kotak® Institutional Equities

INDIA DAILY

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Contents

New release

Strategy: September 2009 quarter earnings preview

News Round-up

- **Renault's** alliance with **M&M** may be on the rocks; Bajaj has branding woes. Renault's efforts to make a dent in the Indian car market through alliances may come unstuck with simmering differences between the local partners and Europe's third-largest carmaker coming to the fore in a dramatic way. *(ET)*
- Engineering giant **Larsen and Toubro** (**L&T**) may exit **Mahindra Satyam**, formerly Satyam Computer Services, by starting the process of selling its 6.9 per cent stake soon after a lock-in period expires early next week. *(BS)*
- **Jawaharlal Nehru Port Trust** (JNPT), which operates India's busiest container port, will scrap an auction for a contract to develop a new Rs600 crore container terminal after poor response from bidders and court cases delayed the process initiated last year. *(Mint)*
- **Reliance Industries Ltd** (**RIL**) has threatened to stop oil and gas exploration if it is not granted the promised drilling moratorium to cover for the acute shortage of rigs. Despite being cleared by the ECS, the Petroleum Ministry has failed to move the Cabinet on the issue. *(BL)*
- Wind turbine manufacturer **Suzlon Energy** on Tuesday said it has bagged an order from Turkey-based **Ayen Enerji** to supply and install 27 units of turbines to generate 57 MW of energy, in a filing to the Bombay Stock Exchange. *(BL)*
- State-owned **Oil and Natural Gas Corp. Ltd** (**ONGC**) is in talks with Iran's state-owned Petropars Ltd to buy a stake in South Pars, the country's largest natural gas field, as it seeks to offset declining production at its ageing domestic wells. *(Mint)*
- Mukesh Ambani's **Reliance Industries Ltd** (RIL), in filings before the Supreme Court on Tuesday, challenged the Bombay high court verdict in the ongoing gas dispute and at the same time introduced fresh evidence that seeks to undermine claims made by estranged younger brother Anil Ambani's **Reliance Natural Resources Ltd** (**RNRL**). The new evidence seeks to widen the scope of the legal battle by striking at the very basis of RNRL's claims that it needs an assured supply of gas for its proposed power projects and also questions, citing minutes of two board meetings that were not considered in the Bombay high court order, the validity of the memorandum of understanding (MoU) between the two brothers ahead of the demerger. *(Mint)*
- The Securities and Exchange Board of India's (**SEBI**) recent move, modifying the definition of a 'promoter' under the Issue of Capital and Disclosure Requirements (ICDR) regulations, is likely to have a major bearing on companies with private equity investors, according to investment bankers. *(ET)*
- State-owned **Union Bank of India**, which was planning to open 500 new branches during the current financial year, has scaled down its expansion plans due to the paucity of trained staff. *(BS)*

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

EQUITY MARKETS

India	6-Oct	Change % 1-day	1-mo	3-mo
Sensex	16,959	0.5	5.9	19.7
Nifty	5,027	0.5	5.1	19.6
Global/Regional indices				
Dow Jones	9,731	1.4	3.1	19.2
Nasdaq Composite	2,104	1.7	4.2	20.5
FTSE	5,138	2.3	4.2	22.7
Nikkie	9,778	0.9	(5.3)	1.4
Hang Seng	21,081	1.3	2.2	18.0
KOSPI	1,606	0.5	(0.1)	12.0
Value traded - India				
Cash (NSE+BSE)	273.2		243.4	240.1
Derivatives (NSE)	887.3		702.6	967
Deri. open interest	934.0		858	716

Forex/money market

	6-Oct	Change, basis points 1-day	1-mo	3-mo
Rs/US$	46.9	(63)	(177)	(169)
10yr govt bond, %	7.2	1	(26)	23

Net investment (US$mn)

	5-Oct		MTD	CYTD
FIIs	(2,375)		-	12,170
MFs	(165)		-	552

Top movers -3mo basis

Best performers	6-Oct	Change, % 1-day	1-mo	3-mo
ABAN IN Equity	1620.3	0.1	2.0	105.2
BHFC IN Equity	273.8	3.3	21.2	99.2
TTMT IN Equity	558.0	(1.0)	(1.4)	99.0
HCLT IN Equity	317.0	(5.4)	2.0	72.3
SCS IN Equity	114.4	1.4	(5.8)	61.0
Worst performers				
ADE IN Equity	660.6	1.0	(1.1)	(16.8)
BJFIN IN Equity	298.6	(1.0)	8.0	(14.3)
MTNL IN Equity	82.9	(5.0)	(12.6)	(12.9)
BHARTI IN Equity	359.4	(10.2)	(14.6)	(11.5)
IDEA IN Equity	64.7	(8.2)	(20.3)	(10.9)

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INDIA

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NEW RELEASE

BSE-30: 16,959

September 2009 quarter earnings preview. We expect the earnings of our universe to increase by 53% yoy led by a significant increase in the earnings of downstream oil companies (Rs61 bn of net profits in 2QFY10E versus Rs129 bn of net losses in 2QFY09). However, on an ex-Energy basis, we expect the earnings of KIE universe stocks to increase by 1.5% yoy and 4.2% qoq led by automobiles, banking and cement stocks, even as metals and property sector stocks weigh down earnings. We expect 2QFY10E/3QCY09E earnings of the BSE-30 Index to decline by 0.9% yoy and earnings of the BSE-30 Index (ex-Energy) to decline by 0.8% yoy.

Earnings of KIE Universe (ex-Energy) is likely to grow by 1.5% yoy

Sector-wise earnings of Kotak coverage companies

	Sales growth (%)		OPM (%)			PAT growth (%)	
	yoy	qoq	Sep-08	Jun-09	Sep-09 (E)	yoy	qoq
Automobiles	23.1	15.6	9.2	13.1	14.4	88.2	29.2
Banking	5.6	5.0	0.0	0.0	0.0	15.0	2.9
Cement	14.1	(7.1)	24.2	32.6	32.4	44.6	(10.7)
Construction	15.9	13.4	9.3	10.2	9.9	8.5	24.1
Consumers	12.0	1.9	18.8	22.6	21.6	20.7	0.5
Energy	(1.6)	35.4	2.8	15.1	13.3	782.4	8.4
Industrials	5.5	23.3	11.4	9.1	10.7	(10.6)	47.5
Infrastructure	58.5	(4.6)	33.9	30.2	34.0	(8.7)	5.2
Media	8.0	4.1	20.4	30.3	31.9	204.4	1.7
Metals	(12.0)	15.6	32.8	26.6	28.7	(28.0)	19.8
Others	(6.2)	0.9	16.2	18.0	18.1	(8.0)	7.3
Pharmaceuticals	6.0	8.9	22.2	18.7	20.7	(11.8)	17.9
Property	(38.3)	28.8	56.2	45.2	47.4	(61.7)	46.5
Retail	3.7	27.8	11.6	9.0	9.5	(24.1)	43.0
Sugar	64.0	43.1	10.9	22.7	21.0	(2,082.4)	65.0
Technology	5.3	2.4	25.3	25.8	25.9	10.9	0.3
Telecom	(4.8)	(13.0)	36.1	36.7	42.7	(10.5)	(20.8)
Utilities	14.5	(4.0)	21.2	22.2	21.7	16.6	(8.6)
Kotak coverage	**1.3**	**19.0**	**11.3**	**17.8**	**17.0**	**53.0**	**5.4**
Kotak coverage ex-Energy	**4.4**	**6.2**	**20.2**	**20.0**	**20.5**	**1.5**	**4.2**
BSE 30 Index	**6.9**	**16.1**	**23.2**	**25.1**	**23.6**	**(0.9)**	**3.6**
BSE 30 Index ex-Energy	**7.6**	**7.3**	**22.7**	**22.2**	**22.2**	**(0.8)**	**3.4**

Source: Company, Kotak Institutional Equities estimates

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We expect yoy decline in profits for real estate, metals and telecom companies

