	1,958	1,809	(18.0)	(7.6)	
PFC						
Net interest income	5,140	6,370	6,340	23.3	(0.5)	Core earnings up by 23% on the back of about 20% loan growth
Operating profit	4,416	5,925	6,557	48.5	10.7	
Treasury income (net)	—	—	—	—	—	Lower tax rate and gains on forex exposure will boost reported earnings
PAT	2,970	3,911	4,787	61.2	22.4	
PAT-reported	2,970	3,911	4,787	61.2	22.4	
Punjab National Bank						
Net interest income	14,448	19,065	17,920	24.0	(6.0)	We expect PNB to retain margins compared to peers who will likely see a decline in NIMs; expect steady trend in core earnings
Operating profit	9,381	12,900	11,527	22.9	(10.6)	
Treasury income (net)	(1,091)	2,640	1,000	(191.7)	(62.1)	
Loan loss provision	571	2,337	2,800	390.0	19.8	We expect PAT to grow strongly yoy led by (1) stronger treasury profits and (2) lower MTM provisions
PAT	5,124	8,656	6,323	23.4	(27.0)	
Extraordinaries	—	—	—	—	—	
PAT-reported	5,124	8,656	6,323	23.4	(27.0)	
Rural Electrification Corp.						
Net interest income	4,330	5,300	5,063	16.9	(4.5)	We factor strong loan growth of about 20% and marginal decline in spreads (on a high base)
Operating profit	4,130	5,690	4,909	18.9	(13.7)	
Treasury income (net)	361	(899)	200	(44.6)	(122.2)	
Loan loss provision	—	—	—	—	—	NPL provisions will likely remain low in the current quarter
PAT	2,730	3,880	3,338	22.3	(14.0)	
Extraordinaries	—	—	—	—	—	
PAT-reported	2,730	3,880	3,338	22.3	(14.0)	
SREI Infrastructure Finance						
Net interest income	1,013	194	645	(36.3)	231.9	Margins will likely improve qoq, loan growth may remain low
Operating profit	656	(4)	705	7.5	(17,294.6)	
Treasury income (net)	—	—	—	—	—	
PAT	431	71	138	(67.9)	94.5	Gains on forex exposure will likely provide an upside to our estimates
Extraordinaries	—	—	—	—	—	
PAT-reported	431	71	138	(67.9)	94.5	
Shriram Transport						
Net interest income	4,067	4,776	4,876	19.9	2.1	Disbursements will likely pick up qoq
Operating profit	2,217	2,350	2,502	12.9	6.5	
Treasury income (net)	—	—	—	—	—	
PAT	1,436	1,538	1,626	13.2	5.7	Lower borrowing costs will support margins
Extraordinaries	—	—	—	—	—	
PAT-reported	1,436	1,538	1,626	13.2	5.7	
State Bank of India						
Net interest income	48,177	48,419	46,236	(4.0)	(4.5)	Margin pressure to continue as deposit repricing happens with a lag; NII trend to remain subdued
Operating profit	36,355	35,587	33,614	(7.5)	(5.5)	
Treasury income (net)	(14,338)	15,190	5,000	(134.9)	(67.1)	
Loan provision	(2,111)	11,787	7,500	(455.2)	(36.4)	Treasury income likely to remain strong aided by both debt and equity segments. Asset quality trends are crucial to stock performance
PAT	16,408	27,419	20,224	23.3	(26.2)	
Extraordinaries	—	—	—	—	—	
PAT-reported	16,408	27,419	20,224	23.3	(26.2)	
Union Bank						
Net interest income	8,100	9,264	8,800	8.6	(5.0)	NII growth will likely be subdued (compared to past few quarters) similar to other banks given the subdued credit environment
Operating profit	6,003	6,381	6,500	8.3	1.9	
Treasury income (net)	(3,310)	2,600	1,000	(130.2)	(61.5)	
Loan provision	(510)	2,700	3,500	(786.3)	29.6	PAT growth may be around 20% yoy despite higher credit provisions; treasury income contribution is likely to be higher and will support earnings
PAT	2,283	4,651	2,800	22.7	(39.8)	
Extraordinaries	—	—	—	—	—	
PAT-reported	2,283	4,651	2,800	22.7	(39.8)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
Cement						
ACC						
Net sales	18,218	20,551	19,980	9.7	(2.8)	Revenue growth likely to be slower than industry due to low volumes growth (~2%)
Operating profit	4,136	6,474	6,070	46.7	(6.2)	
EBITDA	4,608	6,982	6,519	41.4	(6.6)	
PBT	3,776	5,825	5,324	41.0	(8.6)	ACC to benefit from price increases taken in March 2009
PAT	2,591	4,048	3,727	43.8	(7.9)	
Extraordinaries	123	—	—	(100.0)	—	
PAT-reported	2,714	4,048	3,727	37.3	(7.9)	
Ambuja Cements						
Net sales	15,698	18,476	18,443	17.5	(0.2)	Dependence on purchased clinker for capturing volume growth (~9% yoy)
Operating profit	4,743	5,247	5,416	14.2	3.2	
EBITDA	5,093	5,657	5,766	13.2	1.9	
PBT	4,420	4,905	4,966	12.4	1.2	Profitability improvement aided by improvement in realizations and lower cost of imported coal
PAT	3,120	3,341	3,476	11.4	4.1	
Extraordinaries	2,741	—	—	(100.0)	—	
PAT-reported	5,862	3,341	3,476	(40.7)	4.1	
Grasim Industries						
Net sales	25,923	28,870	28,073	8.3	(2.8)	Cement business to post strong performance with improvement in realizations and 24% yoy increase in volumes
Operating profit	7,520	6,800	7,688	2.2	13.1	
EBITDA	8,343	7,538	8,481	1.7	12.5	
PBT	6,988	5,900	6,711	(4.0)	13.8	Results not comparable on a yoy basis due to sale of sponge iron business, which contributed 9% to EBITDA in 1QFY09
PAT	5,142	3,847	5,168	0.5	34.3	
Extraordinaries	—	—	—	—	—	
PAT-reported	5,142	3,847	5,168	0.5	34.3	
India Cements						
Net sales	8,375	8,885	9,750	16.4	9.7	Stagnant volumes (yoy) resulting in slow top line growth
Operating profit	2,981	2,255	2,838	(4.8)	25.9	
EBITDA	3,113	2,386	3,013	(3.2)	26.3	
PBT	2,392	1,503	1,909	(20.2)	27.0	We factor in higher other income for earnings from Indian Premier League franchisee
PAT	1,639	1,088	1,336	(18.5)	22.8	
Extraordinaries	(218)	(149)	—	(100.0)	(100.0)	
PAT-reported	1,421	939	1,336	(6.0)	42.3	
Shree Cement						
Net sales	6,143	8,062	8,100	31.8	0.5	Retain strong revenue growth aided by double-digit volume growth (~25%)
Operating profit	2,106	3,306	3,158	50.0	(4.5)	
EBITDA	2,223	3,475	3,278	47.5	(5.7)	
PBT	1,592	2,710	2,378	49.4	(12.2)	Sale of surplus power in the merchant market to add to revenue growth and profitability
PAT	1,185	2,439	1,784	50.6	(26.9)	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,185	2,439	1,784	50.6	(26.9)	
UltraTech Cement						
Net sales	14,960	18,601	18,360	22.7	(1.3)	Revenue growth led by 15% yoy increase in volumes, largely from expanded capacities
Operating profit	4,458	5,331	6,020	35.0	12.9	
EBITDA	4,724	5,618	6,248	32.3	11.2	
PBT	3,766	4,372	4,948	31.4	13.2	Improvement in realizations and lower imported coal costs likely to result in improvement in profitability compared to 4QFY09
PAT	2,649	3,095	3,464	30.7	11.9	
Extraordinaries	—	—	—	—	—	
PAT-reported	2,649	3,095	3,464	30.7	11.9	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
Construction						
Consolidated Construction Co.						
Net sales	3,795	4,776	4,114	8.4	(13.9)	Moderate revenue growth led by slowdown in commercial construction segment highlighted by order cancellations in the past few quarters
Operating profit	288	337	350	21.5	3.7	
EBITDA	309	373	376	21.8	0.9	
PBT	277	315	283	2.1	(10.2)	
PAT	182	206	184	0.8	(10.6)	
Extraordinaries	—	—	—	—	—	
PAT-reported	182	206	184	0.8	(10.6)	
IVRCL						
Net sales	9,285	16,272	12,564	35.3	(22.8)	Strong revenues growth driven by large order backlog; however, higher interest cost to squeeze net income
Operating profit	820	1,420	1,131	37.9	(20.4)	
EBITDA	846	1,506	1,294	52.9	(14.1)	
PBT	550	980	639	16.3	(34.8)	
PAT	435	799	422	(3.0)	(47.2)	
Extraordinaries	—	—	—	—	—	
PAT-reported	435	799	422	(3.0)	(47.2)	
Nagarjuna Construction Co.						
Net sales	9,709	10,959	11,600	19.5	5.9	Strong order backlog to drive revenue growth but steep increase in interest expense to result in yoy decline in net income
Operating profit	924	852	1,044	13.0	22.5	
EBITDA	933	889	1,161	24.4	30.5	
PBT	544	517	525	(3.5)	1.6	
PAT	371	382	347	(6.6)	(9.3)	
Extraordinaries	—	—	—	—	—	
PAT-reported	371	382	347	(6.6)	(9.3)	
Punj Lloyd						
Net sales	26,488	32,173	29,722	12.2	(7.6)	Moderate revenue growth of 12% yoy; margins to expand led by no subsidiary-related one-off items
Operating profit	2,116	(785)	2,824	33.4	(459.6)	
EBITDA	2,211	(651)	3,049	37.9	(568.1)	
PBT	1,451	(1,888)	1,677	15.6	(188.8)	
PAT	982	(2,555)	1,174	19.6	(145.9)	
Extraordinaries	(4)	1	—	(100.0)	(100.0)	
PAT-reported	985	(2,556)	1,174	19.2	(145.9)	
Sadbhav Engineering						
Net sales	2,630	3,986	3,249	23.6	(18.5)	Strong revenue growth led by large order backlog boosted by recent wins in road segment
Operating profit	294	359	357	21.5	(0.5)	
EBITDA	296	456	366	23.6	(19.7)	
PBT	216	338	254	17.6	(24.9)	
PAT	149	290	254	70.5	(12.6)	
Extraordinaries	—	—	—	—	—	
PAT-reported	149	290	254	70.5	(12.6)	
Consumers						
Asian Paints						
Net sales	9,952	11,001	11,216	12.7	2.0	We expect about 10% volume growth driven by (1) market share gains and (2) faster growth in Tier II and III towns
Operating profit	1,437	1,583	1,698	18.2	7.3	
EBITDA	1,596	1,674	1,881	17.8	12.4	
PBT	1,458	1,493	1,697	16.4	13.7	Mix improvement and savings in mineral turpentine oil to likely aid margin expansion
PAT	986	985	1,137	15.4	15.5	
Extraordinaries	(6)	(60)	—	(100.0)	(100.0)	
PAT-reported	980	924	1,137	16.0	23.0	
Colgate-Palmolive (India)						
Net sales	4,076	4,722	4,741	16.3	0.4	We expect 16% yoy sales growth driven by 12% volume growth
Operating profit	661	977	795	20.2	(18.6)	
EBITDA	973	1,015	1,218	25.1	20.0	
PBT	914	950	1,150	25.9	21.1	
PAT	720	819	965	34.2	17.8	
Extraordinaries	—	(49)	—	—	(100.0)	
PAT-reported	720	771	965	34.2	25.3	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
Glaxo SmithKline Consumer						
Net sales	3,764	5,394	4,456	18.4	(17.4)	Strong sales growth of 18% driven by a combination of volumes (~12%) and price increases
Operating profit	546	1,187	663	21.3	(44.2)	
EBITDA	808	1,443	955	18.2	(33.8)	
PBT	692	1,324	833	20.3	(37.1)	Benefits of operating leverage being channeled to fund higher brand investments
PAT	462	839	550	19.1	(34.5)	
Extraordinaries	—	—	—	—	—	
PAT-reported	462	839	550	19.1	(34.5)	
Godrej Consumer Products						
Net sales	2,777	2,755	3,282	18.2	19.1	Strong volume growth in soaps (~17%) and price increases in powder hair-dye to drive strong sales growth
Operating profit	367	545	593	61.8	8.8	
EBITDA	406	588	643	58.2	9.3	
PBT	394	640	698	77.3	9.0	Benefits of lower palm oil costs and favorable base effect to boost EBITDA
PAT	343	555	574	67.5	3.6	
Extraordinaries	—	6	—	—	(100.0)	
PAT-reported	343	561	574	67.5	2.4	
Hindustan Unilever						
Net sales	42,157	39,883	43,590	3.4	9.3	We expect 6% FMCG sales growth with 2% volume decline. Personal products volumes likely to grow in double digits, decline in detergent bars; we believe price correction taken in June will likely restore volumes in September quarter
Operating profit	5,515	5,493	6,153	11.6	12.0	
EBITDA	7,074	6,166	7,520	6.3	22.0	
PBT	6,695	5,731	7,002	4.6	22.2	Modest EBITDA expansion led by savings in other expenses. Exceptional employee cost of Rs225 mn likely as media reports suggest VRS to 30 managers
PAT	5,401	5,021	5,811	7.6	15.7	
Extraordinaries	180	(1,071)	(225)	(224.7)	(79.0)	
PAT-reported	5,582	3,950	5,586	0.1	41.4	
ITC						
Net sales	38,997	38,918	38,873	(0.3)	(0.1)	Mix improvement and price increases will likely drive 13% cigarette segment growth
Operating profit	11,271	12,627	12,952	14.9	2.6	
EBITDA	12,415	13,506	13,918	12.1	3.1	
PBT	11,140	11,917	12,327	10.7	3.4	Subdued performance in Hotels and one-off packing material write-off in cigarettes likely to limit PAT growth
PAT	7,487	8,090	8,382	12.0	3.6	
Extraordinaries	—	—	—	—	—	
PAT-reported	7,487	8,090	8,382	12.0	3.6	
Nestle India						
Net sales	10,356	12,659	11,629	12.3	(8.1)	Higher sales of LUPs in Tier II and III towns drive top line growth. Prepared dishes & cooking aids segment to lead growth
Operating profit	1,950	3,097	2,265	16.2	(26.9)	
EBITDA	2,017	3,200	2,379	17.9	(25.7)	
PBT	1,780	2,943	2,116	18.9	(28.1)	
PAT	1,242	2,078	1,502	21.0	(27.7)	
Extraordinaries	(31)	(105)	—	(100.0)	(100.0)	
PAT-reported	1,211	1,973	1,502	24.1	(23.9)	
Tata Tea						
Net sales	3,150	3,435	3,811	21.0	11.0	Sales growth of 21% on y-o-y basis is primarily led by pricing
Operating profit	534	148	433	(19.0)	193.2	
EBITDA	656	701	920	40.3	31.2	
PBT	568	527	735	29.5	39.5	Rising tea prices is likely to keep margins under pressure
PAT	399	373	492	23.4	32.0	
Extraordinaries	(22)	(82)	—	(100.0)	(100.0)	
PAT-reported	377	292	492	30.6	68.9	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
Energy						
Bharat Petroleum						
Net sales	390,220	265,253	261,037	(33.1)	(1.6)	Qoq comparison not meaningful due to fluctuation in timing and quantum of oil bonds, we assume lower base refining margins qoq which is partly compensated by adventitious gains
Operating profit	(55)	41,734	17,231	(31,429.8)	(58.7)	
EBITDA	2,702	47,635	20,531	659.9	(56.9)	
