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| India | Change, \% |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 31-Mar | 1-day | 1-mo | 3-mo |
| Sensex | 9,709 | 1.5 | 9.2 | 0.6 |
| Nifty | 3,021 | 1.4 | 9.3 | (0.4) |
| Global/Regional indices |  |  |  |  |
| Dow Jones | 7,609 | 1.2 | 7.7 | (13.3) |
| FTSE | 3,926 | 4.3 | 2.5 | (11.5) |
| Nikkie | 8,276 | 2.1 | 9.4 | (6.6) |
| Hang Seng | 13,576 | 0.9 | 6.0 | (5.6) |
| KOSPI | 1,225 | 1.6 | 15.3 | 9.0 |
| Value traded - India |  |  |  |  |
|  | Moving avg, Rs bn |  |  |  |
|  | 31-Mar |  | 1-mo | 3-mo |
| Cash (NSE+BSE) | 169.2 |  | 126.7 | 112.8 |
| Derivatives (NSE) | 489.9 |  | 392.0 | 300 |
| Deri. open interest | 597.2 |  | 474 | 417 |

## Forex/money market

|  | Change, basis points |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | :---: |
| 31-Mar | 1-day | 1-mo | 3-mo |  |  |
| 10yr govt bond, \% | 50.7 | (47) | $(118)$ | 206 |  |

Commodity market default in the payment of instalments for the erstewhile Air Sahara. (FE)

- The financial crisis at US atomobile companies General Motors (GM) and Chrysler has put at risk deals worth nearly US\$1 bn annually for Indian auto parts suppliers and some of the country's top software firms. (ET)
- Bharti Enterprises is planing to exit its mutual fund joint venture with French major AXA.(ET)
- The Sanmar group has successfully completed the financial closure of a US\$868 mn loan to fund its Egypt plant, TCI Sanmar Chemicals LLC. (FE)
- Godrej Industries is understood to be looking at buying companies in household and haircare segments in the developiong economies of Brazil, Russia, China and Indonesia to expand its fast moving consumer goods business. (BS)
- Ranbaxy Laboratories will launch an anti-hypertensive drug, Olvance, in India. In other pharma news, Sun Pharmaceuticals said the mediation to resolve its dispute with Israel's Taro Pharmaceutical on the aborted merger of the two firms has failed. (FE)


## Economic and political

- RBI has decided "in principle" to bring under its regulatory ambit holding companies floated by business groups and companies that also own non-banking finance companies. (BS)

[^0]
## Kotak Institutional Equities Research

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| Pipes |  |
| :--- | ---: |
| JIND.BO, Rs177 |  |
| Rating | BUY |
| Sector coverage view | Attractive |
| Target Price (Rs) | 300 |
| 52W High -Low (Rs) | $750-135$ |
| Market Cap (Rs bn) | 9.7 |


| Financials |  |  |  |
| :--- | ---: | ---: | ---: |
| December y/e | $\mathbf{2 0 0 8}$ | $\mathbf{2 0 0 9 E}$ | $\mathbf{2 0 1 0 E}$ |
| Sales (Rs bn) | 50.0 | 59.8 | 49.3 |
| Net Profit (Rs bn) | 3.4 | 3.7 | 2.7 |
| EPS (Rs) | 64.8 | 67.8 | 48.2 |
| EPS gth | $(44.1)$ | 4.6 | $(28.9)$ |
| P/E (x) | 2.7 | 2.6 | 3.7 |
| EV/EBITDA ( x ) | 2.7 | 2.4 | 2.2 |
| Div yield (\%) | 2.7 | 2.8 | 2.3 |

Pricing performance

| Perf-1m | Perf-3m | Perf-6m | Perf-1y |
| ---: | :---: | :---: | ---: |
| 10.5 | $(23.2)$ | $(69.4)$ | $(72.4)$ |

Shareholding, December 2008

|  | \% of |  | Over/(under) |
| :--- | :---: | :---: | :---: |
|  | Pattern | Portfolio | weight |

## Jindal Saw: Reduce estimates for lower visibility; valuations still attractive

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- Depleting order book and low tender activity limits near-term revenue visibility
- Reduce our estimates for lower volumes, margins and exchange rate
- We cut our TP to Rs300, however, valuations still appear attractive; reiterate BUY