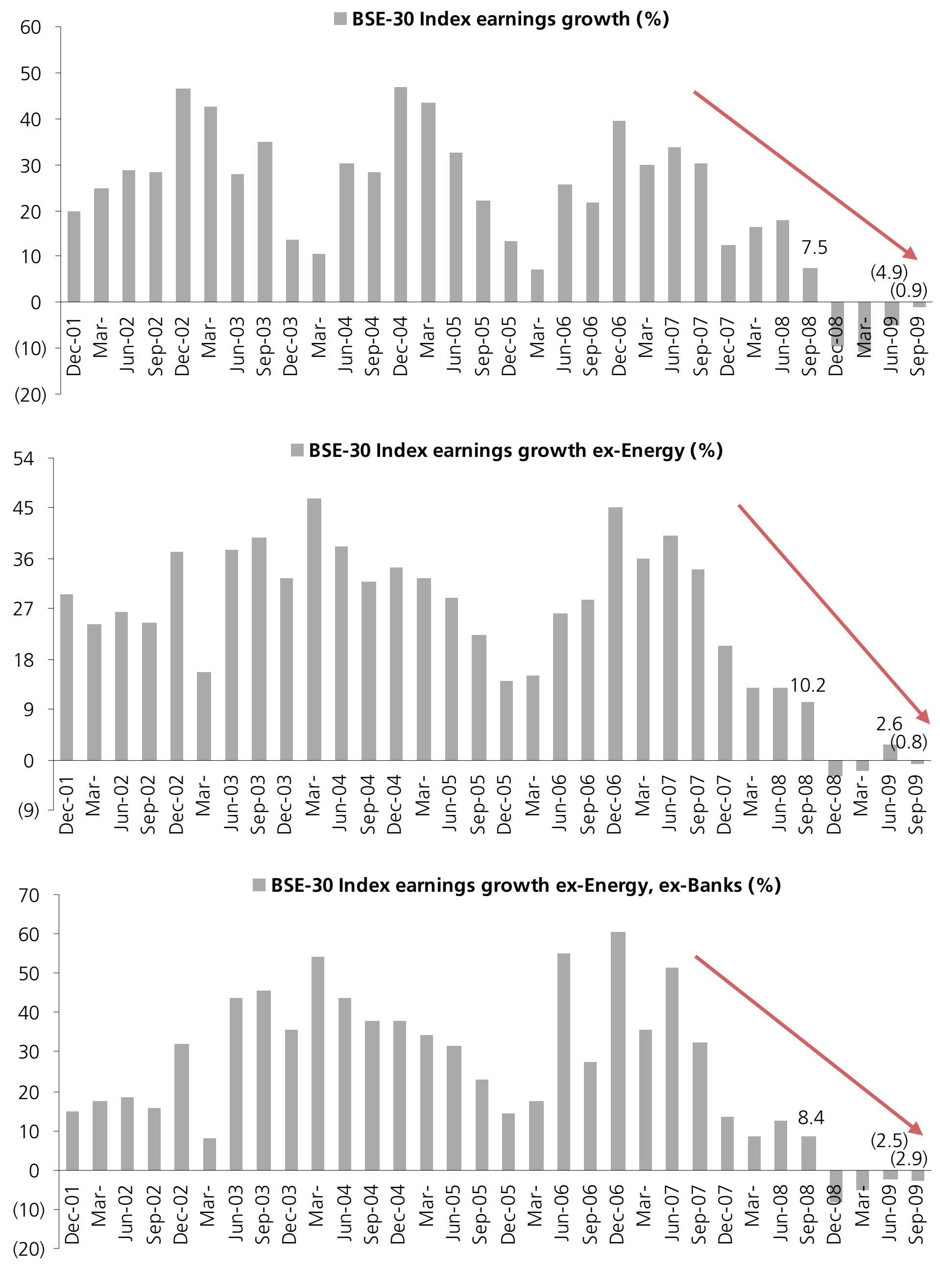
Sector-wise expectations for September 2009 quarter results

	Key points	Key points
Automobiles	Volume growth has been strong across all categories. 2W volumes were driven largely by strong rural demand. Maruti's volume growth was aided by strong exports on account of incentive schemes offered by governments in Europe while domestic demand continued to remain strong. We expect EBITDA margin for most auto manufacturers to expand on a yoy basis primarily on account of lower commodity prices. Sequentially, margins should show marginal improvement as most of the raw material benefits were available in 1QFY10 and pricing remained stable.	M&HCV demand picked up sequentially on account of improvement in financing conditions. However, volumes have declined on a yoy basis. We expect CV volume growth to be driven largely by the LCV segment. Most auto manufacturers have reported strong despatches ahead of the festival season resulting in some build-up in inventory. We expect strong retail sales resulting in liquidation of the inventory.
Banking	Asset quality trends are likely to remain stable. We expect retail NPLs to start showing better trends, which should benefit private banks. Restructured assets may continue to rise albeit at a slower pace. 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.	Loans have grown by 2% till Sept 13th qoq and about 13.3% yoy. While ICICI Bank is likely to witness a 10% decline in loans yoy, we expect most other banks to report loan growth at 10-25% yoy. Margins for public banks shall rise as deposits will reprice downwards, while for private banks we expect stable margins for most banks under coverage.
Cement	Patchy monsoons allowed construction activity during the early part of the quarter driving volume growth in cement despatches; benefit of declining power & fuel costs likely to saturate during the current quarter.	Weak pricing environment in South to weigh on realizations of India Cements and Ultratech, though North-based companies continue to benefit from price increases effected towards the end of the previous quarter.
Chemicals	Decline in global chemical margins yoy will impact the profits of the chemical segment of Reliance Industries. However, chemical margins have remained stable qoq.	
Consumers	Growth from Tier II and Tier III towns will be the key operating metric to monitor. Channel checks indicate no impact of deficient monsoons on most categories, while soaps and detergents continue to witness downtrading. Continuing good rural demand will likely result in strong volume growth in most FMCG categories except soaps and detergents. The personal care segments of most companies will likely report double-digit volume growth, led by shampoos. HUL's volumes are likely to remain low (~2%) for one more quarter but we see recovery starting 3QFY10.	Cigarette underlying volume growth trend is accelerating and ITC may report >5% growth in cigarette volumes. ITC FMCG losses may be higher qoq due to inventory write-downs. Unorganized players have re-entered staple categories as volatility in input costs has declined. Judicious price adjustments, increase in below-the-line activities and benefits of operating leverage are key triggers to watch. 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 moderate increase in net income qoq as higher crude price qoq will be offset by likely high subsidy loss of Rs29.5 bn in 2QFY10E versus Rs4.3 bn in 1QFY10. We assume that upstream companies will bear the entire subsidy burden on auto fuels. GAIL will likely report qoq decline in EBITDA due to higher subsidy burden which will be partly mitigated by (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) likely receipt of oil bonds for 1HFY10 and (2) full compensation for under-recoveries on auto fuels (from upstream companies) and cooking fuels (from government). We assume under-recoveries of Rs110 bn for the industry for 2QFY10 and issue of oil bonds of Rs140 bn to the downstream companies for 1HFY10.
Industrials	**Industrials:** Revenue growth to be boosted by strong order backlogs; however, we expect revenues to remain relatively muted for companies with exposure to industrial capex such as ABB, Siemens etc.. Nonetheless, sequential improvement in revenues is expected across most segments. Margins are likely to remain relatively flat/slight expansion on a yoy basis. Expect margin expansion in BHEL led by lower employee and raw material expenses. Expect low MW execution (200 MW) in Suzlon to result in yet another quarter of negative earnings.	**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 activity in the sector; however, bottom line likely to remain under pressure led by higher interest expenses. **Infrastructure:** Start of commissioning of several new projects in GMR and GVK and toll collections in IRB Surat-Dahisar project to result in very strong revenue growth; however, bottom line would be adversely impacted by higher interest and depreciation costs.
Media	**Television:** We expect weakness in advertising revenues of key broadcasters (ZEEL, Sun TV, ZEEN) to continue given pricing pressure. However, the advertising revenue market has stabilized and we expect a robust recovery in 3QFY10E (festival season). Subscription revenues will likely be the saving grace with strong yoy growth driven by the rapid penetration of DTH in India. Dish TV will likely continue in investment mode with (1) robust volume growth and (2) high subsidy burden.	**Print:** We expect moderate yoy growth in revenues driven by regional advertising markets and contribution from new media initiatives by key newspaper publishers (JAGP, HTML) in their core markets. Declining newsprint prices are likely to continue to positively impact EBITDA margins and yoy EBITDA growth. Moreover, we expect EBITDA to be supported by the various cost rationalization measures (primarily savings on newsprint, overheads).
Metals	**Ferrous:** We expect Tata Steel and JSW's volumes to increase 25-30% yoy on account of capacity expansion. On a yoy basis, most companies will likely report a decline in margins as steel prices have declined ~25% on a yoy basis. However, strong demand from user industries has resulted in higher steel prices on a qoq basis.	**Non ferrous:** Prices of non-ferrous metals have risen 20-25% on a qoq basis. We expect earnings to grow on a sequential basis on account of higher prices but on a yoy basis earnings will largely be lower due to high base of 2QFY09.
Pharmaceuticals	We expect lower yoy domestic sales growth in 2QFY10E post the strong growth seen in FY2009. We include US$10 mn of Immitrex sales for DRL, significantly lower than US$72 mn reported in last quarter due to generic competition. We do not include exclusivity sales of generic Protonix and Caraco sales (only distributed product sales included) for SUN. We expect Dishman to report higher sales qoq due to resumption of supplies to Solvay. We do not include licensing income for Biocon. Foreign exchange is unlikely to be a major driver of earnings for Ranbaxy.	We expect adjusted EBITDA margins to increase qoq for Sun which was impacted by one-off costs in 1QFY10. We expect DRL to report lower margins qoq due to genericisation of Immitrex. We expect CMOs such as Jubilant, Piramal, Dishman to report increasing margins qoq due to increasing sales.
Property	We expect revenues to decline on a yoy basis largely on account of lower revenue booking from commercial properties. We expect the sharpest deceleration in DLF where revenues will likely decline 48% yoy. Most real estate companies will show better qoq results than 1QFY10 on account of improvement in execution and success of new project launches. We expect qoq improvement to continue and 1HFY10 contributing less than 40% of the revenues and PAT in FY2010E.	We model similar interest cost in 2QFY10 versus 1QFY10 as we factor in lower interest capitalization. We highlight that commercial sales continue to be very weak, which will particularly impact revenues of DLF and UT. DLF will have very limited sales to DAL in 2QFY10, which contributed ~50% of sales in 2QFY09.
Technology	We expect the revenue upgrade cycle to continue and expect Tier-I names to report strong performance in the Sep-09 quarter. A pick-up in demand from the financial services vertical, lower project cancellations and favorable cross-currency movements will contribute to outperformance of guidance.	We expect Tier-I companies to report US$ revenue growth of 2% to 4.5%, highest in the past six quarters. We expect Infosys to report sequential revenue growth of 4.5% versus flat revenue guidance and Wipro to report revenue growth of 3% versus guidance of 0.2%-2%. We attribute the likely outperformance to (1) release of IT budgets after delays in finalization, (2) uptick in demand from the financial services vertical and gains from vendor consolidation and (3) favorable cross-currency movements that will likely help revenue growth by1-2% pts.
Telecom	We expect pressure on wireless revenues, margins and operational metrics on account of (1) declining minutes elasticity, (2) impact of Tata Docomo's per second tariff on usage and (3) increase in competitive activity in market in general.	Previous quarter net income was supported by signiicant forex gains. We expect sequential decline in net income for all the wireless players.
Utilities	Revenue from the sale of power to be aided by a 10% yoy increase in NTPC's generation due to commercial generation from Kahalgaon and Sipat. Tata Power to benefit from the sale of 190 MW of power on a merchant basis during the quarter.	Construction revenues to drive revenue growth for Reliance Infrastructure and Lanco as execution of power projects gain momentum.