PBT	(3,005)	38,854	13,966	(564.7)	(64.1)	We assume issue of oil bonds of Rs2.7 bn to BPCL for the quarter and adventitious gains of US$2/bbl
PAT	(3,029)	36,280	9,219	(404.3)	(74.6)	
Extraordinaries	(7,638)	—	—	(100.0)	-	
PAT-reported	(10,667)	36,280	9,219	(186.4)	(74.6)	
Cairn India						
Net sales	4,036	1,818	2,571	(36.3)	41.4	Higher revenue and income qoq led by sharp increase in crude prices (US$14/bbl qoq), partly offset by stronger rupee
Operating profit	2,721	794	1,396	(48.7)	75.8	
EBITDA	3,046	1,656	1,871	(38.6)	13.0	
PBT	1,943	565	796	(59.0)	40.8	Quarterly results of limited significance as bulk of Cairn's valuation resides in its upcoming Rajasthan block
PAT	1,133	187	525	(53.6)	181.2	
Extraordinaries	253	—	—	(100.0)	-	
PAT-reported	1,386	187	525	(62.1)	181.2	
Castrol India						
Net sales	6,214	5,087	5,627	(9.4)	10.6	Sharp decrease in LOBS price qoq and yoy will result in significantly higher EBITDA margin
Operating profit	1,265	1,151	2,219	75.4	92.8	
EBITDA	1,357	1,246	2,294	69.1	84.1	
PBT	1,282	1,172	2,218	73.0	89.3	Qoq increase in revenues reflects a seasonally stronger quarter
PAT	828	763	1,464	76.8	91.9	
Extraordinaries	—	—	—	—	—	
PAT-reported	828	763	1,464	76.8	91.9	
GAIL (India)						
Net sales	57,307	62,340	81,677	42.5	31.0	Higher EBITDA qoq reflects (1) higher volumes due to start of gas production from RIL's KG D-6 block and (2) higher petchem/LPG prices, margins
Operating profit	13,994	10,871	11,145	(20.4)	2.5	
EBITDA	15,142	11,753	13,038	(13.9)	10.9	
PBT	13,522	10,037	11,354	(16.0)	13.1	We assume Rs0.5 bn of subsidy loss for 1QFY10 versus nil in 4QFY09 and Rs4.8 bn in 1QFY09
PAT	8,969	6,300	7,795	(13.1)	23.7	
Extraordinaries	—	—	—	—	—	
PAT-reported	8,969	6,300	7,795	(13.1)	23.7	
GSPL						
Net sales	1,195	1,320	1,495	25.1	13.3	Higher gas volumes at around 25 mcm/d led by supply of gas from KG D-6 gas versus 12.9 mcm/d in 4QFY09 and 18 mcm/d in 1QFY09
Operating profit	1,076	1,129	1,355	—	20.0	
EBITDA	1,144	1,173	1,425	—	21.5	
PBT	511	535	765	49.7	42.9	Flat costs including depreciation and interest to drive net income strongly qoq
PAT	326	348	505	54.7	45.3	
Extraordinaries	—	—	—	—	—	
PAT-reported	326	348	505	54.7	45.3	
Hindustan Petroleum						
Net sales	347,493	253,637	227,607	(34.5)	(10.3)	Qoq comparison not meaningful due to fluctuation in timing and quantum of oil bonds, we assume lower base refining margins qoq which is partly compensated by adventitious gains
Operating profit	(4,111)	56,470	18,343	(546.2)	(67.5)	
EBITDA	(2,432)	58,637	20,043	(924.2)	(65.8)	
PBT	(8,862)	52,313	13,343	(250.6)	(74.5)	We assume issue of oil bonds of Rs2.5 bn to HPCL for the quarter and adventitious gains of US$2.6/bbl
PAT	(8,882)	49,654	8,808	(199.2)	(82.3)	
Extraordinaries	—	1,387	—	—	(100.0)	
PAT-reported	(8,882)	51,040	8,808	(199.2)	(82.7)	
Indian Oil Corporation						
Net sales	883,996	599,377	609,636	(31.0)	1.7	Qoq comparison not meaningful due to fluctuation in timing and quantum of oil bonds, we assume lower base refining margins qoq which is partly compensated by adventitious gains
Operating profit	9,603	89,582	42,420	341.8	(52.6)	
EBITDA	17,092	96,202	50,876	197.7	(47.1)	
PBT	4,224	79,765	35,665	744.4	(55.3)	We assume issue of oil bonds of Rs6.8 bn to IOCL for the quarter and adventitious gains of US$5.1/bbl
PAT	4,151	66,230	23,543	467.1	(64.5)	
Extraordinaries	—	—	—	—	—	
PAT-reported	4,151	66,230	23,543	467.1	(64.5)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
Oil & Natural Gas Corporation						
Net sales	200,522	138,336	164,029	(18.2)	18.6	Qoq increase in revenues due to higher crude price (US$14/bbl), partly compensated by stronger rupee and higher subsidy loss
Operating profit	117,554	59,095	97,229	(17.3)	64.5	
EBITDA	128,054	71,891	109,697	(14.3)	52.6	
PBT	100,046	29,311	79,786	(20.3)	172.2	We assume (1) subsidy loss of Rs7 bn in 1QFY10 versus Rs8.5 bn in 4QFY09 and Rs98.1 bn in 1QFY09 and (2) net realized crude price of US$55.8/bbl versus US$43.4/bbl in 4QFY09 and US$69.1/bbl in 1QFY09
PAT	65,929	19,376	51,953	(21.2)	168.1	
Extraordinaries	434	2,692	—	(100.0)	(100.0)	
PAT-reported	66,363	22,068	51,953	(21.7)	135.4	
Petronet LNG						
Net sales	16,459	26,549	26,519	61.1	(0.1)	Strong yoy growth in revenues reflects higher volumes (spot LNG cargoes), higher tariffs
Operating profit	1,918	3,418	2,480	29.3	(27.4)	
EBITDA	2,084	3,618	2,630	26.2	(27.3)	
PBT	1,578	3,099	2,125	34.7	(31.4)	
PAT	1,056	2,045	1,397	32.2	(31.7)	Higher tariffs yoy reflect trading profits on low-priced spot cargoes
Extraordinaries	—	—	—	—	—	
PAT-reported	1,056	2,045	1,397	32.2	(31.7)	
Reliance Industries						
Net sales	415,790	283,620	325,704	(21.7)	14.8	Qoq increase in EBITDA and net income due to contribution from KG D-6 gas and oil
Operating profit	61,210	54,370	78,963	29.0	45.2	
EBITDA	63,470	64,300	82,463	29.9	28.2	
PBT	49,020	46,260	56,562	15.4	22.3	
PAT	41,100	39,160	43,553	6.0	11	We assume refining margins at US$10.1/bbl (including adventitious gains) in 1QFY10 versus US$9.9/bbl in 4QFY09
Extraordinaries	—	(3,700)	—	—	(100.0)	
PAT-reported	41,100	35,460	43,553	6.0	23	
Industrials						
ABB						
Net sales	16,163	13,931	17,936	11.0	28.7	Moderate revenue growth of 11% yoy; high exposure to industrial segment could have negative incremental surprises in the near term
Operating profit	1,902	1,271	1,973	3.7	55.2	
EBITDA	2,115	1,414	2,210	4.5	56.2	
PBT	2,019	1,203	1,966	(2.6)	63.5	
PAT	1,318	784	1,278	(3.0)	63.1	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,318	784	1,278	(3.0)	63.1	
BGR Energy Systems						
Net sales	3,068	7,183	4,420	44.0	(38.5)	Strong revenue growth on the back of large order backlog and pick up in execution of large thermal power projects
Operating profit	312	836	464	48.9	(44.5)	
EBITDA	352	883	540	53.4	(38.8)	
PBT	263	707	332	26.1	(53.1)	
PAT	172	470	219	27.1	(53.4)	
Extraordinaries	—	—	—	—	—	
PAT-reported	172	470	219	27.1	(53.4)	
Bharat Electronics						
Net sales	3,839	27,352	4,642	20.9	(83.0)	Growth in revenues led by strong order book position; visibility on near-term performance remains low
Operating profit	(326)	8,068	557	(271.0)	(93.1)	
EBITDA	287	8,546	1,155	303.1	(86.5)	
PBT	46	8,233	861	1,788.6	(89.5)	
PAT	25	5,594	594	2,259.4	(89.4)	
Extraordinaries	—	—	—	—	—	
PAT-reported	25	5,594	594	2,259.4	(89.4)	
Bharat Heavy Electricals						
Net sales	43,292	105,401	53,610	23.8	(49.1)	Strong revenue growth led by order backlog; EBITDA margin likely to expand led by (1) lower provisions on employee wages and (2) benefit of lower commodity prices
Operating profit	3,737	16,963	8,846	136.7	(47.9)	
EBITDA	6,655	22,035	12,256	84.2	(44.4)	
PBT	5,903	20,945	11,221	90.1	(46.4)	
PAT	3,844	13,475	7,294	89.7	(45.9)	
Extraordinaries	—	—	—	—	—	
PAT-reported	3,844	13,475	7,294	89.7	(45.9)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
Crompton Greaves						
Net sales	20,348	24,600	23,342	14.7	(5.1)	Expect 15% yoy revenue growth led by resilient demand in power sector in domestic as well as international markets; margins to remain relatively flat
Operating profit	2,083	3,287	2,451	17.7	(25.4)	
EBITDA	2,254	3,502	2,579	14.4	(26.4)	
PBT	1,794	3,075	2,069	15.3	(32.7)	
PAT	1,227	1,940	1,365	11.3	(29.6)	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,227	1,940	1,365	11.3	(29.6)	
Larsen & Toubro						
Net sales	69,014	104,670	86,525	25.4	(17.3)	Expect yoy revenue growth of 25% led by strong order backlog; aggressive inflow growth guidance of 25-30% for FY2010E may disappoint
Operating profit	6,574	14,489	8,652	31.6	(40.3)	
EBITDA	8,592	18,157	10,884	26.7	(40.1)	
PBT	7,551	15,813	8,767	16.1	(44.6)	
PAT	5,024	11,404	5,874	16.9	(48.5)	
Extraordinaries	—	(1,439)	—	—	(100.0)	
PAT-reported	5,024	9,965	5,874	16.9	(41.1)	
Suzlon Energy						
Net sales	20,866	57,110	22,000	5.4	(61.5)	
Operating profit	3,022	3,160	3,190	5.6	0.9	Expect execution of about 400 MW versus expectation of 2,400MW for FY2010E; EBITDA margin likely to expand led by no one-off cost items incurred in FY2009
EBITDA	3,452	4,870	3,440	(0.3)	(29.4)	
PBT	1,761	1,900	261	(85.2)	(86.3)	
PAT	1,409	2,260	204	(85.6)	(91.0)	
Extraordinaries	(2,298)	550	—	(100.0)	(100.0)	
PAT-reported	(889)	2,810	204	(122.9)	(92.8)	
Siemens						
Net sales	18,097	23,830	19,960	10.3	(16.2)	Moderate revenue growth of 11% led by ongoing slowdown in industrial capex and rising competition in power segment
Operating profit	2,546	3,489	2,096	(17.7)	(39.9)	
EBITDA	2,671	3,519	2,111	(21.0)	(40.0)	
PBT	2,620	3,429	2,115	(19.3)	(38.3)	
PAT	1,694	2,255	1,375	(18.8)	(39.0)	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,694	2,255	1,375	(18.8)	(39.0)	
Media						
DishTV						
Net sales	1,645	2,071	2,350	42.9	13.4	
Operating profit	(605)	42	100	(116.5)	(139.8)	Robust 13% qoq revenue growth led by subscriber addition
EBITDA	(604)	52	100	(116.6)	(93.8)	
PBT	(1,192)	(785)	(800)	(32.9)	(1.9)	
PAT	(1,193)	(787)	(800)	(33.0)	(1.7)	Model ARPU at Rs163 for 1QFY10E versus Rs158 for 4QFY09
Extraordinaries	(61)	—	—	(100.0)	—	
PAT-reported	(1,254)	(787)	(800)	(36.2)	(1.7)	
HT Media						
Net sales	3,247	3,375	3,450	6.2	2.2	
Operating profit	663	439	600	(9.5)	36.8	Moderate 6% yoy revenue growth led by radio business, circulation
EBITDA	745	503	675	(9.4)	34.2	
PBT	565	256	425	(24.8)	65.7	
PAT	377	295	300	(20.5)	1.8	Modest qoq decline in RM and employee costs to support net profit
Extraordinaries	—	(60)	—	—	(100.0)	
PAT-reported	377	234	300	(20.5)	28.0	
Jagran Prakashan						
Net sales	2,064	2,013	2,175	5.4	8.1	
Operating profit	496	390	550	11.0	41.0	Modest 5% yoy revenue growth driven by election ads, circulation
EBITDA	559	455	625	11.9	37.5	
PBT	465	322	475	2.1	47.4	
PAT	316	218	300	(5.0)	37.5	Robust 12% yoy EBITDA growth due to lower RM costs, overheads
Extraordinaries	—	—	—	—	—	
PAT-reported	316	218	300	(5.0)	37.5	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
Sun TV Network						
Net sales	2,236	2,759	2,850	27.5	3.3	Modest 10% yoy ad revenue growth given competition, slowdown in industry ad spends
Operating profit	1,683	2,257	2,275	35.2	0.8	
EBITDA	1,847	2,411	2,435	31.9	1.0	
PBT	1,568	1,739	1,875	19.6	7.8	Robust 19% yoy EBITDA growth despite high content costs
PAT	1,025	1,133	1,225	19.5	8.2	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,025	1,133	1,225	19.5	8.2	
Zee Entertainment Enterprises Ltd						
Net sales	5,420	5,137	5,100	(5.9)	(0.7)	6% yoy decline in revenues due to IPL cricket tournament on a competing channel and market share loss
Operating profit	1,442	1,202	1,150	(20.2)	(4.3)	
EBITDA	1,720	1,646	1,600	(7.0)	(2.8)	
PBT	1,450	1,038	1,100	(24.2)	6.0	22% yoy decline in adjusted net income despite significant cost rationalization
PAT	1,027	705	800	(22.1)	13.5	
Extraordinaries	574	260	—	(100.0)	(100.0)	
PAT-reported	1,601	965	800	(50.0)	(17.1)	
Zee News						
Net sales	1,127	1,384	1,400	24.2	1.1	Strong 20% yoy ad revenue growth led by market share gains
Operating profit	173	207	200	15.8	(3.4)	
EBITDA	176	256	240	36.6	(6.1)	
PBT	152	138	110	(27.4)	(20.1)	Robust EBITDA growth negated by high financial leverage
PAT	92	89	70	(23.5)	(21.6)	
Extraordinaries	—	—	—	—	—	
PAT-reported	93	88	70	(24.8)	(20.2)	
Metals						
Hindalco Industries						
Net sales	46,475	37,718	47,623	2.5	26.3	16% higher aluminum prices on a qoq basis to result in improved EBIT margin
Operating profit	9,490	3,142	4,829	(49.1)	53.7	
EBITDA	11,637	4,090	5,766	(50.4)	41.0	
PBT	9,308	1,586	3,280	(64.8)	106.7	We expect aluminum business EBIT margin to improve 800 bps on qoq basis but decline sharply on yoy basis
PAT	6,968	2,688	2,624	(62.3)	(2.4)	
Extraordinaries	—	—	—	—	—	
PAT-reported	6,968	2,688	2,624	(62.3)	(2.4)	
Hindustan Zinc						
Net sales	16,437	12,889	14,232	(13.4)	10.4	18% yoy growth in zinc volumes to offset the impact of a 31% yoy fall in zinc prices
Operating profit	9,777	5,813	6,802	(30.4)	17.0	
EBITDA	11,871	7,755	8,725	(26.5)	12.5	
PBT	11,116	6,956	7,926	(28.7)	13.9	We expect EBITDA margin to be lower as zinc prices have fallen sharply on a yoy basis
PAT	8,478	5,515	6,103	(28.0)	10.7	
Extraordinaries	—	—	—	—	—	
PAT-reported	8,478	5,515	6,103	(28.0)	10.7	
JSW Steel						
Net sales	44,562	35,684	44,560	(0.0)	24.9	1QFY10 volumes will likely grow 30% yoy on account of expansion in capacity
Operating profit	11,850	1,823	6,244	(47.3)	242.6	