We reduce our volume and margin estimates for JSAW as near-term revenue visibility reduces due to depleting order book and limited order flows. JSAW's order book has decreased $25 \%$ qoq to US $\$ 840 \mathrm{mn}$ currently. However, the management indicated the possibility of winning a large domestic oil and gas pipeline order which may boost revenue visibility. We reduce our EPS estimate for CY2009E and CY2010E to Rs66 and Rs48, respectively from Rs77.5 for both years. Low oil price and funding constraints have pushed back/cancelled many of the pipeline projects globally leading to significant demand contraction. We do not foresee any immediate improvement in order flows and hence reduce our linepipe volume estimates for CY2009E and CY2010E by 20\% and 40\%, respectively. We expect incremental orders to be at much lower margins as the pipe companies will be bidding at very low rates to maintain capacity utilization. The company has slowed down capex on its infrastructure ventures (through its subsidiary—Jindal ITF limited) due to economic slowdown. We do not expect any major developments in the infrastructure ventures in the short term. We cut our TP to Rs300 (from Rs500) to factor in lower volumes and margin estimates. We believe current valuation more than prices in the decline in earnings, as even after building in very low volumes and margins the stock currently trades at 2.7X CY2009E EPS.

## Depleting order book limits near-term revenue visibility

We believe a depleting order book due to low order additions limits near-term revenue visibility for JSAW. Its current order book of US $\$ 840 \mathrm{mn}$ barely meets our CY2009E revenue estimates of Rs60 bn (US\$1.2 bn). JSAW will have to win significant orders over the next few months to improve CY2010E revenue visibility. We highlight that the current order book is largely dominated by LSAW orders and there are very few outstanding orders for HSAW pipes. Management indicated that it is close to winning a large domestic oil and gas spiral pipe order which may further increase revenue visibility.

## MTM losses on forex derivatives could hit hard

JSAW reported that it has got MTM losses of US\$109 mn on its outstanding foreign exchange derivative instruments which have maturities ranging upto 2012. The company accounts for gain/loss on these instruments on settlement and does not make MTM provisions. It has reported forex losses amounting to Rs950 mn in CY2008. We believe the outstanding MTM losses could translate into further cash losses over the next few years.

## Reduce estimates for lower volumes and margins

We reduce our CY2009E and CY2010E EPS estimates to Rs66 and Rs48 from Rs77.5 for both the years. Key changes made to our assumptions are:

Reduce volume assumptions. We reduce our linepipe volume assumption for CY2009E and CY2010E to 508,000 tons and 414,000 tons from 630,000 tons and 688,000 tons. Our HSAW volumes face downside risk as outstanding orders for HSAW is only US $\$ 25 \mathrm{mn}$ (approximately 25,000 tons). However, the potential domestic HSAW order indicated by management could increase visibility for HSAW volumes.

Reduce margin estimate. We reduce our HSAW margin estimate for CY2009E and CY2010E to US\$130/ton and US\$110/ton, respectively, from US\$150/ton and US\$140/ ton. We reduce our LSAW margin assumptions for the same years to US\$190/ton and US\$150/ton, respectively from US\$200/ton and US\$170/ton. We believe lower pipe demand and increasing global supplies will lead to more competitive bidding resulting in decline in conversion spreads for the pipe manufacturers.

Exclude FCCBs and warrants from diluted number of shares. We exclude the outstanding FCCBs and promoter warrants from our computation of fully diluted equity as they are deep out of the money. Our assumption for diluted number of shares is reduced to 54.9 mn from 61.3 mn . The FCCBs are convertible at Rs675/ share ( 4 mn shares) and the promoter warrants are convertible at Rs819/share ( 2.6 mn shares) versus current stock price of Rs178/share.
Revise exchange rate assumptions. We revise our Rs/US\$ exchange rate assumption for CY2009E and CY2010E to Rs53 from Rs45 and Rs47, respectively. The lower exchange rate assumption partly offsets the impact of volume decline.