Source: Kotak Institutional Equities estimates

We expect earnings of BSE-30 Index to decline by 0.9% yoy in 2QFY10E

Earning growth of BSE-30 Index (%)



Source: Company, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

	6-Oct-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)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	(Rs)	(%)	(US$ mn)
Automobiles																													
Ashok Leyland	40	ADD	53,280	1,137	1,330	1.5	2.3	2.4	(57.8)	50.3	5.8	26.2	17.4	16.5	16.8	11.3	8.4	1.4	1.4	1.3	2.5	2.5	2.5	6.2	8.1	8.2	37	(7.6)	4.8
Bajaj Auto	1,502	ADD	217,315	4,636	145	45.2	85.0	100.9	(13.4)	87.9	18.7	33.2	17.7	14.9	19.1	10.8	9.7	11.6	8.0	5.8	1.3	1.3	1.3	37.7	53.1	44.0	1,260	(16.1)	7.4
Hero Honda	1,644	REDUCE	328,227	7,002	200	64.2	87.5	94.9	32.5	36.3	8.5	25.6	18.8	17.3	17.2	12.3	11.1	8.4	6.4	5.0	1.2	1.3	1.3	36.6	38.7	32.6	1,330	(19.1)	21.5
Mahindra & Mahindra	912	ADD	268,908	5,737	295	30.0	56.0	59.4	(19.8)	86.4	6.1	30.4	16.3	15.4	26.9	12.0	10.8	5.1	3.6	2.9	1.0	1.0	1.0	17.4	25.9	21.1	1,000	9.6	29.2
Maruti Suzuki	1,599	SELL	462,183	9,860	289	42.2	73.3	77.3	(29.6)	73.8	5.5	37.9	21.8	20.7	34.3	14.2	12.8	4.9	4.0	3.4	0.2	0.3	0.3	13.5	20.2	17.8	1,160	(27.5)	32.4
Tata Motors	558	SELL	310,419	6,622	556	20.8	28.9	31.3	(58.3)	39.1	8.4	26.9	19.3	17.8	32.4	13.0	12.0	2.4	2.1	1.9	1.0	1.0	1.0	9.1	11.5	11.2	350	(37.3)	75.7
Automobiles		**Cautious**	**1,640,332**	**34,994**					**(18.9)**	**63.3**	**10.0**	**29.7**	**17.8**	**16.1**	**24.9**	**12.6**	**11.3**	**5.7**	**4.5**	**3.7**	**1.0**	**1.0**	**1.0**	**13.9**	**19.1**	**17.7**			
Banks/Financial Institutions																													
Andhra Bank	101	BUY	49,106	1,048	485	13.5	13.8	15.2	13.5	2.1	10.5	7.5	7.4	6.7	-	-	-	1.3	1.2	1.1	4.4	3.4	3.8	18.9	17.2	16.8	120	18.5	1.8
Axis Bank	999	ADD	400,547	8,545	401	50.6	56.7	69.6	56.9	12.1	22.8	19.8	17.6	14.3	-	-	-	3.9	2.5	2.2	0.9	1.1	1.4	19.1	17.4	16.5	915	(8.4)	66.2
Bank of Baroda	481	ADD	175,837	3,751	366	60.9	63.9	65.6	55.1	4.9	2.6	7.9	7.5	7.3	-	-	-	1.6	1.3	1.2	1.9	2.0	2.0	21.4	19.0	16.8	520	8.1	6.7
Bank of India	394	REDUCE	207,316	4,423	526	57.2	55.0	64.0	40.7	(3.8)	16.4	6.9	7.2	6.2	-	-	-	1.8	1.5	1.2	2.0	1.9	2.3	29.2	22.3	21.6	420	6.5	16.8
Canara Bank	322	ADD	131,877	2,813	410	50.5	51.7	61.2	32.4	2.4	18.4	6.4	6.2	5.3	-	-	-	1.3	1.1	1.0	2.5	2.5	3.1	18.3	16.2	16.8	385	19.7	4.7
Corporation Bank	419	BUY	60,050	1,281	143	62.3	58.0	61.8	21.5	(6.8)	6.5	6.7	7.2	6.8	-	-	-	1.2	1.1	1.0	3.0	2.8	3.0	19.6	16.0	15.1	500	19.4	0.8
Federal Bank	236	BUY	40,330	860	171	27.8	34.3	39.9	(19.2)	23.6	16.1	8.5	6.9	5.9	-	-	-	0.9	0.8	0.8	2.2	2.7	3.1	11.5	12.9	13.5	340	44.2	3.3
HDFC	2,734	ADD	777,743	16,592	284	80.2	101.4	117.5	(6.4)	26.4	15.9	34.1	27.0	23.3	-	-	-	5.9	5.4	4.7	1.1	1.3	1.5	18.2	20.4	20.9	2,450	(10.4)	55.5
HDFC Bank	1,660	REDUCE	750,259	16,006	452	52.8	66.5	82.3	17.6	26.0	23.8	31.4	25.0	20.2	-	-	-	5.0	3.5	3.1	0.6	0.8	0.9	16.9	16.5	16.3	1,530	(7.8)	36.3
ICICI Bank	938	REDUCE	1,044,488	22,283	1,113	33.8	37.9	49.2	(15.4)	12.3	29.8	27.8	24.7	19.1	-	-	-	2.1	2.0	1.9	1.2	1.3	1.7	7.8	8.3	10.2	850	(9.4)	145.2
IDFC	153	ADD	197,594	4,215	1,295	5.8	7.7	8.7	1.9	33.9	12.6	26.4	19.7	17.5	-	-	-	3.2	2.8	2.5	0.8	0.9	1.0	12.9	15.4	15.3	140	(8.2)	41.2
India Infoline	140	ADD	43,605	930	312	5.1	7.7	8.2	(8.7)	50.5	7.3	27.4	18.2	17.0	11.1	8.2	6.9	3.9	3.2	2.7	1.7	2.2	2.5	11.9	17.5	17.2	145	3.7	18.8
Indian Bank	159	BUY	68,204	1,455	430	28.0	31.6	34.4	24.1	13.0	8.7	5.7	5.0	4.6	-	-	-	1.2	1.0	0.9	3.2	3.4	3.7	22.9	21.7	20.0	215	35.5	2.8
Indian Overseas Bank	128	BUY	69,980	1,493	545	24.3	21.4	29.2	10.3	(12.1)	36.4	5.3	6.0	4.4	-	-	-	1.2	1.0	0.8	4.1	2.9	3.2	22.1	15.3	18.1	165	28.5	4.6
J&K Bank	602	ADD	29,214	623	48	84.5	94.6	105.9	13.8	11.9	12.0	7.1	6.4	5.7	-	-	-	1.3	1.2	1.1	2.8	3.1	3.5	16.7	16.4	16.2	650	7.9	1.2
Mahindra & Mahindra Financial	225	ADD	21,518	459	96	22.4	26.7	28.8	7.5	19.0	8.1	10.0	8.4	7.8	-	-	-	1.5	1.3	1.2	2.5	3.0	3.2	15.4	16.4	15.8	270	20.1	0.4
Oriental Bank of Commerce	232	REDUCE	58,063	1,239	251	36.1	35.3	37.0	51.4	(2.3)	4.8	6.4	6.6	6.3	-	-	-	1.1	1.0	0.9	3.1	3.1	3.2	13.7	11.5	11.2	250	7.9	4.7
PFC	228	SELL	262,207	5,594	1,148	13.0	18.0	20.0	14.3	38.6	11.1	17.6	12.7	11.4	-	-	-	2.3	2.1	1.9	1.2	2.4	2.6	13.8	17.3	17.2	185	(19.0)	4.6
Punjab National Bank	808	BUY	254,717	5,434	315	98.0	104.3	119.6	50.9	6.4	14.7	8.2	7.7	6.8	-	-	-	1.9	1.6	1.4	2.4	2.6	3.0	25.8	22.8	22.0	890	10.2	14.2
Reliance Capital	903	ADD	222,159	4,739	246	39.3	29.0	28.9	(5.6)	(26.2)	(0.5)	22.9	31.1	31.3	-	-	-	3.3	3.0	2.8	0.7	0.5	0.5	15.3	10.2	9.3	875	(3.0)	115.7
Rural Electrification Corp.	200	ADD	171,849	3,666	859	16.5	19.6	21.3	50.7	19.1	8.8	12.2	10.2	9.4	-	-	-	2.4	2.0	1.7	1.0	1.8	2.0	21.2	21.5	19.9	190	(5.1)	7.6
Shriram Transport	367	ADD	77,529	1,654	212	30.1	32.5	36.9	56.8	7.9	13.7	12.2	11.3	9.9	-	-	-	3.5	3.0	2.5	2.4	2.7	3.0	29.6	27.0	25.8	430	17.3	3.6
SREI	74	ADD	8,623	184	116	7.0	8.7	8.4	(24.7)	23.4	(3.6)	10.5	8.5	8.9	-	-	-	0.8	0.7	0.7	1.3	1.6	1.6	12.8	11.9	11.4	90	21.4	3.0
State Bank of India	2,159	BUY	1,370,484	29,237	635	143.7	148.7	172.2	34.8	3.5	15.8	15.0	14.5	12.5	-	-	-	2.4	2.1	1.9	1.3	1.4	1.5	17.1	15.3	15.7	2,200	1.9	101.7
Union Bank	238	BUY	120,067	2,561	505	34.2	34.0	80.4	24.5	(0.6)	136.5	7.0	7.0	3.0	-	-	-	1.7	1.4	0.5	2.1	2.1	4.9	27.2	22.1	40.2	300	26.2	5.2
Banks/Financial Institutions		**Attractive**	**6,613,368**	**141,087**					**21.8**	**7.6**	**17.9**	**12.8**	**11.9**	**9.9**	**2,191.1**	**1,600.3**	**1,380.5**	**2.4**	**2.1**	**1.8**	**1.5**	**1.6**	**1.9**	**16.0**	**15.1**	**15.6**			
Cement																													