EBITDA	12,126	2,360	6,835	(43.6)	189.7	We expect EBITDA to decline 44% yoy on account of a sharp yoy fall in average realizations
PBT	3,889	(2,304)	820	(78.9)	(135.6)	
PAT	2,528	(740)	820	(67.6)	(210.9)	
Extraordinaries	—	—	—	—	—	
PAT-reported	2,528	(740)	820	(67.6)	(210.9)	
Jindal Steel and Power						
Net sales	18,953	17,607	18,311	(3.4)	4.0	We expect earnings to be negatively impacted by a yoy decline in steel prices
Operating profit	7,056	4,307	5,011	(29.0)	16.4	
EBITDA	7,130	5,441	5,161	(27.6)	(5.2)	We expect 1QFY10 EBITDA margin to decline 10 pps yoy mainly due to lower steel prices; improve on a qoq basis
PBT	5,598	4,095	3,730	(33.4)	(8.9)	
PAT	4,023	3,590	2,797	(30.5)	(22.1)	
Extraordinaries	—	—	—	—	—	
PAT-reported	4,023	3,590	2,797	(30.5)	(22.1)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
National Aluminium Co.						
Net sales	14,675	10,885	11,853	(19.2)	8.9	Higher aluminum prices on a qoq basis to result in EBITDA margin
Operating profit	7,368	584	2,270	(69.2)	289.0	
EBITDA	8,630	2,034	3,640	(57.8)	79.0	
PBT	7,948	1,292	2,905	(63.5)	124.9	
PAT	5,253	830	2,033	(61.3)	144.9	
Extraordinaries	—	—	—	—	—	
PAT-reported	5,253	830	2,033	(61.3)	144.9	
Sesa Goa						
Net sales	12,337	14,299	14,069	14.0	(1.6)	We expect iron ore sales volume to increase 40% yoy while realizations are down sharply
Operating profit	7,837	7,399	5,878	(25.0)	(20.6)	
EBITDA	8,610	8,102	6,676	(22.5)	(17.6)	
PBT	8,511	7,944	6,676	(21.6)	(16.0)	Lower iron ore prices to result in sharp erosion in EBITDA margin to 42% from 64% in 1QFY09
PAT	6,447	5,484	4,473	(30.6)	(18.4)	
Extraordinaries	—	—	—	—	—	
PAT-reported	6,447	5,484	4,473	(30.6)	(18.4)	
Sterlite Industries						
Net sales	57,701	44,060	54,318	(5.9)	23.3	Higher commodity prices on a qoq basis will likely result in improved operating performance
Operating profit	18,266	8,392	11,243	(38.4)	34.0	
EBITDA	22,290	12,331	15,103	(32.2)	22.5	
PBT	19,761	9,786	12,559	(36.4)	28.3	
PAT	11,511	5,983	8,755	(23.9)	46.3	
Extraordinaries	—	(799)	(799)	—	—	
PAT-reported	11,511	5,184	7,956	(30.9)	53.5	
Tata Steel						
Net sales	61,650	64,979	59,408	(3.6)	(8.6)	We expect EBITDA to decline 28% yoy due to sharp fall in steel prices despite a 41% yoy growth in volumes
Operating profit	30,246	14,479	21,632	(28.5)	49.4	
EBITDA	30,368	14,971	21,932	(27.8)	46.5	
PBT	22,749	17,084	16,288	(28.4)	(4.7)	We expect steel business EBITDA margin to grow sharply on qoq basis due to (1) higher volumes and (2) improved realizations
PAT	14,884	14,593	11,727	(21.2)	(19.6)	
Extraordinaries	—	(7,756)	—	—	(100.0)	
PAT-reported	14,884	7,967	11,727	(21.2)	47.2	
Others						
Aban Offshore						
Net sales	7,494	7,741	6,550	(12.6)	(15.4)	Revenues to decline due to lower utilization of rigs
Operating profit	4,016	4,313	3,537	(11.9)	(18.0)	
EBITDA	4,223	4,329	3,587	(15.1)	(17.1)	
PBT	1,701	843	62	(96.4)	(92.6)	Higher depreciation and interest costs to negatively impact PAT
PAT	1,238	582	387	(68.8)	(33.6)	
Extraordinaries	—	(1,514)	—	—	(100.0)	
PAT-reported	1,238	(931)	387	(68.8)	(141.5)	
Container Corporation						
Net sales	8,228	8,412	8,943	8.7	6.3	Volumes expected to be slightly better than 4QFY09; however revival to previous levels expected only from 2HFY10
Operating profit	2,389	2,253	2,643	10.6	17.3	
EBITDA	2,842	2,735	3,184	12.0	16.4	
PBT	2,568	2,422	2,821	9.9	16.5	
PAT	2,018	1,882	2,200	9.0	16.9	
Extraordinaries	—	(5)	—	—	(100.0)	
PAT-reported	2,018	1,877	2,200	9.0	17.2	
Havells India						
Net sales	14,042	13,330	13,899	(1.0)	4.3	Revenue decline mainly due to Sylvania. Domestic revenues to grow at 10% yoy
Operating profit	1,016	843	896	(11.8)	6.3	
EBITDA	1,079	844	896	(17.0)	6.2	
PBT	622	333	393	(36.9)	18.1	High fixed cost at Sylvania to keep margins low
PAT	496	187	226	(54.5)	20.4	
Extraordinaries	—	(1,173)	(285)	—	(75.7)	
PAT-reported	496	(985)	(59)	(112.0)	(94.0)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
IRB Infrastructure						
Net sales	2,301	3,211	3,730	62.1	16.2	Strong revenue growth boosted by construction revenues of four new project wins and partial revival of traffic volumes
Operating profit	1,170	1,205	1,916	63.7	59.0	
EBITDA	1,229	1,271	1,996	62.4	57.1	
PBT	669	536	825	23.4	53.9	
PAT	543	435	660	21.6	51.6	
Extraordinaries	—	—	—	—	—	
PAT-reported	543	422	660	21.6	56.3	
Jindal Saw						
Net sales	10,248	14,637	14,304	39.6	(2.3)	Higher realizations to drive revenues
Operating profit	1,686	1,846	1,845	9.5	(0.1)	
EBITDA	1,706	1,867	1,865	9.3	(0.1)	
PBT	1,007	1,291	1,335	32.6	3.4	EBITDA margins to be lower due to lower HSAW and seamless pipe margins
PAT	774	979	1,001	29.4	2.3	
Extraordinaries	72	—	—	(100.0)	—	
PAT-reported	702	979	1,001	42.7	2.3	
Jaiprakash Associates						
Net sales	11,487	20,846	15,969	39.0	(23.4)	Improvement in cement realizations and strong volumes growth (+24% yoy) to aid growth in cement business
Operating profit	3,123	7,050	4,723	51.3	(33.0)	
EBITDA	3,517	8,150	5,123	45.7	(37.1)	
PBT	1,911	5,445	2,373	24.2	(56.4)	Real estate revenue booking by the company has been volatile
PAT	1,273	3,853	1,780	39.9	(53.8)	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,273	3,853	1,780	39.9	(53.8)	
Maharashtra Seamless						
Net sales	3,517	5,496	4,289	21.9	(22.0)	Higher realization to drive 22% yoy revenue increase
Operating profit	830	1,020	840	1.2	(17.7)	
EBITDA	952	1,031	870	(8.7)	(15.7)	
PBT	896	972	810	(9.6)	(16.7)	PAT to decline yoy due to lower other income
PAT	603	646	542	(10.1)	(16.1)	
Extraordinaries	—	—	—	—	—	
PAT-reported	603	646	542	(10.1)	(16.1)	
PSL						
Net sales	6,523	12,166	6,984	7.1	(42.6)	Higher volumes and realization to drive yoy revenue growth
Operating profit	594	480	546	(8.2)	13.7	
EBITDA	660	625	633	(4.1)	1.3	
PBT	388	189	233	(40.0)	23.0	PAT to be lower yoy due to increase in interest cost
PAT	260	136	158	(39.2)	16.2	
Extraordinaries	—	—	—	—	—	
PAT-reported	260	136	158	(39.2)	16.2	
Sintex						
Net sales	7,286	8,530	7,259	(0.4)	(14.9)	Higher monolithic revenues to offset the decline in subsidiary revenues
Operating profit	923	1,683	1,235	33.8	(26.6)	
EBITDA	1,165	1,814	1,410	21.0	(22.3)	
PBT	686	1,399	965	40.6	(31.0)	Lower input costs and increased contribution from domestic revenues to improve margins
PAT	567	1,151	753	32.6	(34.6)	
Extraordinaries	—	—	—	—	—	
PAT-reported	567	1,151	753	32.6	(34.6)	
Tata Chemicals						
Net sales	21,861	19,075	15,381	(29.6)	(19.4)	Revenues expected at Rs15 bn, lower than 4QFY09 due to lower sales from fertilizers. Higher revenues are reported in fertilizers in September and December quarter
Operating profit	4,990	1,789	4,024	(19.3)	125.0	
EBITDA	5,350	890	4,224	(21.0)	374.7	
PBT	3,516	(1,322)	1,800	(48.8)	(236.1)	We expect soda ash volumes to pick up qoq across all markets; however, we factor in 10-15% yoy decline in all markets except US
PAT	2,140	(2,297)	1,278	(40.3)	(155.6)	
Extraordinaries	(784)	4,181	—	(100.0)	(100.0)	
PAT-reported	1,356	1,884	1,278	(5.8)	(32.2)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
United Phosphorus						
Net sales	12,993	13,917	14,368	10.6	3.2	
Operating profit	2,509	2,930	3,156	25.8	7.7	Revenues expected at Rs14.4 bn, up 11% yoy
EBITDA	2,657	3,015	3,256	22.6	8.0	
PBT	1,975	1,802	2,206	11.7	22.4	
PAT	1,746	1,893	1,831	4.9	(3.3)	Forex gain expected due to MTM gains on forex loans
Extraordinaries	(292)	(315)	705	(341.5)	(323.6)	
PAT-reported	1,454	1,578	2,536	74.4	60.7	
Welspun Gujarat Stahl Rohren						
Net sales	10,904	18,385	17,867	63.9	(2.8)	
Operating profit	1,882	2,319	2,297	22.1	(0.9)	Revenue growth to be driven by higher volumes and realization
EBITDA	1,945	2,345	2,322	19.4	(1.0)	
PBT	1,212	1,499	1,497	23.6	(0.1)	
PAT	805	985	997	23.8	1.2	Yoy margins to be lower due to high increase in material cost
Extraordinaries	95	467	—	(100.0)	(100.0)	
PAT-reported	711	519	997	40.3	92.4	
Pharmaceuticals						
Biocon						
Net sales	2,639	4,663	5,178	96.2	11.0	
Operating profit	767	851	1,027	33.9	20.7	Yoy comparison not meaningful due to the acquisition of Axicorp
EBITDA	893	1,054	1,177	31.8	11.7	
PBT	603	685	802	32.9	17.1	
PAT	584	699	713	22.2	2.0	
Extraordinaries	(62)	49	101	(262.6)	105.5	We have not included technology licensing income in our estimates
PAT-reported	522	748	814	56.0	8.8	
Cipla						
Net sales	11,708	12,352	14,059	20.1	13.8	
Operating profit	2,337	2,276	2,966	26.9	30.3	
EBITDA	2,871	3,746	3,616	26.0	(3.5)	Revenues estimated at Rs14 bn, up 20% yoy
PBT	2,452	3,057	2,966	21.0	(3.0)	
PAT	2,013	2,615	2,551	26.7	(2.4)	
Extraordinaries	(613)	(86)	109	(117.7)	(227.2)	We estimate India sales growth to slow down to 14% yoy in line with the growth seen in FY2009
PAT-reported	1,400	2,529	2,660	90.0	5.2	
Divis Laboratories						
Net sales	2,636	3,215	3,266	23.9	1.6	
Operating profit	1,164	1,385	1,345	—	(2.9)	Revenues expected at Rs3.2 bn, flat qoq
EBITDA	1,215	1,429	1,395	14.9	(2.4)	
PBT	1,088	1,282	1,240	14.0	(3.2)	
PAT	1,028	1,237	1,116	8.6	(9.8)	
Extraordinaries	(85)	(163)	25	(129.6)	(115.5)	EBITDA margin before R&D and forex loss expected at 41% versus 43% in 4QFY09
PAT-reported	943	1,074	1,142	21.0	6.3	
Dishman Pharma & Chemicals						
Net sales	2,359	2,925	2,757	16.9	(5.7)	
Operating profit	663	735	705	—	(4.1)	Revenues expected at Rs2.8 bn in 1QFY10, 6% lower qoq
EBITDA	687	1,108	715	4.0	(35.5)	
PBT	450	755	405	(10.1)	(46.3)	
PAT	438	762	365	(16.8)	(52.2)	Dishman will not be supplying Esprosartan this quarter to Solvay since Solvay has shifted production of Teveten from three manufacturing sites to a single site and holds the required inventory. Supplies will resume from 2QFY10E
Extraordinaries	(161)	—	—	(100.0)	—	
PAT-reported	277	762	365	31.5	(52.2)	
Dr Reddy's Laboratories						
Net sales	14,813	19,282	19,091	28.9	(1.0)	
Operating profit	1,987	4,146	4,591	131.1	10.7	We include US$72 mn sales of Imitrex this quarter, same as that reported in 4QFY09 and 3QFY09
EBITDA	2,420	5,370	4,841	100.0	(9.9)	
PBT	1,015	3,828	3,241	219.4	(15.3)	
PAT	750	2,128	2,430	224.2	14.2	
Extraordinaries	170	(50)	159	(6.3)	(418.1)	EBITDA margin, ex-R&D expected at 30%, higher than 27% reported in 4QFY09
PAT-reported	920	2,078	2,590	181.6	24.6	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
Glenmark Pharmaceuticals						
Net sales	4,608	4,911	6,105	32.5	24.3	
Operating profit	1,410	(432)	1,573	11.6	(463.8)	
EBITDA	1,519	661	1,723	13.5	160.6	India finished dosages expected to grow at 15% yoy
PBT	1,148	(354)	817	(28.9)	(330.9)	
PAT	1,154	(280)	612	(46.9)	(318.5)	
Extraordinaries	—	—	—	—	—	EBITDA margins before R&D, expected at 30%
PAT-reported	1,154	(280)	612	(46.9)	(318.5)	
Jubilant Organosys						
Net sales	8,266	8,412	9,400	13.7	11.7	
Operating profit	1,658	1,678	1,792	8.1	6.8	Forex gain expected on forward contracts, which were marked to market at Rs50.72 at the end of March 2009
EBITDA	1,732	1,805	1,817	4.9	0.7	
PBT	1,258	966	792	(37.0)	(18.0)	
PAT	835	(575)	621	(25.6)	(208.1)	EBITDA margin estimated at 19% versus 20% in 4QFY09
Extraordinaries	(714)	446	111	(115.6)	(75.0)	
PAT-reported	121	(129)	732	505.8	(667.3)	
Lupin						
Net sales	8,624	10,433	10,629	23.3	1.9	
Operating profit	1,527	1,890	1,749	14.6	(7.4)	Revenues forecast Rs11 bn, with domestic finished dosage business estimated to grow at 18% yoy
EBITDA	1,728	2,148	1,949	12.8	(9.2)	
PBT	1,433	1,757	1,569	9.5	(10.7)	
PAT	1,120	1,618	1,287	14.9	(20.5)	
Extraordinaries	—	—	—	—	—	EBITDA margin, ex-R&D expected at 23% versus 24% in 4QFY09
PAT-reported	1,120	1,618	1,287	14.9	(20.5)	
Piramal Healthcare						
Net sales	7,083	8,509	8,927	26.0	4.9	
Operating profit	1,425	1,784	1,946	36.6	9.1	We estimate India sales growth to slow down to 16% yoy, lower than average growth of 24% reported in FY2009
EBITDA	1,426	1,856	1,971	38.3	6.2	
PBT	1,036	1,227	1,311	26.6	6.9	
PAT	919	1,274	1,147	24.9	(9.9)	
Extraordinaries	(240)	(135)	(44)	(81.8)	(67.5)	Minrad sales to be included from this quarter; we estimate sales to rise to Rs8.9 bn this quarter, up 5% qoq
PAT-reported	679	1,139	1,104	62.5	(3.1)	
Ranbaxy Laboratories						
Net sales	18,212	15,548	16,310	(10.4)	4.9	
Operating profit	3,261	23	400	(87.7)	1,640.9	We expect growth rate in the Indian market at 5% compared to 4% seen in 2008
EBITDA	3,360	480	500	(85.1)	4.2	
PBT	2,223	(405)	(450)	(120.2)	11.0	
PAT	1,743	(263)	(292)	(116.8)	11.0	We expect the company to report forex gains on account of MTM gains on forex loans and hedges
Extraordinaries	(1,514)	(7,347)	4,883	(422.4)	(166.5)	