## Infrastructure ventures put on hold

JSAW has put on hold most of its earlier announced infrastructure ventures due to slowdown in demand and business opportunities. It has till date invested Rs 1.4 bn in Jindal ITF Limited-its infrastructure subsidiary—and expects further investment of Rs0.5 bn in CY2009. Status of the various infrastructure projects are:-

1. Jindal Water Infrastructure Ltd (construction of power and water utility projects)

Reported revenues of Rs1.9 bn and PAT of Rs34 mn. Its current order book is Rs4 bn and it has got a Letter of Intent for a Rs 2.5 bn project. The company currently does not have any debt.
2. Jindal Waterways Ltd (inland and coastal water transportation)

Reported revenues of Rs449 mn and net loss of Rs 150 mn . JSAW has invested Rs 280 mn as equity in the company and it currently has debt of Rs 1.4 bn . It has total fixed assets of Rs1.6 bn; however, due to slowdown in economic activity further capex in this business has been put on hold for the time.
3. Jindal Urban Infrastructure Ltd (urban waste management)

The company is currently implementing a garbage based power project in Delhi. The project capacity is around $16-20 \mathrm{MW}$ and total cost is estimated at Rs20 bn. Financial closure of the project has been achieved and it is expected to be completed by 3QCY2010. The company does not have any debt currently. It has so far invested Rs63 mn as its equity contribution in the project.
4. Jindal Shipyards Ltd (shipyard in Gujarat)

The company has procured around 300 acres of land in Gujarat at a total cost of Rs155 mn to set up a shipyard in Gujarat. However, due to adverse conditions in the shipbuilding industry and slowdown in demand for ships, the project has been put on hold.
5. Jindal Rail Infrastructure Ltd (wagon manufacturing facility)

It has acquired 90 acres of land at a cost of Rs79 mn to set up a manufacturing facility for wagon/metro coaches/EMU and other rolling stocks in Gujarat. However, considering the economic conditions, this project has also been put on hold.

## Cut TP to Rs300; maintain BUY on attractive valuations

We cut our 12-month DCF-based target price to Rs300 (from Rs500) to factor in reduced volume and margin estimates across our forecast period. We maintain our BUY ratingeven after building in lower volumes and a sharp decline in margins, our target valuation implies 4.5X CY2009E EPS which we believe is quite attractive. We find limited downside risk from current levels as valuations are very low at 2.5X EBITDA, 2.7X EPS and 0.3X BPS based on CY2009E.

Exhibit 1: JSAW has current order book of US $\$ 840 \mathrm{mn}$
JSAW, order book break up


Source: Company, Kotak Institutional Equities

Exhibit 2: Jindal Saw Ltd, change in estimates, December year-ends, (Rs mn)

|  | New estimates |  | Old estimates |  | Change (\%) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2009E | 2010E | 2009E | 2010E | 2009E | 2010E |
| Financials |  |  |  |  |  |  |
| Revenue | 59,768 | 49,260 | 60,179 | 60,648 | (0.7) | (18.8) |
| EBITDA | 7,604 | 6,119 | 8,915 | 8,508 | (14.7) | (28.1) |
| EBITDA margin (\%) | 12.7 | 12.4 | 14.8 | 14.0 | - | - |
| Adjusted net profit | 3,706 | 2,701 | 4,830 | 4,806 | (23.3) | (43.8) |
| Diluted EPS | 66.1 | 48.2 | 77.5 | 77.5 | (14.7) | (37.7) |
| Volumes |  |  |  |  |  |  |
| LSAW | 340 | 296 | 410 | 460 | (17.1) | (35.7) |
| HSAW | 168 | 118 | 220 | 228 | (23.9) | (48.4) |
| Seamless | 91 | 125 | 130 | 175 | (29.8) | (28.6) |
| Ductile Iron | 234 | 234 | 234 | 234 | - | - |
| Realisation (\$/ton) |  |  |  |  |  |  |
| LSAW | 1,597 | 1,278 | 1,442 | 1,327 | 10.8 | (3.7) |
| HSAW | 1,117 | 1,084 | 1,336 | 1,216 | (16.4) | (10.9) |
| Seamless | 1,215 | 1,142 | 1,334 | 1,254 | (8.9) | (8.9) |
| Ductile Iron | 926 | 898 | 880 | 836 | 5.3 | 7.5 |