ACC	794	REDUCE	149,177	3,182	188	56.3	74.0	57.1	(12.2)	31.6	(22.8)	14.1	10.7	13.9	7.1	5.4	6.3	2.8	2.4	2.1	2.9	2.9	2.9	24.7	27.1	18.4	875	10.2	14.0
Ambuja Cements	98	REDUCE	148,584	3,170	1,522	7.2	7.9	6.6	(5.0)	10.2	(16.8)	13.6	12.3	14.8	7.3	6.8	7.6	2.5	2.1	1.9	3.1	1.9	2.2	19.7	19.1	14.1	85	(12.9)	10.6
Grasim Industries	2,512	REDUCE	230,279	4,913	92	238.6	251.9	266.5	(16.2)	5.6	5.8	10.5	10.0	9.4	6.1	5.0	4.7	2.0	1.7	1.5	1.3	1.3	1.4	21.1	18.4	16.8	2,560	1.9	14.0
India Cements	129	ADD	36,377	776	282	17.8	19.4	15.2	(27.4)	9.1	(21.8)	7.2	6.6	8.5	5.2	4.1	4.6	1.0	0.9	0.8	1.4	1.7	2.5	14.8	14.6	10.4	155	20.3	9.0
Shree Cement	1,548	BUY	53,928	1,150	35	174.7	209.9	195.6	93.7	20.1	(6.8)	8.9	7.4	7.9	6.0	4.2	3.9	4.5	2.7	2.0	0.7	0.7	0.7	65.7	46.0	29.4	2,000	29.2	1.1
UltraTech Cement	814	BUY	101,366	2,162	124	78.8	90.2	73.8	(3.1)	14.5	(18.2)	10.3	9.0	11.0	6.2	4.8	5.4	2.3	1.9	1.6	0.7	1.0	1.0	31.1	27.3	18.3	900	10.5	3.8
Cement		**Neutral**	**719,711**	**15,354**					**3.8**	**13.9**	**(5.9)**	**9.3**	**8.0**	**8.6**	**6.4**	**5.1**	**5.4**	**2.4**	**2.0**	**1.7**	**1.3**	**1.3**	**1.4**	**20.0**	**19.0**	**14.9**			
Constructions																													
IVRCL	370	BUY	50,128	1,069	135	16.7	18.2	22.4	7.4	9.3	22.9	22.2	20.3	16.5	14.9	11.5	9.5	2.8	2.4	2.1	0.2	0.2	0.2	13.2	12.8	13.8	360	(2.8)	29.3
Punj Lloyd	265	BUY	89,906	1,918	339	(7.2)	16.6	19.6	(172.4)	(330.1)	17.8	(36.7)	16.0	13.5	26.7	8.9	7.8	3.6	2.4	2.1	0.1	0.3	0.3	(8.6)	18.3	16.6	315	18.7	43.2
Sadbhav Engineering	829	BUY	10,362	221	13	50.6	55.6	77.9	25.0	9.8	40.2	16.4	14.9	10.6	11.3	8.6	7.0	3.0	2.5	2.1	0.6	0.7	0.8	18.0	16.8	19.4	830	0.1	0.2
Constructions		**Attractive**	**150,396**	**3,208**					**(9.0)**	**50.5**	**32.6**	**23.4**	**15.2**	**11.2**	**19.8**	**9.6**	**8.2**	**3.0**	**2.5**	**2.1**	**0.4**	**0.5**	**0.6**	**1.4**	**14.3**	**14.9**			
Consumer Products																													
Asian Paints	1,420	ADD	136,211	2,906	96	38.6	60.0	69.8	(1.7)	55.5	16.3	36.8	23.7	20.3	21.9	14.3	12.2	11.9	9.6	7.8	1.2	1.9	2.2	36.6	46.8	43.8	1,600	12.7	1.6
Colgate-Palmolive (India)	648	REDUCE	88,185	1,881	136	21.6	28.0	31.0	26.3	29.7	10.7	30.0	23.2	20.9	24.8	19.5	16.4	40.8	36.9	41.0	2.3	3.5	4.3	155.1	167.1	185.2	620	(4.4)	2.7
GlaxoSmithKline Consumer	1,120	ADD	47,083	1,004	42	44.8	60.9	68.5	15.8	36.0	12.4	25.0	18.4	16.4	14.3	10.7	9.5	6.1	5.2	4.5	1.3	2.0	2.8	26.8	30.7	29.6	1,200	7.2	0.7
Godrej Consumer Products	261	ADD	67,276	1,435	258	6.7	9.6	11.0	(5.3)	43.0	14.9	39.0	27.3	23.7	31.5	19.9	17.3	11.8	7.1	6.0	1.5	1.5	1.5	46.9	32.7	27.6	235	(9.8)	1.1
Hindustan Unilever	282	BUY	614,064	13,100	2,179	9.5	10.6	12.2	19.0	11.1	15.0	29.6	26.6	23.2	22.7	20.0	17.3	29.8	26.7	23.8	3.1	3.4	3.9	112.4	105.9	108.9	320	13.6	26.5
ITC	248	BUY	932,919	19,902	3,769	8.7	10.3	11.8	2.8	19.3	14.3	28.6	24.0	21.0	17.5	14.8	13.0	6.4	5.6	4.9	1.5	1.6	1.8	25.3	26.3	26.0	255	3.0	31.1
Jyothy Laboratories	133	ADD	9,666	206	73	5.5	10.0	12.1	(12.9)	80.6	21.7	24.1	13.3	11.0	15.8	8.5	6.5	0.0	0.0	0.0	-	-	-	10.7	16.8	19.0	145	8.9	0.3
Nestle India	2,507	ADD	241,733	5,157	96	58.6	73.0	85.6	31.0	24.6	17.3	42.8	34.4	29.3	27.3	22.9	19.4	51.1	41.7	34.3	1.7	2.1	2.5	126.7	133.6	128.5	2,400	(4.3)	1.5
Tata Tea	871	BUY	53,844	1,149	62	57.0	62.8	69.2	5.3	10.1	10.2	15.3	13.9	12.6	8.1	7.2	6.0	1.1	1.0	1.0	2.0	2.1	2.4	9.8	10.1	10.4	900	3.4	4.6
Consumer Products		**Attractive**	**2,190,981**	**46,741**					**12.2**	**29.6**	**14.1**	**28.8**	**22.0**	**19.2**	**19.6**	**16.3**	**14.1**	**6.2**	**5.5**	**5.0**	**1.6**	**2.1**	**2.6**	**29.3**	**30.8**	**31.0**			
Energy																													
Bharat Petroleum	553	BUY	200,076	4,268	362	20.6	79.8	65.0	(50.1)	287.1	(18.5)	26.9	6.9	8.5	12.1	6.4	6.6	1.5	1.3	1.2	1.3	5.8	4.7	5.3	18.9	13.8	675	22.0	10.0
Cairn India	260	REDUCE	493,228	10,522	1,897	4.3	8.3	25.4	(3,703.1)	92.8	207.1	60.6	31.4	10.2	42.5	15.3	7.0	1.5	1.4	1.4	-	-	7.7	2.5	4.6	13.6	225	(13.5)	20.0
Castrol India	518	ADD	63,990	1,365	124	21.3	31.1	32.0	20.8	45.9	3.0	24.3	16.6	16.2	13.9	9.9	9.5	14.3	12.5	11.3	2.9	4.3	4.4	61.2	80.2	73.5	480	(7.3)	1.3
GAIL (India)	365	ADD	463,122	9,880	1,268	22.2	20.9	22.9	8.7	(5.8)	9.6	16.5	17.5	16.0	8.8	10.1	10.0	2.9	2.6	2.4	1.9	2.2	2.2	17.5	14.7	14.8	355	(2.8)	18.9
GSPL	80	REDUCE	45,079	962	563	2.2	5.0	9.6	21.7	127.0	92.7	36.5	16.1	8.4	12.5	7.3	4.6	3.4	3.0	3.0	0.9	2.1	12.0	9.6	19.6	35.9	90	12.4	9.2
Hindustan Petroleum	386	BUY	130,688	2,788	339	17.0	73.1	58.5	(49.3)	330.9	(19.9)	22.7	5.3	6.6	10.7	5.4	5.8	1.1	1.0	0.9	1.4	7.8	6.2	4.4	17.7	12.8	525	36.2	11.8
Indian Oil Corporation	670	BUY	799,007	17,046	1,192	19.7	101.8	79.3	(67.9)	416.7	(22.1)	34.0	6.6	8.4	9.1	4.6	4.5	1.7	1.5	1.4	1.1	5.8	4.6	4.8	22.6	15.6	800	19.4	9.6
Oil & Natural Gas Corporation	1,185	BUY	2,534,153	54,063	2,139	89.6	115.8	136.4	(3.4)	29.2	17.8	13.2	10.2	8.7	4.8	3.8	3.1	2.2	1.9	1.7	2.7	3.5	4.1	16.6	18.9	19.8	1,400	18.2	48.9
Oil India	1,145	BUY	260,155	5,550	227	101.1	123.1	133.5	21.0	21.7	8.5	11.3	9.3	8.6	5.2	3.2	2.5	2.7	1.9	1.7	2.4	4.0	4.6	20.1	18.0	18.4	1,350	17.9	-
Petronet LNG	74	REDUCE	55,125	1,176	750	6.9	7.2	8.6	9.2	3.6	19.6	10.6	10.3	8.6	7.6	6.8	5.8	2.4	2.0	1.7	2.4	2.7	3.1	23.9	20.6	20.6	64	(12.9)	6.1
Reliance Petroleum	131	NR	589,275	12,571	4,500	0.2	3.1	10.0	-	1,544.9	226.9	701.5	42.6	13.0	323.1	18.5	9.9	4.4	4.3	3.4	-	1.5	1.5	0.6	10.1	29.0	0	(100.0)	15.1
Energy		**Attractive**	**5,633,900**	**120,191**					**(14.9)**	**86.5**	**2.2**	**16.6**	**8.4**	**8.2**	**7.9**	**5.4**	**4.6**	**2.1**	**1.8**	**1.6**	**1.9**	**4.2**	**4.6**	**10.9**	**17.4**	**18.1**			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