PAT-reported	229	(7,610)	4,590	1,904.5	(160.3)	
Sun Pharmaceuticals						
Net sales	10,418	11,344	10,383	(0.3)	(8.5)	We estimate adjusted EBITDA margins of 50% and include sales from exclusivity products in our estimates
Operating profit	5,559	3,746	4,345	(21.8)	16.0	
EBITDA	6,030	4,372	4,795	(20.5)	9.7	
PBT	5,754	4,013	4,425	(23.1)	10.3	
PAT	5,194	3,949	4,019	(22.6)	1.8	India sales expected to register 17% yoy sales growth on an adjusted basis. However, it will show a yoy decline on a reported basis due to the extra sales reported in 4QFY09
Extraordinaries	—	—	—	—	—	
PAT-reported	5,194	3,949	4,019	(22.6)	1.8	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
Property						
DLF						
Net sales	38,106	11,223	17,668	(53.6)	57.4	Revenues of Rs8-9 bn from the Delhi SBM residential project and Rs4 bn as rental/maintenance/power income
Operating profit	23,445	1,546	7,244	(69.1)	368.5	
EBITDA	23,802	3,837	9,011	(62.1)	134.8	
PBT	22,715	1,696	7,067	(68.9)	316.8	Drop in EBITDA margin as a result of negative operating leverage, change in revenue mix
PAT	18,948	1,698	5,159	(72.8)	203.9	
Extraordinaries	—	—	—	—	—	
PAT-reported	18,640	1,591	5,159	(72.3)	224.2	
Housing Development & Infrastructure						
Net sales	5,701	3,579	2,577	(54.8)	(28.0)	Sales primarily from TDRs
Operating profit	4,655	965	1,031	(77.9)	6.8	
EBITDA	4,835	1,274	1,185	(75.5)	(7.0)	
PBT	3,372	969	794	(76.5)	(18.1)	We factor in interest capitalization of 75% for 1QFY10
PAT	3,179	619	675	(78.8)	8.9	
Extraordinaries	—	—	—	—	—	
PAT-reported	3,179	619	675	(78.8)	8.9	
Indiabulls Real Estate						
Net sales	458	422	546	19.0	29.3	Other income comprises interest income from cash balances
Operating profit	(94)	(210)	—	(100.0)	(100.0)	
EBITDA	572	250	491	(14.2)	96.4	
PBT	400	212	447	11.9	111.5	Revenue booking from properties in NCR, fee income from IPIT
PAT	265	(13)	304	14.8	(2,466.8)	
Extraordinaries	—	—	—	—	—	
PAT-reported	265	(13)	304	14.8	(2,466.8)	
Mahindra Life Space Developer						
Net sales	482	312	379	(21.3)	21.5	1QFY10 results are on standalone basis
Operating profit	70	(4)	57	(19.0)	(1,596.8)	
EBITDA	128	83	133	3.9	59.5	
PBT	123	165	125	1.4	(24.0)	Revenue booking from Faridabad, Pune and Mumbai project
PAT	98	140	90	(7.6)	(35.6)	
Extraordinaries	—	—	—	—	—	
PAT-reported	98	140	90	(7.6)	(35.6)	
Purvankara Projects						
Net sales	1,576	679	781	(50.4)	15.1	Low sale volumes in Bangalore likely to result in yoy revenue decline
Operating profit	589	102	195	(66.8)	91.1	
EBITDA	630	143	219	(65.3)	53.1	
PBT	629	145	216	(65.7)	48.7	Large portion of interest is capitalized
PAT	619	144	212	(65.7)	47.2	
Extraordinaries	—	—	—	—	—	
PAT-reported	619	144	212	(65.7)	47.2	
Phoenix Mills						
Net sales	207	214	229	10.8	7.2	1QFY10 results are on standalone basis
Operating profit	156	130	172	10.8	32.2	
EBITDA	171	215	218	27.3	1.3	
PBT	151	167	175	15.3	4.5	Palladium to contribute from 2QFY10 onwards
PAT	109	140	136	24.5	(2.4)	
Extraordinaries	—	—	—	—	—	
PAT-reported	109	140	136	24.5	(2.4)	
Sobha Developers						
Net sales	3,468	1,373	1,782	(48.6)	29.8	Low sale volumes in Bangalore likely to result in yoy revenue decline
Operating profit	1,016	171	392	(61.4)	129.3	
EBITDA	1,036	317	588	(43.2)	85.5	
PBT	680	25	250	(63.3)	898.1	Large portion of interest cost has been capitalized; interest cost will go down from 2QFY10
PAT	505	27	185	(63.3)	586.3	
Extraordinaries	—	—	—	—	—	
PAT-reported	505	27	185	(63.3)	586.3	
Unitech						
Net sales	10,317	3,856	8,171	(20.8)	111.9	Revenue booking will largely be from projects in NCR, Kolkata
Operating profit	6,084	1,378	4,412	(27.5)	220.2	
EBITDA	6,311	5,003	5,066	(19.7)	1.3	
PBT	5,164	2,795	3,620	(29.9)	29.5	Higher EBITDA margin of 54% since we expect the company to book revenues of around Rs2 bn from asset sales
PAT	4,237	2,755	2,534	(40.2)	(8.0)	
Extraordinaries	—	—	—	—	—	
PAT-reported	4,237	2,755	2,534	(40.2)	(8.0)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
Retail						
Titan Industries						
Net sales	8,103	8,812	9,114	12.5	3.4	High gold prices to drive up revenues
Operating profit	561	629	611	9.1	(2.8)	
EBITDA	569	644	623	9.6	(3.2)	EBITDA margin to remain flat at 6.8% due to lower volumes
PBT	440	494	478	8.9	(3.1)	
PAT	322	419	337	4.5	(19.5)	
Extraordinaries	—	(140)	—	—	(100.0)	
PAT-reported	322	278	337	4.5	21.0	
Technology						
HCL Technologies						
Net sales	21,688	28,615	26,983	24.4	(5.7)	We expect a modest decline in revenues qoq; organic revenues likely to decline 9% yoy. Sequential revenue growth aided by positive cross-currency movements (we estimate a 200 bps benefit)
Operating profit	4,888	5,931	5,480	12.1	(7.6)	
EBITDA	2,246	4,243	4,451	98.1	4.9	
PBT	1,394	2,474	2,791	100.2	12.8	Expect investor focus on (1) near-term revenue outlook and status of ramp-downs from select large and a number of smaller accounts (2) status of ramp-up in recently signed deals; the company had announced US$1.5-bn worth new deal signings in the past three quarters and (3) dividend payout
PAT	1,213	2,002	2,345	93.2	17.1	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,213	2,002	2,345	93.2	17.1	
Hexaware Technologies						
Net sales	2,845	2,643	2,556	(10.2)	(3.3)	We expect Hexaware to report revenues of US$52.5 mn, flat qoq, and within the company's guidance range of US$51-53 mn
Operating profit	83	392	344	314.8	(12.1)	
EBITDA	199	272	236	18.5	(13.4)	
PBT	129	205	165	27.9	(19.4)	Expect investor focus on efforts being made to revive the revenue growth engine
PAT	95	173	133	39.4	(23.3)	
Extraordinaries	—	—	—	—	—	
PAT-reported	95	173	133	39.4	(23.3)	
Mindtree						
Net sales	2,222	3,381	3,231	45.4	(4.4)	We expect a 1% sequential decline in MT's consolidated revenues to US$66 mn; we build in 2% qoq decline in Aztec revenues and a 0.7% qoq decline in MT standalone revenues
Operating profit	463	865	722	56.0	(16.5)	
EBITDA	6	385	943	15,617.1	144.9	
PBT	(121)	184	746	(715.3)	304.9	Expect investor focus on (1) status of large BFSI and manufacturing accounts like AIG, Volvo, and Unilever and (2) hedging philosophy going forward; we highlight that company's forex policy is a key investor concern
PAT	(130)	211	604	(566.3)	186.0	
Extraordinaries	—	(23)	(28)	—	19.3	
PAT-reported	(130)	188	576	(544.8)	206.8	
Infosys Technologies						
Net sales	48,540	56,350	53,876	11.0	(4.4)	We expect a 1.3% sequential decline in US$ revenues to US$1,107 mn, exceeding the upper end of the company's guidance range of US$1,060-1,080 mn. Guidance outperformance primarily driven by favorable cross-currency movements (+2.3% benefit as per our computation)
Operating profit	14,790	18,910	16,606	12.3	(12.2)	
EBITDA	15,960	21,430	18,633	16.7	(13.1)	
PBT	14,270	19,150	16,661	16.8	(13.0)	
PAT	12,710	15,980	13,837	8.9	(13.4)	Expect Infosys to guide for a 3-4% sequential revenue growth for 2QFY10E; expect moderate upgradation of full-year revenue estimates but a reduction in the upper-end of EPS guidance (driven by revised rupee assumptions)
Extraordinaries	310	150	—	(100.0)	(100.0)	
PAT-reported	13,020	16,130	13,837	6.3	(14.2)	
Patni Computer Systems						
Net sales	7,656	7,955	7,694	0.5	(3.3)	We expect the company to beat the upper end of its US$ revenue guidance of US$158-159 mn; our estimate of US$160 mn revenues implies a qoq growth of 2.2% and a yoy decline of 12.4%
Operating profit	980	1,101	1,094	11.6	(0.6)	
EBITDA	1,455	1,229	1,573	8.1	27.9	
PBT	1,179	941	1,283	8.8	36.4	Expect investor focus on (1) initiatives taken by the new senior management team to revive organic revenue engine, (2) acquisition plans; a sub-optimal acquisition remains a key concern, and (3) cash utilization plans. Patni had ~US$300 mn of cash on books as at end-March 2009
PAT	1,013	761	1,038	2.5	36.5	
Extraordinaries	—	—	—	—	—	
PAT-reported	1,013	761	1,038	2.5	36.5	
Polaris Software Lab						
Net sales	3,170	3,372	3,238	2.1	(4.0)	Expect a modest 0.4% sequential decline in revenues, despite volume and pricing pressure across clients. Reported US$ revenues to be aided by US$ weakness versus non-USD invoicing currencies
Operating profit	388	618	512	31.8	(17.2)	
EBITDA	401	464	492	22.6	5.9	
PBT	293	377	398	35.9	5.6	Expect investor focus on (1) revenue outlook and impact of ongoing vendor consolidation (likely negative for Polaris) in some of the company's major clients and (2) pricing trends in the BFSI vertical
PAT	256	321	322	26.0	0.3	
Extraordinaries	—	—	—	—	—	
PAT-reported	256	321	322	26.0	0.3	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	qoq	Comments
TCS						
Net sales	64,107	71,718	69,574	8.5	(3.0)	Expect flat US$ revenues sequentially. Negative impact of lower volumes and pricing pressure to be compensated by favorable cross-currency movements
Operating profit	15,314	18,796	17,391	13.6	(7.5)	
EBITDA	15,646	17,422	17,680	13.0	1.5	
PBT	14,479	15,625	15,870	9.6	1.6	Expect investor focus on (1) change in demand environment over the past three months, (2) status of vendor rationalization decisions, (3) pricing renegotiations with key clients and (4) status on execution and profitability of large deals
PAT	12,436	13,142	12,872	3.5	(2.1)	
Extraordinaries	—	—	—	—	—	
PAT-reported	12,436	13,142	12,872	3.5	(2.1)	
Wipro						
Net sales	59,624	65,460	63,340	6.2	(3.2)	We expect a 1.3% sequential decline in revenues to US$1,032 mn, ahead of the company's guidance range of US$1,009-1,025 mn. This implies constant currency revenues at the mid-point of guidance range, adjusting for ~1.5% cross-currency benefit
Operating profit	12,283	13,058	12,707	3.4	(2.7)	
EBITDA	12,011	13,230	12,931	7.7	(2.3)	
PBT	10,141	11,020	10,690	5.4	(3.0)	
PAT	8,846	9,624	9,351	5.7	(2.8)	Expect investor focus on (1) hiring status; Wipro had deferred the joining dates of its campus joinees, (2) commentary on the demand outlook in key verticals like BFSI, TSP, and Telecom OEMs, and (3) trends on pricing renegotiations
Extraordinaries	—	—	—	—	—	
PAT-reported	8,846	9,624	9,351	5.7	(2.8)	
Telecom						
Bharti Airtel						
Net sales	84,833	98,245	101,297	19.4	3.1	We build in modest growth in wireless revenues on account of termination rate cut; steady growth expected across other businesses
Operating profit	35,106	40,014	41,228	17.4	3.0	
EBITDA	35,576	40,383	42,113	18.4	4.3	
PBT	23,814	24,962	27,293	14.6	9.3	Expect overall EBITDA margin to remain flat sequentially
PAT	20,532	22,940	23,308	13.5	1.6	
Extraordinaries	(282)	(547)	(167)	(41)	(69.5)	
PAT-reported	20,250	22,393	23,142	14.3	3.3	
Idea Cellular						
Net sales	21,735	29,240	30,025	38.1	2.7	Expect modest revenue growth in the wireless segment on account of impact of termination rate cut
Operating profit	7,158	7,984	8,047	12.4	0.8	
EBITDA	7,204	8,109	8,406	16.7	3.7	
PBT	2,929	2,741	2,657	(9.3)	(3.1)	We build in a 50 bps sequential decline in EBITDA margins
PAT	2,632	2,764	2,583	(1.9)	(6.6)	
Extraordinaries	—	—	(23)	—	—	
PAT-reported	2,632	2,764	2,560	(2.7)	(7.4)	
MTNL						
Net sales	11,216	10,562	10,067	(10.3)	(4.7)	Expect revenue decline on account of reduction in termination costs
Operating profit	1,677	(1,050)	(1,007)	(160.0)	(4.1)	
EBITDA	3,341	1,260	801	(76.0)	(36.4)	
PBT	1,561	(645)	(1,028)	(165.8)	59.4	Expect another quarter of EBITDA loss for the company on account of bloated cost structure
PAT	1,152	(833)	(678)	(158.9)	(18.6)	
Extraordinaries	—	(5)	—	—	(100.0)	
PAT-reported	1,152	(838)	(678)	(158.9)	(19.1)	
Reliance Communications						
Net sales	53,222	61,237	62,782	18.0	2.5	Expect muted revenue growth on account of slowdown in subs addition pace and impact of termination costs
Operating profit	22,502	23,832	23,881	6.1	0.2	
EBITDA	22,502	23,832	23,881	6.1	0.2	
PBT	16,204	14,084	10,909	(32.7)	(22.5)	Expect a 90 bps qoq decline in EBITDA margin; build in sharper margin decline in the ILD business on account of rupee appreciation
PAT	16,398	13,599	10,532	(35.8)	(22.6)	
Extraordinaries	(1,275)	945	(486)	(61.9)	(151.4)	
PAT-reported	15,123	14,544	10,046	(33.6)	(30.9)	
Tata Communications						
Net sales	8,632	8,869	9,196	6.5	3.7	Our estimates are for the standalone company
Operating profit	1,924	1,780	2,078	8.0	16.8	
EBITDA	2,505	2,176	2,485	(0.8)	14.2	
PBT	1,512	428	791	(47.7)	84.6	Expect modest revenue growth and stable margins for the quarter
PAT	983	(443)	523	(46.8)	(218.1)	
Extraordinaries	—	3,467	—	—	(100.0)	
PAT-reported	983	3,024	523	(46.8)	(82.7)	