Source: Kotak Institutional Equities estimates

Exhibit 3: Profit model, balance sheet, cash model for Jindal Saw, September fiscal yearends, 2006, December year-ends, 2007-2010E (Rs mn)

|  | 2006 | 2007(1) | 2008E | 2009E | 2010E |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Profit model |  |  |  |  |  |
| Net revenues | 38,731 | 66,957 | 50,032 | 59,768 | 49,260 |
| EBITDA | 4,066 | 8,371 | 7,006 | 7,604 | 6,119 |
| Other income | 144 | 112 | 101 | 120 | 125 |
| Interest (expense)/income | $(1,290)$ | $(1,684)$ | $(1,757)$ | $(1,483)$ | $(1,099)$ |
| Depreciation | (537) | (773) | (706) | $(1,137)$ | $(1,359)$ |
| Pretax profits | 2,383 | 6,026 | 4,644 | 5,104 | 3,786 |
| Tax | (704) | $(2,777)$ | $(1,176)$ | $(1,449)$ | $(1,161)$ |
| Deferred taxation | (164) | (63) | (45) | 51 | 76 |
| Minority interest | 2 | 56 | - | - | - |
| Adjusted consolidated net income | 1,563 | 5,745 | 3,424 | 3,706 | 2,701 |
| Diluted earnings per share (Rs) | 29.5 | 105.2 | 61.0 | 66.1 | 48.2 |
| Balance sheet |  |  |  |  |  |
| Total equity | 8,631 | 22,750 | 26,622 | 32,109 | 34,447 |
| Deferred taxation liability | 763 | 826 | 871 | 820 | 744 |
| Total borrowings | 17,217 | 13,455 | 17,190 | 13,054 | 9,004 |
| Minority Interest | 151 | 95 | 95 | 95 | 95 |
| Current liabilities | 12,303 | 10,429 | 12,471 | 14,255 | 11,347 |
| Total liabilities and equity | 39,066 | 47,555 | 57,248 | 60,332 | 55,637 |
| Cash | 3,922 | 6,586 | 6,836 | 3,495 | 4,518 |
| Other current assets | 24,055 | 25,496 | 29,840 | 35,175 | 30,092 |
| Total fixed assets | 10,254 | 13,380 | 18,800 | 20,389 | 19,755 |
| Miscl. Exps. not w/o | - | - | - | - | - |
| Investments | 836 | 2,093 | 1,772 | 1,272 | 1,272 |
| Total assets | 39,066 | 47,555 | 57,248 | 60,332 | 55,637 |
| Free cash flow |  |  |  |  |  |
| Operating cash flow, excl working capital | 2,375 | 14,450 | 4,074 | 4,672 | 3,860 |
| Working capital changes | $(2,231)$ | $(4,635)$ | $(2,293)$ | $(3,567)$ | 2,267 |
| Capital expenditure | $(2,815)$ | $(3,909)$ | $(6,168)$ | $(2,768)$ | (767) |
| Investments | 345 | (718) | 320 | 500 | - |
| Other income | 351 | 311 | 101 | 120 | 125 |
| Free cash flow | $(1,976)$ | 5,499 | $(3,967)$ | $(1,043)$ | 5,485 |


| Ratios (\%) |  |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: | :---: |
| EBITDA margin (\%) | 10.5 | 12.5 | 14.0 | 12.7 | 12.4 |  |
| Debt/equity | 172.6 | 106.8 | 39.8 | 50.3 | 30.8 |  |
| Net debt/equity | 152.3 | 103.9 | 21.3 | 31.7 | 26.0 |  |
| RoAE | 18.1 | 15.3 | 18.6 | 12.2 | 11.4 |  |
| RoACE | $\mathbf{1 0 . 5}$ | $\mathbf{1 0 . 2}$ | $\mathbf{1 7 . 9}$ | $\mathbf{1 1 . 5}$ | $\mathbf{1 0 . 5}$ |  |

Note: (1) 15 months period ended December 2007.
Source: Company, Kotak Institutional Equities estimates

Exhibit 4: Jindal SAW, operating assumptions, December year-ends, 2008-11E

|  | 2008E | 2009E | 2010E | 2011E |
| :--- | ---: | ---: | ---: | ---: |
| Sales ('000 tons) |  |  |  |  |
| HSAW | 135 | 168 | 118 | 118 |
| LSAW | 344 | 340 | 296 | 304 |
| Seamless | 68 | 91 | 125 | 113 |
| DI | 234 | 234 | 234 | 234 |
| Realisation (US\$/ton) |  |  |  |  |
| HSAW | 1,314 | 1,117 | 1,084 | 1,084 |
| LSAW | 1,551 | 1,597 | 1,278 | 1,278 |
| Seamless | 1,429 | 1,215 | 1,142 | 1,142 |
| DI | 1,052 | 926 | 898 | 898 |
| EBITDA |  |  |  |  |
| HSAW (US $\$$ /ton) | 162 | 130 | 110 | 110 |
| LSAW (US $\$$ /ton) | 220 | 190 | 150 | 130 |
| Seamless (\%) | 18.3 | 16.0 | 15.5 | 15.5 |
| DI (\%) | 18.0 | 17.0 | 16.0 | 16.0 |