	6-Oct-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)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	(Rs)	(%)	(US$ mn)
Industrials																													
ABB	790	REDUCE	167,397	3,571	212	23.3	30.0	35.6	(9.8)	28.6	18.7	33.9	26.3	22.2	21.5	16.5	13.7	6.6	5.4	4.5	0.4	0.4	0.4	21.3	22.7	22.2	660	(16.5)	7.2
BGR Energy Systems	453	ADD	32,587	695	72	16.0	26.0	35.3	32.2	62.3	35.8	28.2	17.4	12.8	16.0	10.3	8.2	5.8	4.6	3.6	0.7	1.0	1.3	22.3	29.4	31.2	530	17.1	3.2
Bharat Electronics	1,602	ADD	128,164	2,734	80	103.8	115.1	125.7	1.8	10.9	9.1	15.4	13.9	12.7	8.8	7.4	6.6	3.3	2.8	2.4	1.2	1.6	1.6	20.7	21.6	20.1	1,500	(6.4)	3.0
Bharat Heavy Electricals	2,418	ADD	1,183,610	25,251	490	63.9	93.3	115.2	9.4	46.1	23.4	37.9	25.9	21.0	29.2	18.3	14.1	9.1	7.2	5.7	0.7	0.8	1.0	26.4	31.2	30.5	2,425	0.3	46.9
Crompton Greaves	311	ADD	113,976	2,432	367	15.3	17.7	20.3	37.3	15.3	15.0	20.3	17.6	15.3	11.4	10.0	8.5	6.2	4.8	3.8	0.6	0.7	0.8	35.9	30.8	27.6	315	1.3	5.0
Larsen & Toubro	1,681	ADD	991,050	21,143	590	50.1	62.1	78.4	32.1	24.0	26.1	33.5	27.1	21.4	22.9	17.7	14.7	0.0	0.0	0.0	0.6	0.7	0.7	21.7	20.5	20.4	1,725	2.6	78.7
Maharashtra Seamless	316	BUY	22,312	476	71	35.9	33.0	35.3	22.2	(7.9)	6.9	8.8	9.6	9.0	5.2	5.4	4.8	1.7	1.4	1.3	1.7	1.6	2.0	20.3	16.0	15.0	285	(9.9)	1.1
Siemens	556	ADD	187,326	3,996	337	22.8	22.7	26.3	61.0	(0.5)	15.9	24.4	24.5	21.1	14.1	14.3	12.0	6.8	5.6	4.7	1.3	0.8	0.9	30.8	25.2	24.2	515	(7.3)	6.9
Suzlon Energy	87	ADD	146,365	3,122	1,679	7.2	1.5	5.5	9.9	(78.6)	252.9	12.1	56.4	16.0	8.2	10.4	7.6	1.4	1.2	1.1	0.0	-	0.2	11.5	2.3	7.3	110	26.2	126.1
Industrials		**Attractive**	**2,972,788**	**63,420**					**13.7**	**18.7**	**18.9**	**23.3**	**19.5**	**16.2**	**18.6**	**15.3**	**12.4**	**6.1**	**5.1**	**4.3**	**0.8**	**0.9**	**1.0**	**27.8**	**26.9**	**28.8**			
Infrastructure																													
GMR Infrastructure	71	ADD	129,366	2,760	1,834	1.5	0.9	0.9	33.0	(38.3)	(6.8)	46.0	74.5	79.9	19.9	14.4	10.7	1.6	1.3	1.2	-	-	-	4.4	2.6	2.4	135	91.4	17.1
GVK Power & Infrastructure	44	BUY	69,327	1,479	1,579	0.8	0.8	1.0	(20.6)	3.7	31.1	57.6	55.5	42.3	52.3	17.2	16.0	3.0	2.2	2.1	-	-	0.7	4.8	4.6	5.1	50	13.9	17.1
IRB Infrastructure	227	ADD	75,364	1,608	332	5.3	10.6	13.5	54.3	101.2	27.0	42.9	21.3	16.8	21.7	11.1	10.1	4.1	3.3	2.8	0.5	-	-	10.1	17.3	18.0	200	(11.8)	9.5
Infrastructure		**Attractive**	**274,057**	**5,847**					**36.9**	**63.2**	**24.7**	**44.0**	**26.5**	**21.1**	**24.1**	**14.0**	**11.5**	**3.0**	**2.4**	**2.1**	**0.3**	**-**	**0.1**	**4.5**	**4.2**	**4.6**			
Media																													
DishTV	43	REDUCE	40,646	867	946	(8.8)	(3.2)	(1.3)	(9.0)	(63.4)	(60.8)	(4.9)	(13.4)	(34.1)	(29.4)	63.3	14.6	-6.6	-8.0	-19.2	-	-	-	84.4	54.0	33.1	35	(18.5)	10.2
HT Media	122	ADD	28,461	607	234	0.9	4.8	6.6	(78.8)	422.4	37.4	132.6	25.4	18.5	30.2	12.4	10.0	3.4	3.1	2.9	0.3	0.7	2.1	2.5	12.8	16.3	125	2.9	0.4
Jagran Prakashan	103	ADD	30,960	660	301	3.0	4.8	5.8	(6.6)	58.0	20.0	33.8	21.4	17.8	19.3	12.4	10.3	5.5	5.1	4.7	1.9	2.8	3.1	16.7	24.9	27.4	110	7.0	1.0
Sun TV Network	324	REDUCE	127,859	2,728	394	9.1	11.4	13.3	9.5	25.1	17.1	35.7	28.6	24.4	18.9	16.2	13.5	7.2	6.3	5.7	0.8	1.2	1.8	22.5	24.0	24.6	245	(24.5)	2.3
Zee Entertainment Enterprises	239	REDUCE	103,675	2,212	435	8.4	10.1	12.3	(4.8)	19.6	21.9	28.2	23.6	19.4	19.6	16.7	13.5	3.0	2.7	2.5	0.8	1.0	1.2	11.8	12.4	13.9	175	(26.6)	9.2
Zee News	45	ADD	10,731	229	240	1.9	2.1	2.7	20.4	11.7	29.6	24.0	21.5	16.6	12.1	10.3	8.5	4.4	3.8	3.2	0.9	0.9	1.6	20.1	19.2	21.4	48	7.3	0.8
Media		**Neutral**	**342,334**	**7,303**					**(12.5)**	**105.3**	**31.7**	**59.1**	**28.2**	**21.2**	**25.2**	**16.8**	**12.6**	**4.8**	**4.3**	**3.8**	**0.8**	**1.2**	**1.8**	**6.8**	**12.5**	**16.3**			
Metals																													
Hindalco Industries	125	BUY	219,690	4,687	1,753	7.7	2.0	10.0	(44.4)	(73.3)	386.0	16.3	61.1	12.6	7.7	10.7	8.1	0.6	0.6	0.6	-	-	-	10.3	5.2	6.7	135	7.7	34.5
Hindustan Zinc	806	BUY	340,476	7,264	423	64.6	57.3	74.1	(38.0)	(11.2)	29.3	12.5	14.1	10.9	8.5	8.6	5.8	2.3	2.0	1.7	0.5	0.6	0.6	20.1	15.1	16.7	825	2.4	6.8
Jindal Steel and Power	599	SELL	92,177	1,966	154	198.0	247.1	236.4	139.3	24.8	(4.3)	3.0	2.4	2.5	2.8	2.1	1.6	1.2	0.8	0.6	1.1	1.1	1.1	51.9	40.3	27.6	2,150	259.1	73.4
JSW Steel	870	SELL	162,723	3,471	187	13.1	36.8	65.9	(84.7)	180.1	79.1	66.2	23.6	13.2	10.9	10.3	7.7	1.8	1.5	1.3	0.1	0.3	0.6	11.7	5.1	10.7	440	(49.4)	45.2
National Aluminium Co	343	SELL	221,127	4,717	644	19.7	13.7	20.4	(22.0)	(30.6)	48.8	17.4	25.0	16.8	10.9	11.3	7.4	2.1	2.0	1.8	1.0	0.6	0.6	12.7	8.1	11.1	290	(15.5)	2.6
Sesa Goa	275	BUY	216,845	4,626	787	25.1	25.5	34.2	32.6	1.3	34.3	11.0	10.8	8.1	7.4	7.0	4.6	4.8	3.5	2.5	1.3	1.3	1.3	53.3	36.9	35.9	240	(12.9)	57.0
Sterlite Industries	773	REDUCE	649,786	13,862	840	49.2	29.8	38.0	(23.6)	(39.3)	27.2	15.7	25.9	20.4	11.5	11.8	8.9	2.5	1.8	1.6	-	-	-	14.3	8.1	8.4	550	(28.9)	71.5
Tata Steel	510	BUY	452,929	9,663	887	110.1	38.7	74.2	45.3	(64.8)	91.9	4.6	13.2	6.9	5.5	8.5	6.4	1.5	1.4	1.2	2.8	1.6	1.6	24.0	11.0	18.8	480	(6.0)	144.5
Metals		**Neutral**	**2,355,754**	**50,257**					**3.5**	**(7.5)**	**22.7**	**7.8**	**8.5**	**6.8**	**7.0**	**8.2**	**6.3**	**1.8**	**1.4**	**1.2**	**0.8**	**0.6**	**0.7**	**17.4**	**9.8**	**12.7**			
Others																													
Aban Offshore	1,620	SELL	61,377	1,309	38	95.7	152.5	207.1	32.4	59.4	35.7	16.9	10.6	7.8	12.8	10.4	9.2	3.4	2.6	2.0	0.2	0.2	0.2	26.5	29.9	29.1	400	(75.3)	120.5
Havells India	302	REDUCE	18,261	390	61	4.9	12.3	19.1	(81.6)	149.9	56.2	61.5	24.6	15.8	10.4	8.4	7.4	2.8	3.3	2.8	0.8	0.8	0.8	4.5	12.4	19.3	175	(42.0)	1.2
Jaiprakash Associates	231	REDUCE	323,848	6,909	1,403	3.0	6.7	11.4	(38.7)	123.8	70.2	76.9	34.4	20.2	25.0	15.2	13.6	5.8	4.9	4.0	0.0	0.0	0.0	8.0	15.5	21.9	220	(4.7)	97.0