Source: Company, Kotak Institutional Equities estimates

	Jun-08	Mar-09	Jun-09E	Change (%) yoy	Change (%) qoq	Comments
Utilities						
CESC						
Net sales	7,830	7,410	8,178	4.4	10.4	Exportable surplus reduced due to increasing domestic demand and lower generation (down 4% yoy) during 1QFY10
Operating profit	1,220	1,520	1,431	17.3	(5.8)	
EBITDA	1,695	1,860	1,831	8.0	(1.5)	
PBT	955	1,070	1,026	7.5	(4.1)	Quarterly results will be based on last year's tariff as the tariff order for FY2010 is awaited
PAT	825	940	852	3.2	(9.4)	
Extraordinaries	115	—	—	(100.0)	—	
PAT-reported	940	940	852	(9.4)	(9.4)	
Lanco Infratech						
Net sales	9,139	20,534	12,221	33.7	(40.5)	Revenue growth to be driven by sharp yoy increase in construction revenues
Operating profit	1,751	3,015	2,235	27.7	(25.9)	
EBITDA	1,879	3,193	2,355	25.3	(26.2)	
PBT	1,378	2,334	1,525	10.7	(34.7)	Growth in power business expected from 2QFY10 after the commissioning of Lanco Amarkantak-I
PAT	1,090	1,653	1,174	7.8	(29.0)	
Extraordinaries	(499)	(754)	(320)	(35.9)	(57.6)	
PAT-reported	591	899	854	44.6	(4.9)	
NTPC						
Net sales	95,395	114,458	112,337	17.8	(1.9)	Revenue growth led by 10% yoy increase in generation
Operating profit	24,218	22,199	28,987	19.7	30.6	
EBITDA	31,390	30,366	36,487	16.2	20.2	
PBT	21,647	17,431	24,387	12.7	39.9	Capacity addition at Kahalgaon and Sipat in FY2009 contribute to profit growth in 1QFY10, while higher fuel costs remain a pass-through
PAT	17,265	22,613	19,387	12.3	(14.3)	
Extraordinaries	—	(1,479)	—	—	(100.0)	
PAT-reported	17,265	21,134	19,387	12.3	(8.3)	
Reliance Infrastructure						
Net sales	21,981	23,397	25,687	16.9	9.8	Income from EPC business to drive revenue growth as execution of power projects of Reliance Power gathers momentum
Operating profit	525	2,493	1,534	192.4	(38.5)	
EBITDA	4,728	3,787	4,734	0.1	25.0	
PBT	3,342	2,148	3,104	(7.1)	44.5	Our quarterly estimates are standalone results without taking any impact of proposed business restructuring
PAT	3,002	2,399	2,527	(15.8)	5.3	
Extraordinaries	(476)	1,082	—	(100.0)	(100.0)	
PAT-reported	2,525	3,482	2,527	0.0	(27.4)	
Tata Power						
Net sales	20,261	13,798	19,466	(3.9)	41.1	Profit growth led by sale of 190 MW from Trombay and Haldia on merchant basis
Operating profit	3,049	1,988	4,296	40.9	116.1	
EBITDA	3,532	2,767	4,746	34.4	71.5	
PBT	2,280	878	2,426	6.4	176.5	
PAT	1,788	558	2,014	12.7	261.0	Higher generation likely to result in lower power purchase costs and lower tariffs for regulated business
Extraordinaries	118	2,989	—	(100.0)	(100.0)	
PAT-reported	1,906	3,546	2,014	5.7	(43.2)	