Source: Kotak Institutaional Equities estimates

Exhibit 5: Jindal SAW, DCF valuation, December year-ends, (Rs mn)

|  |  |  |  |  |  | Terminal |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| EBITDA | $\mathbf{2 0 0 9 E}$ | $\mathbf{2 0 1 0 E}$ | $\mathbf{2 0 1 1 E}$ | $\mathbf{2 0 1 2 E}$ | $\mathbf{2 0 1 3 E}$ | $\mathbf{2 0 1 4 E}$ | $\mathbf{2 0 1 5 E}$ | $\mathbf{2 0 1 6 E}$ | $\mathbf{2 0 1 7 E}$ | $\mathbf{2 0 1 8 E}$ | $\mathbf{V a l u e}$ |
| Tax expense | 7,604 | 6,119 | 5,581 | 5,438 | 5,340 | 5,228 | 5,026 | 5,026 | 5,051 | 5,051 |  |
| Changes in working capital | $(1,844)$ | $(1,466)$ | $(1,407)$ | $(1,396)$ | $(1,308)$ | $(1,285)$ | $(1,202)$ | $(1,196)$ | $(1,195)$ | $(1,171)$ |  |
| Cash flow from operations | $(3,567)$ | 2,267 | 623 | $(96)$ | 125 | $\mathbf{2 5 6}$ | 546 | 101 | $(47)$ | 102 |  |
| Capital expenditure | $\mathbf{2 , 1 9 3}$ | $\mathbf{6 , 9 2 1}$ | $\mathbf{4 , 7 9 7}$ | $\mathbf{3 , 9 4 6}$ | $\mathbf{4 , 1 5 7}$ | $\mathbf{4 , 2 0 0}$ | $\mathbf{4 , 3 7 0}$ | $\mathbf{3 , 9 3 1}$ | $\mathbf{3 , 8 0 8}$ | $\mathbf{3 , 9 8 2}$ |  |
| Free cash flow to the firm | $(2,768)$ | $(767)$ | $(790)$ | $(814)$ | $(838)$ | $(863)$ | $(889)$ | $(916)$ | $(1,415)$ | $(1,478)$ |  |
| Dicounted cash flow-now | $\mathbf{( 5 7 5 )}$ | $\mathbf{6 , 1 5 4}$ | $\mathbf{4 , 0 0 8}$ | $\mathbf{3 , 1 3 3}$ | $\mathbf{3 , 3 1 9}$ | $\mathbf{3 , 3 3 7}$ | $\mathbf{3 , 4 8 1}$ | $\mathbf{3 , 0 1 5}$ | $\mathbf{2 , 3 9 3}$ | $\mathbf{2 , 5 0 4}$ | $\mathbf{2 1 , 1 7 7}$ |
| Discounted cash flow-1 year forward | $(523)$ | 4,930 | 2,829 | 1,948 | 1,819 | 1,611 | 1,481 | 1,130 | $\mathbf{7 9 0}$ | 728 |  |
| Discounted cash flow-2 year forward |  | 5,596 | 3,211 | 2,211 | 2,064 | 1,828 | 1,681 | 1,282 | 897 | 827 |  |


| Discount rate | 13.5\% |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Growth from 2018 to perpetuity | 1.5\% |  |  |  |  |  |  |  |  |  |
| Discount factor at WACC | 0.91 | 0.80 | 0.71 | 0.62 | 0.55 | 0.48 | 0.43 | 0.37 | 0.33 | 0.29 |


|  | + 1-year | + 2-years |  |  |  | Sensitivity of share price to WACC and growth rate (Rs) |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Total PV of free cash flow (a) | 19,597 | 76\% | 15,892 | 69\% |  | WACC |  |  |  |  |  |
| PV of terminal value (b) | 6,160 | 24\% | 6,992 | 31\% |  |  | 12.5\% | 13.0\% | 13.5\% | 14.0\% | 14.5\% |
| $\mathrm{EV}(\mathrm{a})+(\mathrm{b})$ | 25,758 |  | 22,884 |  |  | 0.0\% | 317 | 302 | 289 | 276 | 264 |
| EV (US\$ mn) | 505 |  | 449 |  |  | 0.5\% | 322 | 307 | 293 | 280 | 268 |
| Net debt | 9,153 |  | 4,081 |  | ¢ | 1.0\% | 328 | 312 | 298 | 284 | 271 |
| Equity value | 16,604 |  | 18,802 |  | $\ddagger$ | 1.5\% | 335 | 318 | 303 | 288 | 275 |
| No. of shares | 54.9 |  | 54.9 |  | $3$ | 2.0\% | 342 | 324 | 308 | 293 | 280 |
| Implied share price (Rs) | 303 |  | 343 |  | - | 2.5\% | 349 | 331 | 314 | 299 | 284 |
| Exit EV/EBITDA multiple (X) | 4.2 |  |  |  |  | 3.0\% | 358 | 338 | 321 | 304 | 289 |