Jindal Saw	702	ADD	40,417	862	58	74.3	61.5	61.1	19.8	(17.2)	(0.7)	9.5	11.4	11.5	6.1	6.5	5.8	1.2	1.0	1.0	0.7	0.6	0.6	11.6	8.9	8.6	470	(33.0)	10.0
PSL	162	BUY	7,071	151	44	22.2	37.6	30.1	5.3	69.2	(19.8)	7.3	4.3	5.4	4.6	3.7	3.2	1.0	0.9	0.8	3.0	3.9	3.9	11.9	13.4	11.3	160	(1.4)	2.5
Sintex	246	BUY	33,585	716	136	23.8	25.2	27.6	21.9	5.6	9.6	10.3	9.8	8.9	7.3	6.6	5.6	1.7	1.5	1.3	0.4	0.5	0.5	16.6	15.0	14.2	275	11.8	3.8
Tata Chemicals	276	ADD	67,260	1,435	243	26.6	17.8	26.8	(32.8)	(33.0)	50.4	10.4	15.5	10.3	6.6	6.8	5.5	1.4	1.4	1.2	3.2	3.1	3.1	17.9	11.0	14.7	260	(5.9)	5.0
United Phosphorus	167	BUY	77,292	1,649	462	10.7	13.9	18.0	27.8	29.7	29.6	15.6	12.0	9.3	10.8	7.5	5.9	2.6	2.2	1.8	0.7	0.9	1.2	18.1	19.1	20.8	160	(4.4)	5.8
Welspun Gujarat Stahl Rohren	262	REDUCE	49,374	1,053	189	17.3	23.7	18.1	(15.9)	37.3	(23.9)	15.1	11.0	14.5	8.2	6.5	7.6	2.7	2.1	1.8	0.8	0.6	0.7	17.7	21.4	13.5	180	(31.2)	24.0
Others		**-**	**678,486**	**14,475**					**1.3**	**26.1**	**19.4**	**13.2**	**10.3**	**8.5**	**12.1**	**9.8**	**8.9**	**2.1**	**1.8**	**1.5**	**0.7**	**0.7**	**0.8**	**13.2**	**14.7**	**16.3**			
Pharmaceuticals																													
Biocon	262	BUY	52,380	1,117	200	4.7	14.4	18.6	(79.9)	206.8	29.3	55.8	18.2	14.1	16.6	11.7	9.5	3.4	3.0	2.6	0.0	0.0	0.1	6.2	17.8	20.0	270	3.1	5.9
Dishman Pharma & chemicals	237	BUY	19,296	412	81	18.0	23.5	27.2	22.1	30.6	15.9	13.2	10.1	8.7	9.8	7.6	6.3	2.7	2.2	1.8	0.0	0.0	0.0	22.7	23.8	22.3	280	18.0	2.2
Divi's Laboratories	542	BUY	70,773	1,510	131	31.9	19.0	36.4	19.9	(40.5)	91.7	17.0	28.5	14.9	14.4	17.9	11.1	5.9	5.2	4.1	1.1	1.1	1.3	40.4	19.4	30.8	565	4.3	4.9
Dr Reddy's Laboratories	939	BUY	159,003	3,392	169	32.4	49.3	52.5	24.3	52.2	6.4	29.0	19.0	17.9	12.7	10.2	9.2	4.5	3.8	3.2	0.7	0.7	0.8	13.6	21.4	19.2	860	(8.4)	9.9
GlaxoSmithkline Pharmaceuticals	1,512	ADD	128,058	2,732	85	54.6	59.7	66.1	13.8	9.3	10.6	27.7	25.3	22.9	18.5	16.5	14.4	8.1	6.9	5.9	-	-	-	31.3	29.5	27.9	1,450	(4.1)	0.8
Glenmark Pharmaceuticals	236	NR	62,821	1,340	266	11.1	11.6	15.7	(57.0)	4.2	35.1	21.2	20.4	15.1	12.7	11.9	9.6	3.0	2.6	2.3	0.0	0.0	0.0	15.9	13.8	16.2	0	(100.0)	13.1
Jubilant Organosys	221	BUY	37,729	805	171	16.6	24.5	32.9	(26.1)	48.2	34.2	13.3	9.0	6.7	13.6	8.6	6.8	2.9	2.2	1.9	0.6	0.6	0.8	16.2	28.7	30.8	250	13.3	0.9
Lupin	1,212	BUY	107,358	2,290	89	60.2	76.6	83.4	21.0	27.2	8.9	20.1	15.8	14.5	18.3	13.6	11.6	7.5	4.6	3.7	1.0	1.1	1.2	37.1	36.4	28.4	1,385	14.3	5.2
Piramal Healthcare	376	BUY	78,542	1,676	209	17.3	22.1	28.5	(1.9)	28.0	29.0	21.8	17.0	13.2	15.6	11.2	9.1	5.9	4.7	3.6	1.1	1.2	1.2	26.2	30.9	31.1	390	3.8	1.9
Ranbaxy Laboratories	409	REDUCE	174,608	3,725	427	(8.1)	4.7	5.1	(134.7)	(158.6)	6.6	(50.5)	86.3	80.9	(117.8)	34.9	33.9	4.1	4.2	4.1	-	1.0	1.0	(9.6)	4.9	5.3	165	(59.6)	16.5
Sun Pharmaceuticals	1,406	ADD	291,231	6,213	207	87.8	47.6	64.2	17.6	(45.8)	34.9	16.0	29.5	21.9	13.2	23.6	16.3	4.1	3.7	3.2	1.0	1.0	1.0	30.2	13.3	16.1	1,330	(5.4)	18.3
Pharmaceuticals		**Attractive**	**1,181,801**	**25,212**					**(7.3)**	**8.1**	**22.0**	**21.5**	**19.8**	**16.1**	**17.2**	**14.8**	**12.1**	**5.0**	**4.1**	**3.5**	**0.6**	**0.7**	**0.7**	**17.3**	**16.9**	**18.1**			
Property																													
DLF	417	SELL	716,088	15,277	1,716	29.3	14.7	17.5	(36.6)	(49.8)	19.2	14.3	28.4	23.8	14.2	20.4	17.4	2.9	2.7	2.5	0.7	0.7	0.9	22.5	9.8	10.8	320	(23.3)	139.9
Housing Development & Infrastructur	336	ADD	115,982	2,474	345	26.0	12.0	23.3	(49.2)	(53.9)	94.8	12.9	28.1	14.4	14.8	23.4	8.8	2.7	1.8	1.5	-	0.8	1.5	22.4	9.3	14.9	295	(12.1)	107.2
Indiabulls Real Estate	269	ADD	107,861	2,301	401	3.0	3.1	7.5	(81.8)	3.8	141.1	89.7	86.3	35.8	(294.4)	82.5	20.0	1.6	1.2	1.2	0.0	0.0	0.0	1.3	1.6	3.2	235	(12.6)	57.7
Mahindra Life Space Developer	341	BUY	14,330	306	42	10.2	10.8	15.4	(39.2)	5.3	42.5	33.3	31.6	22.2	52.0	30.5	15.9	1.6	1.6	1.5	1.1	1.1	1.1	4.8	4.9	6.7	410	20.3	1.0
Phoenix Mills	170	BUY	24,602	525	145	5.2	6.0	8.5	63.1	15.8	41.3	32.9	28.4	20.1	37.3	21.0	14.4	1.6	1.6	1.5	0.6	0.6	0.9	5.1	5.7	7.6	210	23.6	0.9
Puravankara Projects	119	REDUCE	25,312	540	213	6.8	7.0	7.4	(39.8)	3.6	6.0	17.5	16.9	16.0	24.3	18.8	15.4	1.9	1.8	1.6	-	1.7	1.7	11.5	10.8	10.7	85	(28.3)	2.8
Sobha	254	ADD	24,879	531	98	15.1	14.3	16.1	(52.3)	(5.6)	12.5	16.8	17.8	15.8	15.8	12.6	11.4	2.2	1.4	1.3	1.2	1.6	1.6	10.4	9.8	8.8	215	(15.3)	3.1
Unitech	99	SELL	223,286	4,763	2,261	7.7	4.4	4.6	(25.7)	(42.8)	3.7	12.9	22.5	21.7	16.3	16.1	14.7	4.9	2.3	2.1	-	-	-	29.5	13.2	10.1	60	(39.2)	162.9
Property		**Cautious**	**1,252,340**	**26,717**					**(44.8)**	**(30.0)**	**38.7**	**18.4**	**26.7**	**19.0**	**16.1**	**20.0**	**15.3**	**2.1**	**1.7**	**1.6**	**0.5**	**0.8**	**1.0**	**16.7**	**7.8**	**9.4**			
Retail																													
Titan Industries	1,271	REDUCE	56,412	1,203	44	44.3	49.4	58.5	26.4	11.6	18.4	28.7	25.7	21.7	17.3	15.8	13.2	9.8	7.5	5.9	0.8	0.8	0.9	37.5	33.1	30.5	1,040	(18.2)	1.9
Retail		**Neutral**	**56,412**	**1,203**					**26.4**	**11.6**	**18.4**	**27.7**	**24.7**	**20.7**	**17.3**	**15.8**	**13.2**	**9.8**	**7.5**	**5.9**	**0.8**	**0.8**	**0.9**	**34.1**	**29.3**	**27.3**			
Sugar																													
Bajaj Hindustan	181	SELL	34,712	741	191	(1.0)	23.9	17.7	(92.1)	(2,491.2)	(25.8)	(181.8)	7.6	10.2	13.3	6.1	5.8	1.7	1.3	1.2	0.3	0.3	0.3	(1.2)	19.4	12.0	150	(17.3)	24.8
Balrampur Chini Mills	126	ADD	32,223	687	256	10.0	13.4	13.0	223.2	34.5	(2.9)	12.6	9.4	9.7	7.5	5.7	5.5	2.3	1.9	1.6	0.3	0.4	0.4	20.2	22.1	17.8	140	11.0	16.7
Shree Renuka Sugars	189	BUY	63,129	1,347	335	8.1	24.2	20.4	88.3	198.6	(15.9)	23.2	7.8	9.3	12.7	4.6	5.1	3.6	2.2	1.7	0.2	0.2	0.2	20.7	34.9	20.8	235	24.7	23.0
Sugar		**Attractive**	**130,064**	**2,775**					**(429.5)**	**259.9**	**(16.9)**	**28.0**	**7.1**	**8.7**	**11.1**	**5.3**	**5.4**	**2.3**	**1.7**	**1.4**	**0.3**	**0.3**	**0.3**	**9.8**	**22.2**	**15.6**			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