Source: Company, Kotak Institutional Equities estimates

Valuation summary of key Indian companies

Company	9-Jul-09 Price (Rs)	Rating	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2009E	EPS (Rs) 2010E	EPS (Rs) 2011E	EPS growth (%) 2009E	EPS growth (%) 2010E	EPS growth (%) 2011E	PER (X) 2009E	PER (X) 2010E	PER (X) 2011E	EV/EBITDA (X) 2009E	EV/EBITDA (X) 2010E	EV/EBITDA (X) 2011E	Price/BV (X) 2009E	Price/BV (X) 2010E	Price/BV (X) 2011E	Dividend yield (%) 2009E	Dividend yield (%) 2010E	Dividend yield (%) 2011E	RoE (%) 2009E	RoE (%) 2010E	RoE (%) 2011E	Target price (Rs)	Upside (%)	ADVT-3mo (US$ mn)
Automobiles																													
Ashok Leyland	34	ADD	44,965	922	1,330	1.5	1.8	2.4	(57.8)	18.5	32.7	22.1	18.6	14.1	13.3	8.9	7.1	1.2	1.2	1.1	3.0	3.0	3.0	6.2	6.4	8.3	32	(5.3)	3.1
Bajaj Auto	1,001	SELL	144,806	2,971	145	48.7	65.3	73.1	(6.7)	34.0	12.0	20.5	15.3	13.7	11.4	8.7	8.6	7.6	5.9	4.6	2.0	2.0	2.0	40.2	42.8	36.8	780	(22.1)	4.7
Hero Honda	1,476	REDUCE	294,697	6,046	200	64.2	83.8	91.2	32.4	30.5	8.8	23.0	17.6	16.2	13.5	10.4	9.1	7.5	5.8	4.6	1.4	1.5	1.5	36.6	37.4	31.9	1,000	(32.2)	17.6
Mahindra & Mahindra	722	ADD	191,579	3,930	265	21.7	40.4	43.6	(42.9)	86.0	8.0	33.3	17.9	16.6	21.7	12.0	10.9	4.0	3.0	2.6	1.2	1.3	1.3	12.3	19.3	17.0	670	(7.2)	19.5
Maruti Suzuki	1,099	SELL	317,654	6,517	289	42.2	62.4	67.3	(29.6)	47.9	7.9	26.1	17.6	16.3	15.0	9.3	8.1	3.3	2.8	2.4	0.5	0.3	0.5	13.4	17.2	15.9	900	(18.1)	21.7
Tata Motors	273	SELL	151,593	3,110	556	20.8	15.2	20.0	(58.3)	(27.0)	32.2	13.1	18.0	13.6	10.8	9.4	8.2	1.1	1.1	1.0	2.0	2.0	2.0	9.0	6.1	—	235	(13.8)	41.2
Automobiles		**Cautious**	**1,145,296**	**23,496**					**(28.2)**	**32.6**	**12.7**	**23.1**	**17.4**	**15.4**	**13.6**	**9.8**	**8.7**	**3.1**	**2.6**	**2.3**	**1.3**	**1.3**	**1.4**	**13.2**	**15.2**	**15.1**			
Banks/Financial Institutions																													
Andhra Bank	79	REDUCE	38,388	788	485	13.5	10.7	12.0	13.5	(20.9)	12.9	5.9	7.4	6.6	—	—	—	1.1	1.0	0.9	5.7	3.4	3.8	18.9	13.5	13.8	90	13.7	1.8
Axis Bank	765	BUY	274,621	5,634	359	50.6	56.1	66.6	56.9	11.0	18.7	15.1	13.6	11.5	—	—	—	3.0	2.7	2.3	1.3	1.5	1.7	19.1	18.3	18.9	850	11.1	73.9
Bank of Baroda	389	REDUCE	142,026	2,914	366	60.9	55.7	60.2	55.1	(8.6)	8.0	6.4	7.0	6.5	—	—	—	1.4	1.3	1.2	2.3	2.1	2.3	18.7	15.0	14.5	440	13.2	11.7
Bank of India	316	ADD	166,242	3,410	526	57.2	46.3	53.2	40.7	(19.1)	14.9	5.5	6.8	5.9	—	—	—	1.7	1.5	1.4	2.5	2.0	2.4	29.2	19.0	18.7	360	13.9	15.7
Canara Bank	248	REDUCE	101,578	2,084	410	50.5	37.5	44.8	32.4	(25.8)	19.5	4.9	6.6	5.5	—	—	—	1.2	1.2	1.1	3.2	3.2	4.0	18.3	12.0	13.1	260	4.9	6.0
Corporation Bank	300	BUY	43,046	883	143	62.3	48.7	53.4	21.5	(21.9)	9.7	4.8	6.2	5.6	—	—	—	0.9	0.8	0.7	4.2	3.3	3.6	19.6	13.5	13.4	395	31.6	1.0
Federal Bank	223	BUY	38,209	784	171	27.8	31.4	38.2	(19.2)	13.1	21.5	8.0	7.1	5.8	—	—	—	0.9	0.9	0.8	2.3	2.6	3.2	11.5	11.8	13.0	320	43.2	3.4
Future Capital Holdings	292	BUY	18,440	378	63	4.5	28.8	NA	(198.6)	546.1	(100.0)	65.5	10.1	NA	—	—	—	2.4	2.0	NA	—	—	—	3.8	21.4	NA	440	50.9	1.4
HDFC	2,307	REDUCE	656,183	13,462	284	80.2	93.4	105.4	(6.4)	16.4	12.9	28.7	24.7	21.9	—	—	—	5.0	4.5	4.0	1.3	1.4	1.6	18.2	18.7	18.6	2,025	(12.2)	62.9
HDFC Bank	1,400	REDUCE	632,837	12,983	452	52.8	61.3	75.0	17.6	16.2	22.4	26.5	22.8	18.7	—	—	—	4.2	3.0	2.7	0.7	0.8	1.0	16.9	15.3	15.1	1,490	6.4	51.3
ICICI Bank	635	REDUCE	707,384	14,512	1,113	33.8	32.1	38.3	(15.4)	(4.9)	19.4	18.8	19.8	16.6	—	—	—	1.4	1.4	1.3	1.7	1.7	2.0	7.8	7.1	8.0	685	7.8	192.7
IDFC	127	ADD	163,988	3,364	1,294	5.8	7.0	8.0	2.3	21.0	13.3	21.8	18.0	15.9	—	—	—	2.7	2.4	2.1	0.8	0.9	1.0	12.9	14.1	14.2	85	(32.9)	44.8
India Infoline	116	ADD	36,077	740	311	5.0	5.8	6.5	(10.0)	15.5	12.3	23.0	19.9	17.7	—	—	—	2.9	2.5	2.3	2.3	2.9	3.5	11.7	13.5	14.6	90	(22.3)	13.0
Indian Bank	127	BUY	54,581	1,120	430	28.0	25.2	28.5	24.1	(9.9)	13.0	4.5	5.0	4.5	—	—	—	1.1	1.0	0.9	3.9	3.4	3.9	22.9	17.7	17.4	185	45.7	3.4
Indian Overseas Bank	82	BUY	44,619	915	545	24.3	17.4	23.9	10.3	(28.5)	37.2	3.4	4.7	3.4	—	—	—	0.6	0.6	0.5	6.4	4.6	5.0	22.1	12.6	15.4	130	58.7	4.7
J&K Bank	451	ADD	21,846	448	48	84.5	80.8	95.4	13.8	(4.3)	18.0	5.3	5.6	4.7	—	—	—	0.9	0.9	0.8	3.8	3.6	4.2	16.7	14.1	14.9	550	22.1	0.4
LIC Housing Finance	602	NR	51,168	1,050	85	62.5	68.8	80.3	37.3	10.0	16.8	9.6	8.8	7.5	—	—	—	2.1	1.8	1.5	2.3	2.5	2.9	26.2	23.9	23.4	-	(100.0)	18.7
Mahindra & Mahindra Financial	245	ADD	23,451	481	96	22.4	27.5	30.0	7.5	22.9	8.7	10.9	8.9	8.2	—	—	—	1.7	1.4	1.3	2.3	2.8	3.1	15.4	16.9	16.3	240	(2.1)	1.0
Oriental Bank of Commerce	161	REDUCE	40,425	829	251	36.1	26.7	32.4	51.4	(26.2)	21.5	4.5	6.0	5.0	—	—	—	0.8	0.8	0.8	4.5	3.3	4.1	13.7	8.8	10.0	190	17.8	3.2
PFC	192	SELL	220,888	4,531	1,148	13.0	16.5	19.3	14.3	26.7	17.6	14.8	11.7	9.9	—	—	—	2.0	1.8	1.6	1.4	2.6	2.3	13.8	15.8	16.7	160	(16.9)	6.9
Punjab National Bank	620	BUY	195,566	4,012	315	98.0	98.5	115.1	50.9	0.5	16.8	6.3	6.3	5.4	—	—	—	1.6	1.5	1.4	3.2	3.2	3.7	23.0	19.9	20.1	800	29.0	18.7
Reliance Capital	766	ADD	188,509	3,867	246	39.3	29.0	28.9	(5.6)	(26.2)	(0.5)	19.5	26.4	26.5	—	—	—	2.8	2.6	2.4	0.8	0.6	0.6	15.3	10.2	9.3	875	14.3	166.3
Rural Electrification Corp.	156	BUY	134,199	2,753	859	16.5	17.6	20.9	50.7	6.7	19.3	9.5	8.9	7.5	—	—	—	1.9	1.6	1.4	1.3	2.1	2.5	21.2	19.5	19.9	155	(0.8)	4.5
Shriram Transport	301	ADD	63,578	1,304	212	30.1	32.5	36.9	56.8	7.9	13.7	10.0	9.3	8.1	—	—	—	2.9	2.5	2.1	2.9	3.2	3.7	29.6	27.0	25.8	300	(0.2)	3.1
SREI	64	ADD	7,414	152	116	7.0	5.9	7.9	(38.4)	(16.7)	35.3	9.0	10.9	8.0	—	—	—	0.7	0.6	0.6	1.6	1.9	1.9	12.5	10.2	12.5	95	49.0	4.0
State Bank of India	1,604	BUY	1,018,380	20,892	635	143.7	121.3	139.2	34.8	(15.6)	14.8	11.2	13.2	11.5	—	—	—	2.1	2.1	1.8	1.8	1.9	2.0	17.1	12.7	13.3	1,870	16.6	118.7
Union Bank	227	BUY	114,763	2,354	505	34.2	30.1	36.1	24.5	(12.0)	20.1	6.6	7.6	6.3	—	—	—	1.3	1.2	1.0	2.2	1.9	2.3	27.2	19.8	20.1	280	23.2	7.4
Banks/Financial Institutions		**Attractive**	**5,198,404**	**106,645**					**26.9**	**(5.2)**	**16.1**	**12.0**	**12.6**	**10.9**	**—**	**—**	**—**	**2.0**	**1.8**	**1.7**	**1.8**	**1.8**	**2.0**	**16.9**	**14.6**	**15.3**			
Cement																													
ACC	783	REDUCE	147,054	3,017	188	56.3	55.2	42.2	(12.2)	(1.9)	(23.6)	13.9	14.2	18.6	7.0	7.0	8.2	2.8	2.5	2.3	3.0	3.0	3.0	24.7	21.3	15.1	725	(7.4)	12.8
Ambuja Cements	97	REDUCE	147,899	3,034	1,522	7.2	7.0	5.8	(5.0)	(3.1)	(16.2)	13.5	14.0	16.6	7.3	7.4	8.4	2.4	2.2	2.0	3.1	1.9	2.2	19.7	16.9	12.8	80	(17.7)	6.1
Grasim Industries	2,423	REDUCE	222,183	4,558	92	238.5	235.7	239.1	(16.2)	(1.2)	1.4	10.2	10.3	10.1	5.8	5.2	5.0	2.0	1.7	1.5	1.4	1.4	1.4	21.7	18.2	16.0	2,300	(5.1)	10.7
India Cements	140	ADD	39,461	810	282	17.8	19.7	16.6	n/a	10.8	(15.8)	7.9	7.1	8.4	5.0	4.4	4.8	1.1	0.9	0.8	1.5	1.5	2.3	14.9	14.8	11.2	155	10.7	8.8
Shree Cement	1,230	BUY	42,850	879	35	174.7	91.6	86.2	93.7	(47.6)	(5.9)	7.0	13.4	14.3	4.8	5.2	5.6	3.6	2.9	2.5	0.9	0.9	0.9	65.7	24.0	18.9	1,150	(6.5)	0.7
UltraTech Cement	725	ADD	90,814	1,863	125	78.0	70.5	55.6	(4.1)	(9.7)	(21.0)	9.3	10.3	13.0	6.0	5.6	6.4	2.1	1.8	1.6	1.1	1.1	1.1	31.2	22.3	15.0	725	—	5.5
Cement		**Neutral**	**690,260**	**14,161**					**(8.0)**	**(6.4)**	**(11.3)**	**10.7**	**11.5**	**12.9**	**6.1**	**5.8**	**6.2**	**2.2**	**1.9**	**1.7**	**2.0**	**1.8**	**1.9**	**20.4**	**16.5**	**13.1**			
Consumer products																													
Asian Paints	1,170	ADD	112,226	2,302	96	38.4	49.1	57.5	(2.2)	27.9	17.1	30.5	23.8	20.4	17.7	13.9	11.7	9.9	8.1	6.7	1.5	1.7	1.9	36.3	38.5	36.8	1,200	2.6	0.9
Colgate-Palmolive (India)	654	ADD	88,953	1,825	136	21.6	25.5	27.3	26.3	18.2	7.0	30.3	25.6	24.0	25.0	21.7	18.7	41.1	36.3	31.6	2.3	3.1	3.2	155.1	150.4	140.9	550	(15.9)	2.5
GlaxoSmithkline Consumer (a)	960	ADD	40,373	828	42	44.8	56.1	63.6	15.8	25.2	13.5	21.4	17.1	15.1	12.0	9.7	8.5	5.3	4.5	4.0	1.6	2.2	3.1	26.8	28.5	28.0	1,050	9.4	0.9
Godrej Consumer Products	168	ADD	43,388	890	258	6.8	8.7	9.8	(3.9)	27.8	12.8	24.8	19.4	17.2	21.6	15.8	13.1	6.6	5.7	4.8	2.4	2.4	2.4	42.7	42.7	33.1	180	7.1	0.7
Hindustan Unilever	266	BUY	579,192	11,882	2,179	9.5	10.6	12.2	19.0	11.1	15.0	27.9	25.1	21.9	21.3	18.8	16.2	28.1	25.2	22.5	3.3	3.6	4.1	112.4	105.9	108.9	320	20.4	24.5
ITC	213	BUY	804,221	16,499	3,769	8.7	10.2	11.6	2.8	17.9	13.9	24.6	20.9	18.4	15.0	12.9	11.4	5.5	4.8	4.2	1.7	1.9	2.1	25.3	26.0	25.7	235	10.1	34.5
Jyothy Laboratories	89	ADD	6,459	132	73	5.6	10.1	12.6	(11.2)	78.5	25.0	15.8	8.9	7.1	9.9	5.9	4.5	1.7	1.5	1.3	2.6	3.3	3.9	10.7	16.7	19.4	145	62.9	
Nestle India (a)	2,019	ADD	194,634	3,993	96	58.6	70.5	82.4	31.0	20.4	16.8	34.5	28.6	24.5	21.9	18.7	16.2	41.1	33.8	27.9	2.1	2.5	3.0	126.7	129.6	124.8	2,100	4.0	1.7
Tata Tea	726	BUY	44,905	921	62	57.0	62.8	69.2	5.3	10.1	10.2	12.7	11.6	10.5	6.7	6.0	4.9	0.9	0.9	0.8	2.3	2.6	2.8	9.8	10.1	10.4	900	23.9	3.1
Consumer products		**Attractive**	**1,914,352**	**39,273**					**9.9**	**17.1**	**14.2**	**26.1**	**22.3**	**19.6**	**17.1**	**14.6**	**12.7**	**7.6**	**6.7**	**5.9**	**2.3**	**2.5**	**2.9**	**29.2**	**30.2**	**30.4**			
Constructions																													
Consolidated Construction Co.	258	ADD	9,535	196	37	19.7	27.2	31.9	(18.1)	38.0	17.5	13.1	9.5	8.1	8.6	6.1	5.1	1.9	1.6	1.4	1.1	1.5	1.8	15.0	18.1	18.3	190	(26.4)	0.2
IVRCL	330	BUY	44,640	916	135	16.7	17.9	22.1	7.4	7.4	23.1	19.8	18.4	14.9	13.3	10.1	8.0	2.5	2.2	1.9	0.2	0.2	0.2	13.2	12.6	13.6	350	6.1	27.9
Nagarjuna Construction Co.	130	BUY	29,862	613	229	6.7	7.5	8.5	(6.4)	11.9	13.3	19.4	17.4	15.3	12.1	9.3	7.9	1.8	1.6	1.5	1.0	1.2	1.5	9.4	9.8	10.3	145	11.2	8.2
Punj Lloyd	186	BUY	57,852	1,187	311	(7.4)	15.9	17.2	(174.4)	(314.8)	7.7	(25.1)	11.7	10.8	26.9	6.9	6.6	2.3	1.9	1.7	(0.2)	0.4	0.4	(9.2)	18.9	17.1	200	7.5	39.5
Sadbhav Engineering	657	BUY	8,216	169	13	50.6	55.6	77.9	25.0	9.8	40.2	13.0	11.8	8.4	9.3	7.1	5.9	2.3	2.0	1.6	0.8	0.9	1.1	18.0	16.8	19.4	830	26.3	0.2
Construction		**Attractive**	**150,103**	**3,079**					**(67.0)**	**299.2**	**14.9**	**54.4**	**13.6**	**11.9**	**15.5**	**8.0**	**7.0**	**2.2**	**1.9**	**1.7**	**0.3**	**0.6**	**0.7**	**4.0**	**14.0**	**14.1**			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Valuation summary of key Indian companies