Source: Company, Kotak Institutional Equities estimates

| Property |  |  |  |
| :---: | :---: | :---: | :---: |
| Sector coverage view |  |  | Neutral |
| Company | Price, Rs |  |  |
|  | Rating | 31-Mar | Target |
| MLife | BUY | 132 | 410 |
| Sobha | REDUCE | 79 | 90 |
| DLF | REDUCE | 167 | 190 |
| Unitech | SELL | 35 | 24 |
| HDIL | REDUCE | 82 | 120 |
| Puravankara P | REDUCE | 41 | 55 |
| Phoenix Mills | BUY | 68 | 210 |
| Indiabulls Real I | ADD | 99 | 180 |
| IVR Prime | BUY | 30 | 120 |

## Key takeaways from our Thane visit: Sharp increase in enquiries post price correction

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- Developers have taken pricing reductions in existing projects of $\mathbf{2 5 - 3 0} \%$; sharp increase in enquiries post pricing correction
- Visited 10+ projects in Thane across the weekend; found good activity at most sites
- A large number of new launches over the past six weeks, indicating that investor interest is also coming back
- Limited competition to HDFC in housing loan segment

We visited around 10 residential properties in Thane to gauge consumer response during a key home-buying season for Mumbai customers. We view Thane as an affordable and high-quality residential location of Mumbai. In addition, around four weeks ago, most Thane developers have announced pricing cuts of $25-30 \%$ resulting in basic pricing of Rs3.300-4,500/sq. ft., which we believe has again kick-started home buying activity. In most locations we saw large enquiries even 3-4 weeks after price correction indicating sustained interest. However, we gathered from salespeople that house purchases have lagged enquiries as customers are still uncertain about pricing. We believe prices will likely start stabilizing at current levels since rental yields have inched upto 4-5\% and therefore present pricing is attracting investor interest as well. However, a meaningful uptick in home purchases will likely take another six months as customers get more confidence on pricing stability and as the economic environment stabilizes. Another key insight was that most companies in Thane have HDFC as the preferred housing finance partner and market it aggressively to customers.

## Enquires sustain across projects; price stability is becoming more important than affordability

We visited around 10 properties in Thane with a mix of finished apartments as well as new launches. We found the response to most of the new launches encouraging with a significant increase in the number of enquiries. This is in line with our view that the focus is now shifting away from affordability to consumer confidence and comfort in selling prices. We believe the decline of real estate prices is the right direction; however, stability of prices will result in pick-up of demand. We observed that developers who have not reduced prices had relatively vacant sales offices. We also visited the HDIL's Premier Residency project in Kurla and we see interest levels sustaining in terms of enquiries eventhough more than $75 \%$ of the project has been sold. We summarize key trends:

Large number of new launches. We observed a large number of new project launches by developers in Thane in the last few weeks. We note that the key development regions in Thane are-Pokhran Road no.1, Road no. 2 and Ghodbunder Road. Dosti, Hiranandani, Kalpataru, Acme and Lodha have launched large projects. Lodha has launched a large 55acre project, Casa Univis on Ghodbunder Road.

Price correction of $\mathbf{2 5 - 3 0} \%$ across projects. We note that developers have reduced prices by $25-30 \%$ from the October 2008 prices as they acknowledge the slowing demand environment. Kalpataru has reduced prices for Kalpataru Siddhanchal in Thane (W) by $23 \%$ to Rs4,221/sq. ft from Rs5,500/sq. ft in October 2008. We observed similar trends at most other project sites.