	6-Oct-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)**	**2009**	**2010E**	**2011E**	**2009**	**2010E**	**2011E**	**2009**	**2010E**	**2011E**	**2009**	**2010E**	**2011E**	**2009**	**2010E**	**2011E**	**2009**	**2010E**	**2011E**	**2009**	**2010E**	**2011E**	**(Rs)**	**(%)**	**(US$ mn)**
Technology																													
HCL Technologies	317	REDUCE	220,280	4,699	695	17.5	16.7	22.8	14.5	(4.6)	36.5	18.1	19.0	13.9	10.1	9.4	8.7	3.8	3.4	2.9	3.8	3.8	3.8	20.9	19.0	22.3	275	(13.2)	11.3
Hexaware Technologies	81	REDUCE	11,621	248	144	8.1	8.7	-	97.1	7.4	(100.0)	10.0	9.3	-	4.2	4.1	-	1.5	1.3	0.0	1.2	1.2	-	16.3	15.3	-	60	(25.8)	2.5
Infosys Technologies	2,312	BUY	1,327,289	28,316	574	102.4	106.7	120.0	29.6	4.1	12.5	22.6	21.7	19.3	16.9	15.6	12.9	7.3	5.9	4.9	1.0	1.1	1.5	36.7	30.0	27.6	2,500	8.1	73.2
Mindtree	594	BUY	24,442	521	41	13.2	39.2	50.1	(50.5)	196.0	27.9	44.9	15.2	11.8	7.7	10.5	7.7	4.4	3.4	2.7	0.3	-	0.8	5.5	25.3	25.1	650	9.4	5.3
Mphasis BFL	666	REDUCE	138,792	2,961	208	14.2	41.5	42.2	15.7	192.6	1.8	47.0	16.1	15.8	35.8	11.7	10.5	9.7	6.3	4.7	0.6	0.7	0.8	22.8	47.7	34.2	450	(32.4)	16.4
Patni Computer Systems	432	REDUCE	55,560	1,185	129	33.8	36.7	-	26.1	8.6	(100.0)	12.8	11.8	-	6.1	5.9	-	1.8	1.6	0.0	1.6	1.7	-	14.8	14.6	-	320	(26.0)	11.0
Polaris Software Lab	152	SELL	15,047	321	99	13.1	13.8	12.9	76.0	5.4	(6.4)	11.6	11.0	11.8	5.0	6.0	6.3	1.9	1.7	1.5	1.8	1.3	1.3	18.1	16.4	13.6	80	(47.5)	5.5
TCS	614	ADD	1,202,112	25,645	1,957	26.4	31.2	35.3	3.1	17.8	13.3	23.2	19.7	17.4	16.3	14.1	12.2	7.7	6.1	5.2	1.1	1.5	2.3	36.9	34.6	32.2	600	(2.3)	47.8
Wipro	600	ADD	876,542	18,700	1,462	25.7	28.1	33.1	15.8	9.1	17.7	23.3	21.3	18.1	17.1	15.1	12.7	5.8	4.7	4.0	0.7	1.3	1.6	26.9	24.5	23.8	630	5.1	17.2
Technology		**Attractive**	**3,871,685**	**82,597**					**15.9**	**26.7**	**(1.9)**	**21.7**	**16.9**	**17.2**	**15.8**	**13.8**	**12.3**	**5.0**	**4.1**	**4.4**	**1.1**	**1.2**	**1.4**	**28.0**	**25.7**	**25.2**			
Telecom																													
Bharti Airtel	359	REDUCE	1,362,490	29,067	3,792	22.3	25.5	23.2	26.4	14.3	(9.2)	16.1	14.1	15.5	9.4	8.4	8.4	4.3	3.3	2.7	0.5	0.8	1.1	31.4	26.7	19.4	325	(9.6)	91.0
IDEA	65	REDUCE	200,819	4,284	3,104	2.9	3.0	1.7	(26.5)	2.9	(43.3)	22.3	21.7	38.2	8.4	7.4	7.9	1.5	1.5	1.4	-	-	-	10.4	6.6	4.0	55	(15.0)	14.6
MTNL	83	SELL	52,227	1,114	630	3.1	(4.8)	(3.9)	(57.1)	(256.5)	(18.1)	27.0	(17.3)	(21.1)	8.4	(15.5)	(104.9)	0.4	0.5	0.5	7.2	-	-	1.1	(2.6)	(2.2)	50	(39.7)	2.7
Reliance Communications	268	SELL	572,155	12,206	2,133	27.7	20.1	17.0	4.7	(27.4)	(15.4)	9.7	13.3	15.8	8.6	9.1	8.2	1.4	1.3	1.2	0.3	-	-	17.0	10.1	7.8	220	(18.0)	60.7
Tata Communications	471	REDUCE	134,107	2,861	285	13.6	14.0	15.2	24.0	3.2	8.2	34.6	33.6	31.0	14.8	13.4	12.4	1.9	1.9	1.8	1.1	1.4	1.6	5.4	5.2	5.5	400	(15.0)	4.2
Telecom		**Cautious**	**2,321,798**	**49,532**					**5.2**	**(16.9)**	**(8.2)**	**16.9**	**20.5**	**22.4**	**9.2**	**8.8**	**8.5**	**1.7**	**1.6**	**1.5**	**1.1**	**0.8**	**0.9**	**15.4**	**12.9**	**10.3**			
Transportation																													
Container Corporation	1,224	ADD	159,148	3,395	130	64.4	67.8	80.3	11.6	5.3	18.5	19.0	18.1	15.2	14.0	12.7	10.5	4.2	3.6	3.1	1.2	1.2	1.5	24.0	21.4	21.7	1,125	(8.1)	1.7
Transportation		**Cautious**	**159,148**	**3,395**					**11.6**	**5.3**	**18.5**	**18.0**	**17.1**	**14.2**	**14.0**	**12.7**	**10.5**	**4.2**	**3.6**	**3.1**	**1.2**	**1.2**	**1.5**	**22.1**	**19.9**	**20.1**			
Utilities																													
CESC	372	ADD	46,520	992	125	32.3	37.9	42.0	16.2	17.4	11.0	11.5	9.8	8.9	6.3	5.8	6.1	1.2	1.1	1.0	1.1	1.3	1.4	11.7	11.9	11.6	365	(2.0)	3.5
Lanco Infratech	466	ADD	103,681	2,212	222	14.5	20.8	36.6	(2.5)	43.8	76.2	32.2	22.4	12.7	25.5	17.1	8.3	4.8	3.7	2.8	-	-	-	16.1	18.7	25.2	440	(5.7)	28.2
NTPC	209	SELL	1,721,241	36,720	8,245	9.4	10.8	12.2	1.1	14.7	12.6	22.1	19.3	17.1	16.8	14.2	13.5	2.9	2.7	2.5	1.7	1.9	2.2	13.7	14.5	15.0	180	(13.8)	22.5
Reliance Infrastructure	1,283	BUY	290,615	6,200	226	62.7	63.7	68.6	66.7	1.6	7.8	20.5	20.2	18.7	25.7	23.3	18.5	0.0	0.0	0.0	-	-	-	4.9	6.1	7.8	1,250	(2.6)	82.5
Reliance Power	164	REDUCE	392,229	8,368	2,397	1.0	2.5	3.1	168.2	141.5	24.4	160.4	66.4	53.4	157.6	976.5	95.6	2.8	2.7	2.6	-	-	-	1.8	4.2	5.0	160	(2.2)	19.0
Tata Power	1,288	ADD	305,780	6,523	237	50.2	74.4	84.1	57.5	48.3	13.0	25.7	17.3	15.3	11.7	11.7	11.2	3.1	2.3	2.1	0.8	0.9	1.1	12.0	15.3	14.4	1,400	8.7	16.6
Utilities		**Attractive**	**2,860,064**	**61,015**					**39.6**	**23.5**	**17.4**	**21.2**	**17.0**	**14.3**	**18.4**	**16.8**	**15.0**	**4.0**	**3.3**	**2.9**	**0.5**	**0.6**	**0.6**	**10.7**	**11.7**	**12.3**			
KS universe (b)			**35,405,417**	**755,324**					**1.6**	**16.9**	**16.8**	**19**	**16.2**	**13.8**	**14.2**	**11.7**	**10.3**	**2.9**	**2.5**	**2.2**	**0.0**	**0.0**	**0.0**	**6.4**	**6.4**	**6.2**			
KS universe (b) ex-Energy			**29,771,518**	**635,132**					**16.5**	**(69.6)**	**14.6**	**2.3**	**7.7**	**5.6**	**6.3**	**6.4**	**5.7**	**0.8**	**0.7**	**0.6**	**(1.9)**	**(4.2)**	**(4.6)**	**(4.4)**	**(11.0)**	**(11.9)**			
KS universe (d) ex-Energy & ex-Commodities			**26,696,053**	**569,522**					**9.2**	**(76.0)**	**(2.2)**	**(14.8)**	**(8.8)**	**(9.7)**	**(7.1)**	**(7.0)**	**(6.0)**	**(3.4)**	**(2.7)**	**(2.3)**	**(4.0)**	**(6.2)**	**(6.7)**	**(41.8)**	**(39.8)**	**(39.5)**			