	9-Jul-09		Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price	Upside	ADVT-3mo
Company	Price (Rs)	Rating	(Rs mn)	(US$ mn)	(mn)	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	(Rs)	(%)	(US$ mn)
Energy																													
Bharat Petroleum	473	SELL	154,912	3,178	328	20.4	32.1	41.8	(50.7)	58	NA	23	NA	11.3	5.3	5.3	4.8	1.1	1.1	1.0	1.6	2.8	3.6	5.2	7.7	9.4	475	0.5	10.6
Cairn india	210	REDUCE	397,827	8,161	1,897	4.3	9.2	31.2	(3,703)	115	238.0	49	23	6.7	31.8	11.8	4.8	1.2	1.1	1.1	—	—	11.9	2.5	5.1	16.5	225	7.3	35.9
Castrol India (a)	376	BUY	46,544	955	124	21.3	25.5	26.6	20.8	19.5	4.3	17.7	14.8	14.2	10.0	8.6	8.1	10.4	9.3	8.8	4.0	4.8	5.3	61.2	66.5	63.7	390	3.6	0.8
GAIL (India)	325	ADD	411,747	8,447	1,268	22.1	21.9	22.6	8.4	(0.8)	3.2	14.7	14.8	14.3	7.8	8.4	8.8	2.5	2.2	2.0	1.4	1.6	1.6	17.6	15.3	14.1	300	(7.6)	16.0
GSPL	53	REDUCE	29,715	610	563	2.2	2.4	3.3	21.7	8.1	38.0	24.1	22.3	16.2	9.1	6.4	5.0	2.2	2.1	2.0	1.4	1.5	6.2	9.6	9.6	12.7	45	(14.8)	6.4
Hindustan Petroleum	334	SELL	113,195	2,322	339	17.0	16.7	34.9	(49.3)	(1.6)	109.2	19.7	20.0	9.6	6.2	6.1	NA	0.9	0.9	NA	1.6	3.6	7.5	4.4	3.9	7.8	350	4.8	14.0
Indian Oil Corporation	568	REDUCE	669,854	13,742	1,179	18.9	44.3	43.1	(69.1)	133.8	(2.6)	30.0	12.8	13.2	10.6	5.7	5.6	1.4	1.3	1.3	1.3	3.2	3.1	4.6	10.2	9.3	550	(3.2)	8.3
Oil & Natural Gas Corporation	998	BUY	2,135,358	43,807	2,139	91.4	100.3	119.9	(1.5)	9.8	19.5	10.9	10.0	8.3	3.9	3.5	3.0	1.9	1.7	1.5	3.2	3.6	4.2	17.3	16.9	18.2	1,100	10.2	59.0
Petronet LNG	63	REDUCE	47,513	975	750	6.9	7.3	8.5	—	5.9	16.8	9.2	8.7	7.4	6.7	5.8	5.2	2.1	1.7	1.5	2.8	3.2	3.6	23.9	21.1	20.5	57	(10.0)	8.2
Reliance Industries	1,853	SELL	2,544,718	52,205	1,373	103.4	112.5	144.7	(1.5)	8.8	28.6	17.9	16.5	12.8	10.7	7.0	5.5	2.1	1.9	1.7	0.8	0.9	1.1	15.1	14.1	16.2	1,600	(13.7)	243.2
Reliance Petroleum	117	NR	526,275	10,796	4,500	—	8.3	13.8	n/a	n/a	n/a	n/a	n/a	8.5	n/a	n/a	7.1	3.9	3.2	2.5	—	1.7	1.7	0.6	25.1	33.0	—	—	26.2
Energy		**Cautious**	**7,077,658**	**145,198**					**(9.8)**	**28.8**	**30.6**	**16.4**	**12.7**	**9.8**	**7.8**	**5.8**	**4.7**	**1.9**	**1.7**	**1.6**	**1.6**	**2.1**	**3.1**	**11.6**	**13.5**	**16.0**			
Industrials																													
ABB	715	REDUCE	151,546	3,109	212	25.8	24.9	29.6	11.3	(3.6)	18.7	27.7	28.7	24.2	16.4	16.2	13.2	7.2	5.9	4.9	0.3	0.4	0.4	29.2	22.6	22.1	500	(30.1)	8.6
BGR Energy Systems	282	REDUCE	20,304	417	72	15.6	23.1	26.4	29.0	47.8	14.2	18.0	12.2	10.7	10.1	7.5	6.4	3.5	2.9	2.4	1.0	1.3	1.5	21.6	26.0	24.3	315	11.7	1.6
Bharat Electronics	1,385	REDUCE	110,800	2,273	80	101.9	111.1	119.0	(0.0)	9.0	7.1	13.6	12.5	11.6	5.9	5.3	4.7	2.8	2.4	2.1	1.8	1.8	1.8	22.4	20.9	19.2	1,025	(26.0)	2.5
Bharat Heavy Electricals	2,022	REDUCE	989,932	20,308	490	64.1	92.0	106.8	9.8	43.5	16.1	31.5	22.0	18.9	17.1	12.1	10.3	7.6	6.1	4.9	0.8	1.0	1.1	26.4	30.7	28.6	1,900	(6.0)	59.7
Crompton Greaves	281	ADD	102,850	2,110	367	15.3	18.0	21.0	37.3	17.6	16.3	18.3	15.5	13.4	9.7	8.5	7.2	5.6	4.3	3.4	0.7	0.8	0.9	35.9	31.3	28.1	315	12.3	5.2
Larsen & Toubro	1,389	ADD	828,816	17,003	597	52.6	57.5	68.2	38.6	9.4	18.5	26.4	24.1	20.4	16.1	14.1	12.1	5.2	4.3	3.6	0.7	0.8	0.9	22.5	19.4	19.1	1,375	(1.0)	112.2
Maharashtra Seamless	240	BUY	16,934	347	71	35.9	33.0	39.6	22.2	(8.1)	20.3	6.7	7.3	6.1	4.5	4.6	3.6	1.3	1.1	0.9	2.2	2.1	3.0	20.3	16.0	16.8	225	(6.3)	1.3
Siemens	427	REDUCE	143,832	2,951	337	14.2	19.8	21.1	(22.2)	39.7	6.4	30.1	21.5	20.2	14.1	12.1	11.5	6.4	5.4	4.5	0.7	1.6	1.0	23.3	27.1	24.2	360	(15.6)	8.0
Suzlon Energy	86	ADD	135,630	2,782	1,571	7.2	7.6	10.5	10.0	5.5	37.2	11.9	11.3	8.2	9.3	8.9	7.2	1.5	1.2	1.1	0.6	0.6	1.2	12.3	11.7	13.7	140	62.1	146.5
Industrials		**Neutral**	**2,500,644**	**51,301**					**16.0**	**20.9**	**18.0**	**24.6**	**20.4**	**17.3**	**13.8**	**11.7**	**10.0**	**5.0**	**4.1**	**3.4**	**0.8**	**0.9**	**1.0**	**20.2**	**20.0**	**19.7**			
Infrastructure																													
IRB Infrastructure	165	BUY	54,906	1,126	332	5.8	11.3	12.7	69.2	95.7	11.7	28.5	14.6	13.0	15.4	8.3	7.2	2.9	2.4	2.0	—	—	—	11.0	18.1	16.5	160	(3.1)	11.5
Media																													
DishTV	36	REDUCE	34,164	701	946	(8.8)	(3.5)	(2.1)	n/a	(60.1)	(39.1)	(4.1)	(10.3)	(16.9)	(25.4)	85.9	17.3	(5.5)	(6.4)	(10.6)	—	—	—	84.4	57.5	NA	32	(11.4)	14.5
HT Media	89	ADD	20,919	429	234	0.8	4.2	6.3	(80.4)	399.4	49.2	105.1	21.1	14.1	21.7	9.0	7.1	2.5	2.3	2.1	0.4	0.9	2.8	2.3	11.3	15.6	120	34.4	0.5
Jagran Prakashan	76	BUY	22,874	469	301	3.0	4.3	5.5	(6.6)	42.1	26.8	25.0	17.6	13.9	14.1	9.8	7.9	4.1	3.8	3.5	2.6	3.4	4.0	16.7	22.5	26.3	92	21.1	0.8
Sun TV Network	227	REDUCE	89,594	1,838	394	9.1	11.1	13.0	9.3	22.9	16.5	25.1	20.4	17.5	13.1	11.2	9.5	5.1	4.5	4.1	1.1	1.8	2.6	22.5	23.8	24.4	215	(5.4)	2.0
Zee Entertainment Enterprises	177	REDUCE	76,633	1,572	434	8.1	9.3	11.2	(9.0)	15.5	20.0	21.9	18.9	15.8	15.3	13.1	10.9	2.3	2.2	2.0	1.3	1.5	1.8	11.6	12.2	13.7	145	(18.0)	7.8
Zee News	38	ADD	9,111	187	240	1.9	2.1	2.5	20.4	11.1	18.8	20.4	18.4	15.5	10.6	9.0	7.9	3.7	3.2	2.8	1.1	1.1	1.6	20.0	19.0	19.5	40	5.3	1.5
Media		**Neutral**	**253,294**	**5,196**					**(24.5)**	**95.6**	**47.4**	**62.6**	**32.0**	**21.7**	**19.1**	**13.0**	**10.0**	**4.1**	**3.7**	**3.3**	**1.1**	**1.5**	**2.1**	**6.6**	**11.6**	**15.2**			
Metals																													
Hindalco Industries	76	BUY	133,286	2,734	1,753	9.0	3.5	11.4	(33.9)	(61.4)	227.6	8.5	21.9	6.7	5.8	7.7	6.0	0.4	0.4	0.3	—	—	—	10.3	5.2	6.7	135	77.5	25.2
National Aluminium Co.	281	SELL	181,148	3,716	644	19.7	13.7	20.4	(22.0)	(30.6)	48.8	14.2	20.5	13.8	7.1	7.5	5.0	1.7	1.6	1.5	1.2	0.7	0.7	12.7	8.1	11.1	290	3.1	4.0
Jindal Steel and Power	2,541	REDUCE	391,277	8,027	154	198.0	172.4	196.2	139.3	(12.9)	13.8	12.8	14.7	13.0	8.6	8.9	7.5	5.4	3.9	3.0	—	0.3	0.3	53.1	31.0	26.4	2,000	(21.3)	38.9
JSW Steel	527	SELL	98,509	2,021	187	13.1	24.6	51.2	(84.7)	86.9	108.3	40.1	21.4	10.3	8.8	9.3	6.6	1.1	0.9	0.8	0.2	0.6	0.9	11.7	5.0	8.8	390	(25.9)	51.0
Hindustan Zinc	579	BUY	244,836	5,023	423	64.6	57.3	74.1	(38.0)	(11.2)	29.3	9.0	10.1	7.8	5.2	5.2	3.2	1.6	1.4	1.2	0.7	0.9	0.9	20.1	15.1	16.7	825	42.4	4.6
Sesa Goa	193	BUY	151,859	3,115	787	24.8	25.5	34.2	30.8	3.0	34.0	7.8	7.6	5.6	4.9	4.3	2.5	3.4	2.4	1.8	1.8	1.8	1.8	52.8	37.1	36.0	240	24.4	43.1
Sterlite Industries	557	REDUCE	394,596	8,095	708	49.2	33.2	41.8	(23.6)	(32.5)	26.1	11.3	16.8	13.3	6.4	7.6	5.7	1.5	1.4	1.3	—	—	—	14.3	8.7	9.9	540	(3.0)	48.9
Tata Steel	364	BUY	299,245	6,139	822	110.0	53.8	85.4	45.3	(51.1)	58.8	3.3	6.8	4.3	4.4	6.4	5.0	0.7	0.7	0.6	4.3	4.4	4.4	36.3	18.5	24.8	505	38.7	133.6
Metals		**Cautious**	**1,894,756**	**38,871**					**2.9**	**(34.5)**	**46.0**	**7.8**	**12.0**	**8.2**	**5.8**	**7.1**	**5.3**	**1.3**	**1.2**	**1.0**	**1.1**	**1.1**	**1.1**	**16.3**	**9.6**	**12.4**			
Pharmaceutical																													
Biocon	229	BUY	45,700	938	200	4.7	13.6	18.3	(80.0)	192.6	34.2	49.1	16.8	12.5	20.0	9.9	7.6	3.0	2.6	2.3	0.0	0.0	0.1	6.2	16.9	19.8	270	18.2	5.0
Cipla	262	ADD	203,650	4,178	777	9.9	13.8	15.0	9.5	39.5	8.6	26.5	19.0	17.5	18.9	13.6	12.4	4.7	4.0	3.4	1.0	1.1	1.3	19.1	22.8	21.1	250	(4.6)	10.3
Dishman Pharma & chemicals	175	BUY	14,217	292	81	18.0	21.2	27.3	22.1	17.9	28.7	9.7	8.2	6.4	8.3	6.5	5.1	2.0	1.6	1.3	—	—	—	22.8	21.9	22.9	280	60.2	0.6
Divi's Laboratories	1,019	BUY	65,770	1,349	65	63.8	74.6	86.5	19.9	16.9	16.0	16.0	13.7	11.8	12.8	10.3	8.2	5.4	4.0	3.0	0.1	0.1	0.1	39.8	33.5	29.3	1,375	34.9	3.8
Dr Reddy's Laboratories	809	BUY	136,790	2,806	169	32.4	44.8	49.3	24.5	38.2	9.9	24.9	18.0	16.4	10.8	8.8	7.7	3.9	3.3	2.8	0.8	0.9	1.0	13.7	19.8	18.5	770	(4.8)	7.3
Glenmark Pharmaceuticals	230	BUY	61,120	1,254	266	11.1	12.1	16.2	(57.0)	8.7	33.6	20.7	19.0	14.2	12.5	11.1	9.2	2.9	2.6	2.2	—	—	—	15.9	14.4	16.6	315	37.0	10.3
Jubilant Organosys	166	BUY	28,299	581	171	16.6	21.3	20.2	(26.1)	28.7	(5)	10.0	7.8	8.2	11.8	6.8	5.5	2.2	1.7	1.3	0.8	0.8	1.0	18.2	24.7	17.9	250	51.1	0.5
Lupin	800	BUY	70,866	1,454	89	60.7	66.0	71.3	21.9	8.7	8.0	13.2	12.1	11.2	13.1	10.9	9.3	4.2	3.3	2.7	1.5	1.4	1.7	33.7	30.3	26.1	1,075	34.4	3.1
Piramal Healthcare	309	BUY	64,560	1,324	209	17.3	22.4	28.2	(2.7)	29.8	26.0	17.9	13.8	10.9	13.0	9.1	7.5	4.9	3.8	3.0	1.4	1.5	1.5	26.3	31.4	30.8	340	10.1	1.8
Ranbaxy Laboratories	254	REDUCE	108,518	2,226	427	(8.1)	(5.7)	5.1	(134.7)	NA	NA	(31.4)	NA	49.6	(150.0)	774.3	19.9	2.2	1.9	2.0	4.0	4.5	4.9	(8.8)	(4.7)	4.1	150	(41.0)	16.9
Sun Pharmaceuticals	1,174	ADD	243,093	4,987	207	87.8	78.5	82.5	17.6	(10.6)	5.2	13.4	15.0	14.2	10.0	10.1	9.0	3.6	3.0	2.5	1.2	1.2	1.2	31.6	22.6	19.9	1,665	41.9	25.8
Pharmaceuticals		**Attractive**	**1,042,584**	**21,389**					**(19.4)**	**21.7**	**20.2**	**21.6**	**17.7**	**14.8**	**14.3**	**11.3**	**9.2**	**3.5**	**2.9**	**2.5**	**1.2**	**1.3**	**1.4**	**16.4**	**16.6**	**17.2**			
Property																													
DLF	279	REDUCE	473,710	9,718	1,699	29.3	16.3	17.5	(36.6)	(44.4)	7.2	9.5	17.1	16.0	10.2	14.4	12.2	1.9	1.8	1.6	1.1	1.1	1.4	22.5	10.8	10.6	320	14.8	165.1
Housing Development & Infrastructure	202	NR	55,608	1,141	275	30.6	19.8	24.8	(40.1)	(35.3)	25.1	6.6	10.2	8.1	9.6	11.0	9.0	1.3	1.2	1.1	2.5	3.0	4.0	21.2	12.1	13.9	—	NA	122.6
Indiabulls Real Estate	187	ADD	74,829	1,535	401	3.0	3.1	7.5	(81.8)	3.8	141.1	62.2	59.9	24.8	(180)	37.7	8.8	1.1	0.8	0.8	—	—	—	1.3	1.6	3.2	235	26.0	72.1
Mahindra Life Space Developer	260	BUY	10,934	224	42	10.2	10.8	15.4	(39.2)	5.3	42.5	25.4	24.1	16.9	39.1	22.6	11.5	1.2	1.2	1.1	1.5	1.5	1.5	4.8	4.9	6.7	410	57.7	1.0
Phoenix Mills	96	BUY	13,948	286	145	5.2	7.1	8.7	63.1	38.3	21.4	18.6	13.5	11.1	21.0	9.6	8.4	0.9	0.9	0.8	1.0	1.0	1.6	5.1	6.7	7.7	210	118.1	0.3
Puravankara Projects	74	REDUCE	15,857	325	213	6.8	7.0	7.4	(39.8)	2.8	6.9	11.0	10.7	10.0	17.4	14.2	11.5	1.2	1.1	1.0	—	2.7	2.7	11.5	10.8	10.7	55	(26.0)	0.3
Sobha	200	REDUCE	14,602	300	73	17.4	11.9	14.7	(45.2)	(31.4)	23.5	11.5	16.8	13.6	9.9	14.1	12.5	1.3	1.3	1.2	2.0	2.0	2.0	12.0	7.7	9.0	90	(55.1)	1.6
Unitech	70	SELL	166,849	3,423	2,389	7.7	4.5	4.6	(25.8)	(41.0)	0.9	9.1	15.5	15.3	13.6	11.4	11.0	3.4	1.6	1.5	—	—	—	29.4	13.5	10.1	60	(14.1)	159.7
Property		**Neutral**	**826,338**	**16,952**					**(36.8)**	**(35.8)**	**13.5**	**11.0**	**17.1**	**15.0**	**11.6**	**13.5**	**11.4**	**1.8**	**1.5**	**1.4**	**0.9**	**0.9**	**1.2**	**16.7**	**8.6**	**9.1**			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Valuation summary of key Indian companies