New launches at 10-15\% discount to completed projects. We also note that new launches are at a discount of $10-15 \%$ to the existing projects. Kalpataru Hills, launched recently by Kalpataru near Pokhran Road No. 2 is quoting Rs3,182/sq. ft-about $25 \%$ less than Kalpataru Siddhanchal, a project which is almost complete. We would attribute half of this discount to the inferior location and the rest being an incentive given to customers to purchase an under-construction project.

Rental yield of 4-5\%. Current rentals in the Thane market are in the range of Rs12,00015,000/month for a 2-BHK flat ( $1,000 \mathrm{sq}$. ft) resulting in an annual rental of Rs0.15-0.18 mn . This would result in annual yield of 4-5\% for properties in the range of Rs3-4.5 mn, which is currently the case in the Thane residential market. Any increase in rental yields to $6 \%+$ is likely to result in sharp investor demand.

Developers charging construction-linked payments. Most developers have similar payment structures with approximately $30 \%$ to be paid within three months of booking and the balance linked to construction. We understand that many banks are insisting on this payment schedule as it reduces construction risk.

Total pricing is $\mathbf{1 5 - 2 0 \%}$ more than the basic pricing. Other costs like floor rise, car parking (in some case open, stilt), maintenance charges in advance for 1-2 years, water supply and MSEB charges account to $20-25 \%$ of the basic pricing (see Exhibit).

Cancellation is a difficult process; no price protection except in Lodha. We observed that most developers have stringent cancellation policies. Most developers allow cancellations with the caveat that the amounts paid would be refunded (not fully) if and when the flat is re-sold. In case of few projects, cancellations are not entertained at all. We note that Lodha was the only builder who was providing price protection to customers for any price reduction undertaken by the developer.

Product features similar leading to similar pricing. We highlight that most projects in Thane have similar features resulting in similar pricing as well. We note that Kalpataru Hills at Rs3,182/ sq.ft and Acme Ozone at Rs3,330/sq.ft is similar. Acme is priced a little higher because of a slightly better location. Our Exhibit at the end of this note shows that most of the general features-kitchen and bathroom fittings as well as leisure features-are similar across projects.

## Limited competition for HDFC in the home loan segment; onus on customer to get home loans sanctioned from SBI

We found most developers pushing HDFC on account of its quick turnaround time for sanctioning loans. This suits developers as they undertake faster closure of sales-less than a week. We could see an HDFC sales person at almost every project site-to the exclusion of competitors. Some developers said that a few customers insist on taking funding from SBI/PSU banks but in these cases, approvals need to be taken by customers on their own. Some developers like Kanakia Spaces had an exclusive tie-up with HDFC till recently but now allow funding from other banks as well. Acme Ozone also had a preference for HDFC since the project had HDFC Property fund as a partner. Developers seem clearly inclined towards HDFC and LIC HF with only a few mentioning ICICI Bank and PSU banks.

## New launches have picked up in Thane

Project details

| S no. | Company | Project | Location |
| :---: | :--- | :--- | :--- |
| 1 | Dosti Homes | Dosti Vihar | Near Vedant complex, Pokhran Road No.1, Thane (W) |
| 2 | Acme | Acme Ozone | Off Gladys Alwares Road, near Pokhran Road No. 2, Manpada, <br> Thane (W) |
| 3 | Lodha | Casa Unisys | Bhayandarpada, Ghodbunder Road, Thane |
| 4 | Kalpataru | Kalpatataru Hills | Opposite Tikuji-Ni-Wadi, Manpada, Thane (W) |
| 5 | Akruti City | Akruti Greenwoods | Vartak Nagar circle, adj to L \& T Recreation Centre, Pokhran <br> Road No. 1, Thane (W) |
| 6 | Lodha | Casa Royale | Balkum Road, Near Saket, Off Eastern Express Highway, Thane |
| 7 | Lodha | Casa Ultima | Pokhran Road No.2, Majiwade, Thane (W) |