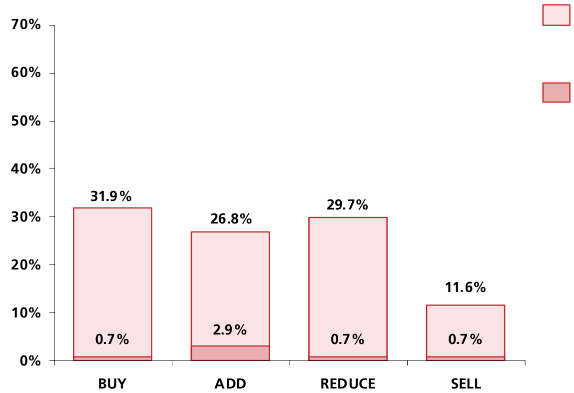
Note:
(1) For banks we have used adjusted book values.
(2) 2009 means calendar year 2008, similarly for 2010 and 2011 for these particular companies.
(3) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector.
(4) Rupee-US Dollar exchange rate (Rs/US$)= 46.87

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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

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 30/6/2009 Kotak Institutional Equities Investment Research had investment ratings on 138 equity securities.

Source: Kotak Institutional Equities

As of June 30, 2009

Ratings and other definitions/identifiers

Rating system

Definitions of ratings

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

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

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

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

Our target price are also on 12-month horizon basis.

Other definitions

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

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