Company	9-Jul-09	Rating	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price	Upside	ADVT-3mo
	Price (Rs)		(Rs mn)	(US$ mn)	(mn)	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	2009E	2010E	2011E	(Rs)	(%)	(US$ mn)
Retail																													
Titan Industries	1,185	REDUCE	52,610	1,079	44	45.9	50.1	56.9	30.8	9.2	13.7	25.8	23.7	20.8	16.6	14.4	12.4	9.1	7.0	5.6	0.8	0.9	1.0	38.9	33.6	29.9	850	(28.3)	3.0
Retail		**Neutral**	**52,610**	**1,079**					**30.8**	**9.2**	**13.7**	**25.8**	**23.7**	**20.8**	**16.6**	**14.4**	**12.4**	**9.1**	**7.0**	**5.6**	**0.8**	**0.9**	**1.0**	**35.3**	**29.7**	**26.8**			
Technology																													
HCL Technologies	177	REDUCE	123,050	2,524	695	16.2	13.1	17.0	6.0	(19.0)	29.5	10.9	13.5	10.4	6.2	6.1	5.8	2.0	1.9	1.8	6.8	6.8	6.8	18.6	14.4	17.7	135	(23.8)	6.2
Infosys Technologies	1,678	BUY	962,914	19,754	574	102.4	99.3	111.9	29.6	(3.1)	12.7	16.4	16.9	15.0	11.8	11.9	9.9	5.3	4.3	3.6	1.4	1.5	1.6	36.7	28.1	26.1	1,800	7.3	64.3
Mphasis BFL	371	REDUCE	77,391	1,588	208	14.2	38.9	33.5	15.7	174.5	(13.9)	26.2	9.5	11.1	19.9	6.8	6.3	5.4	3.6	2.9	1.1	1.2	1.3	22.8	45.4	28.8	335	(9.8)	3.4
Mindtree	479	BUY	19,711	404	41	13.2	46.4	51.7	(50.5)	250.3	11.6	36.2	10.3	9.3	6.2	6.7	5.4	3.6	2.6	2.1	0.4	—	1.1	5.5	22.1	18.7	575	20.1	4.2
Patni Computer Systems	255	REDUCE	32,792	673	129	26.8	24.7	26.8	(19.3)	(7.8)	8.5	9.5	10.3	9.5	3.7	3.5	3.3	1.3	1.1	1.0	0.7	1.9	2.1	16.2	11.0	11.2	220	(13.8)	1.9
Polaris Software Lab	88	SELL	8,705	179	99	13.1	12.8	11.6	76.0	(2.5)	(9.5)	6.7	6.9	7.6	2.3	2.8	2.9	1.1	1.0	0.9	3.1	2.3	2.3	18.1	15.3	12.4	80	(9.3)	4.1
TCS	388	REDUCE	759,687	15,585	1,957	26.4	26.9	29.6	3.1	1.9	10.0	14.7	14.4	13.1	10.3	9.9	8.5	4.9	4.0	3.4	1.8	2.1	3.1	36.9	30.4	28.1	350	(9.8)	32.1
Wipro	373	ADD	545,765	11,196	1,462	25.7	26.4	29.2	15.8	2.6	10.3	14.5	14.1	12.8	10.6	9.7	8.1	3.6	3.0	2.6	1.1	2.0	2.3	26.9	23.3	21.6	400	7.2	15.9
Technology		**Neutral**	**2,535,769**	**52,021**					**14.7**	**2.5**	**10.4**	**15.0**	**14.6**	**13.2**	**10.3**	**9.7**	**8.3**	**4.1**	**3.4**	**3.0**	**1.7**	**2.0**	**2.4**	**27.7**	**23.6**	**22.3**			
Telecom																													
Bharti Airtel	796	ADD	1,510,636	30,991	1,899	44.6	52.2	59.8	26.4	17.0	14.6	17.8	15.2	13.3	10.4	8.9	7.7	4.8	3.6	2.8	0.5	0.8	1.0	31.4	27.0	23.8	775	(2.6)	91.4
IDEA	70	REDUCE	216,339	4,438	3,104	2.9	2.9	3.2	(26.5)	(0.1)	10.9	24.0	24.0	21.7	9.0	8.2	6.8	1.6	1.5	1.4	—	—	—	10.4	6.4	6.8	65	(6.7)	22.3
MTNL	91	SELL	57,173	1,173	630	4.0	4.1	4.6	(44.3)	2.6	11.8	22.8	22.2	19.9	11.2	8.3	5.7	0.5	0.5	0.5	6.6	6.6	6.6	1.6	1.6	1.9	50	(44.9)	4.7
Reliance Communications	256	SELL	528,596	10,844	2,064	27.7	20.3	21.1	4.7	(26.6)	3.9	9.2	12.6	12.1	8.3	7.9	6.2	1.5	1.4	1.2	0.3	—	—	18.6	11.7	10.9	180	(29.7)	81.8
Tata Communications	462	REDUCE	131,599	2,700	285	13.6	14.0	15.2	24.0	3.2	8.2	34.0	33.0	30.5	14.5	13.2	12.2	1.9	1.8	1.8	1.1	1.4	1.6	5.4	5.2	5.5	400	(13.4)	8.9
Telecom		**Cautious**	**2,444,342**	**50,145**					**11.5**	**(0.5)**	**11.3**	**15.2**	**15.3**	**13.7**	**9.7**	**8.6**	**7.2**	**2.5**	**2.1**	**1.9**	**0.6**	**0.7**	**0.9**	**16.3**	**14.0**	**13.6**			
Transportation																													
Container Corporation	956	ADD	124,215	2,548	130	64.4	71.4	83.3	11.6	10.8	16.6	14.8	13.4	11.5	10.6	8.9	7.5	3.3	2.8	2.4	1.5	1.7	2.0	24.0	22.5	22.2	850	(11.1)	1.3
Transportation		**Cautious**	**124,215**	**2,548**					**11.6**	**10.8**	**16.6**	**14.8**	**13.4**	**11.5**	**10.6**	**8.9**	**7.5**	**3.3**	**2.8**	**2.4**	**1.5**	**1.7**	**2.0**	**22.1**	**20.8**	**20.5**			
Utilities																													
CESC	271	ADD	33,845	694	125	31.9	38.0	42.1	14.8	19.1	10.8	8.5	7.1	6.4	4.9	5.2	5.4	0.9	0.8	0.7	1.5	1.8	1.9	11.7	12.1	11.8	345	27.4	2.4
Lanco Infratech	362	ADD	80,528	1,652	222	14.5	20.2	35.1	(2.5)	39.7	73.7	25.0	17.9	10.3	22.9	16.3	8.0	3.7	3.0	2.3	—	—	—	16.1	18.6	25.3	385	6.3	25.5
NTPC	194	SELL	1,600,857	32,841	8,245	9.5	10.8	12.2	1.6	14.1	12.6	20.5	18.0	15.9	16.2	13.3	12.7	2.7	2.5	2.3	1.9	2.1	2.4	13.8	14.5	15.0	180	(7.3)	44.0
Reliance Infrastructure	1,101	BUY	249,265	5,114	226	64.1	58.8	62.9	70.5	(8.2)	6.9	17.2	18.7	17.5	18.4	18.9	14.7	1.5	1.4	1.3	0.6	0.8	0.8	6.3	7.0	9.0	1,250	13.6	123.4
Reliance Power	157	REDUCE	376,889	7,732	2,397	1.0	2.5	3.1	—	141.5	24.4	154.1	63.8	51.3	—	—	—	2.7	2.6	2.5	—	—	—	1.8	4.2	5.0	160	1.7	38.4
Tata Power	1,099	ADD	244,656	5,019	223	56.2	76.6	86.5	76.6	36.2	12.9	19.5	14.3	12.7	10.9	11.3	10.6	2.4	2.1	1.9	1.0	1.1	1.3	13.4	15.8	15.7	1,100	0.1	13.9
Utilities		**Attractive**	**2,586,040**	**53,052**					**14.5**	**17.3**	**14.6**	**22.5**	**19.2**	**16.8**	**16.7**	**15.8**	**14.1**	**2.5**	**2.3**	**2.1**	**1.3**	**1.5**	**1.7**	**10.9**	**11.8**	**12.3**			
Others																													
Aban Offshore	701	SELL	26,569	545	38	87.8	125.3	214.6	21	42.7	71.3	8.0	5.6	3.3	8.6	7.3	6.1	1.9	1.4	1.0	0.6	0.7	0.7	33.7	33.3	36.7	365	(48.0)	71.2
Havells India	261	REDUCE	15,820	325	61	4.5	12.2	19.0	(83)	NA	55.5	NA	21.4	13.8	9.5	7.7	6.9	2.5	2.9	2.5	1.0	1.0	1.0	4.1	12.5	19.3	175	(33.1)	2.7
Jaiprakash Associates	197	ADD	277,043	5,684	1,403	3.0	6.8	9.9	(39)	126.3	45.5	65.8	29.1	20.0	22.4	15.0	14.2	5.0	4.4	3.7	—	—	—	8.0	16.1	20.0	190	(3.7)	106.2
Jindal Saw	343	BUY	18,822	386	55	64.3	47.8	41.7	(1)	(25.6)	(12.8)	5.3	7.2	8.2	3.7	3.7	3.5	0.6	0.5	0.5	1.5	1.2	1.2	10.8	7.4	6.2	300	(12.5)	3.6
PSL	107	BUY	4,663	96	44	22.0	36.8	30.0	4	67.4	(18.5)	4.9	2.9	3.6	5.2	4.1	3.5	0.5	0.5	0.4	8.6	8.4	8.4	10.2	13.4	11.1	160	49.5	1.0
Sintex	205	BUY	27,961	574	136	23.8	25.2	27.6	22	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	34.2	4.5
Tata Chemicals	206	ADD	48,386	993	235	27.6	23.1	27.2	(30)	(16.4)	17.9	7.5	8.9	7.6	5.2	4.1	3.5	1.0	0.9	0.9	4.5	4.4	4.4	17.9	12.9	13.7	200	(2.8)	5.1
Welspun Gujarat Stahl Rohren	194	REDUCE	36,556	750	189	17.3	23.4	17.3	(16)	35.0	(25.7)	11.2	8.3	11.2	7.1	5.0	5.9	2.0	1.6	1.4	1.0	0.8	0.8	17.6	20.8	12.9	125	(35.5)	22.8
United Phosphorus	140	BUY	64,726	1,328	462	10.7	13.5	18.0	28	25.7	33.9	13.1	10.4	7.8	8.9	6.5	4.9	2.2	1.8	1.5	0.9	1.1	1.4	18.1	18.2	20.5	140	(0.1)	5.9
Others			**520,545**	**10,679**					**(11.1)**	**28.4**	**25.0**	**17.1**	**13.3**	**10.7**	**9.9**	**8.2**	**7.7**	**2.2**	**2.0**	**1.7**	**0.8**	**0.8**	**0.8**	**13.1**	**14.8**	**15.9**			
KS universe (b)			**31,012,118**	**636,211**					**2.0**	**4.8**	**20.7**	**15**	**14.6**	**12.1**	**10.0**	**8.7**	**7.4**	**2.4**	**2.1**	**1.9**	**1.4**	**1.6**	**2.0**	**15.4**	**14.4**	**15.4**			
KS universe (b) ex-Energy			**23,934,460**	**491,014**					**5.7**	**(1.7)**	**17.2**	**15.0**	**15.3**	**13.1**	**11.0**	**10.4**	**9.0**	**2.5**	**2.2**	**2.0**	**1.4**	**1.5**	**1.7**	**16.9**	**14.7**	**15.2**			
KS universe (d) ex-Energy & ex-Commodities			**21,349,443**	**437,982**					**7.0**	**4.7**	**15.1**	**16.6**	**15.9**	**13.8**	**13.2**	**11.5**	**10.0**	**2.8**	**2.5**	**2.2**	**1.4**	**1.5**	**1.7**	**16.9**	**15.5**	**15.9**			

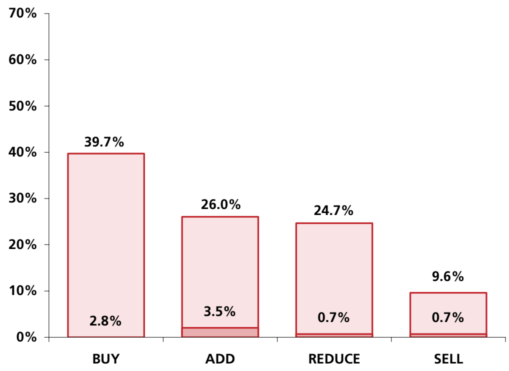
Note:
(1) For banks we have used adjusted book values.
(2) 2009 means calendar year 2008, similarly for 2010 and 2011 for these particular companies.
(3) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector.
(4) Rupee-US Dollar exchange rate (Rs/US$)= 48.75

Source: Company, Bloomberg, Kotak Institutional Equities estimates

"I, Sanjeev Prasad, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report."

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



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

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

* The above categories are defined as follows: Buy = We expect this stock to outperform the BSE Sensex by 10% over the next 12 months; Add = We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months; Reduce = We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months; Sell = We expect this stock to underperform the BSE Sensex by more then 10% over the next 12 months. These ratings are used illustratively to comply with applicable regulations. As of 31/03/2009 Kotak Institutional Equities Investment Research had investment ratings on 146 equity securities.

Source: Kotak Institutional Equities

As of March 31, 2009

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BUY. We expect this stock to outperform the BSE Sensex by 10% over the next 12 months.

ADD. We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months.

REDUCE. We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months.

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

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

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