Source: Kotak Institutional Equities

| Details of projects in Thane market |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Rat |  |  | Other charges | Year | Booking amount | Cancellatio n charges | Banks providing home loans | Comments |
|  | Company | Project | Sub Location | Apr-08 | Oct-08 | Mar-09 |  |  |  |  |  |  |
| 1 | Kanakia Spaces | Niharika | Off Pokhran Road No. 2 | 5,200 | 5,500 | 4,800 | Car parking: Rs 0.45 $\mathrm{mn} /$ Rs 0.55 mn ; Floor rise: Rs20/sq. ft; Maintenance charge: Rs3/sq. ft | Ready | 70-100\% | Need to resale it. <br> Transfer charges: Rs300/sq. ft | Earlier HDFC exclusive; now SBI and ICICl as well |  |
| 2 | Dosti Homes | Dosti Vihar | Pokhran Road No. 1 | 5,750 | 5,750 | 4,241 | Car parking: Rs 0.2 mn ; Floor rise: Rs15/sq. ft; Maintenance charge: Rs3/sq. ft | May-11 | Rs0.1 mn | No refund | HDFC, ICICI, IDBI approved |  |
| 3 | Kalpataru | Siddhanchal | Pokhran Road No. 2 | 5,500 | 5,500 | 4,221 |  | Dec-09 |  |  |  |  |
| 4 | Kalpataru | Hills | Opp Tikuji-Ni- <br> Wada, Manpada | NA | NA | 3,182 | Car parking: Rs 0.25 $\mathrm{mn} /$ Rs 0.35 mn ; Floor rise: Rs25/sq. ft; Maintenance charge: Rs2.5/sq. ft | May-11 | 5\% of cost | Rs51,000 cancellation fee (only if the flat resold again) |  |  |
| 5 | Acme | Acme Ozone | Near Pokhran Road No. 2 | NA | NA | 3,300 | Car parking: Rs 0.20 mn ; Floor rise: Rs25/sq. ft; Maintenance charge: Rs2.5/sq. ft | Aug-11 | 5\% for booking and $15 \%$ in 1 month |  | HDFC Property fund is a partner |  |
| 6 | Everest <br> Developers | Countryside | Kasarvadawali |  |  | 2,779 | Car parking: Rs 0.10 $\mathrm{mn} / \mathrm{Rs} 0.20 \mathrm{mn}$; Floor rise: Rs20/sq. ft; Maintenance charge: Rs2.5/sq. ft | Oct-09 |  |  | HDFC,LIC HF, <br> IDBI, SBI |  |
| 7 | Hiranandani | Meadows | Off Pokhran Road No. 2 |  |  | 6,300 | Car parking: Rs 0.17 $\mathrm{mn} /$ Rs $0.4 \mathrm{mn} /$ Rs 0.57 mn ; <br> Floor rise: Rs63/sq. ft; Maintenance charge: Rs3.5/sq. ft, IDC of Rs100/sq. ft | Dec-10 | 95\% for booking |  |  | Developer offering 15\% discount |
| 8 | Akruti City | Akruti Greenwoods | Pokhran Road No. 1 | NA | NA | 3,725 | Floor rise: Rs25/sq. ft; Maintenance charge: Rs2.5 sq. ft | Jun-11 | 15\% of cost |  |  |  |
| 9 | Lodha | Casa Univis | Bhayandarpada, Ghodbunder Road, Thane | NA | NA | 3,024 | Floor rise: Rs25/sq. ft; Maintenance charge: Rs2.5 sq. ft |  |  |  | HDFC and others |  |
| 10 | Lodha | Casa Ultima | Pokhran Road No. 2 | NA | NA | 3,897 |  | Dec-10 |  |  |  |  |
| 11 | Lodha | Casa Royale | Balkum Road | NA | NA | 3,537 |  | Dec-10 |  |  |  |  |
| 12 | Sheth Developers | Vasant Lawns |  | 6,200 | 6,200 | 6,200 |  | Dec-09 |  |  |  |  |
| 13 | Neelkanth | Greens |  | 4,200 | 4,400 |  |  | Jun-11 |  |  |  |  |
| 14 | Rustomjee | Urbania |  | 4,400 | 4,860 | 3,330 |  | May-11 |  |  |  |  |

## Price decline of 25-30\% has taken place in the last 6 months

Prices quoted by developers as of Apr'08, Oct'08 and Mar'09

|  | Company | Project | Sub Location | Rate/sq. ft |  |  |  | $\frac{\text { Drop from Oct' } 08}{(\%)}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Oct-07 | Apr-08 | Oct-08 | Mar-09 |  |
| 1 | Kanakia Spaces | Niharika | Off Pokhran Road No. 2 |  | 5,200 | 5,500 | 4,800 | -13\% |
| 2 | Dosti Homes | Dosti Vihar | Pokhran Road No. 1 |  | 5,750 | 5,750 | 4,241 | -26\% |
| 3 | Kalpataru | Siddhanchal |  | 4,600 | 5,500 | 5,500 | 4,221 | -23\% |
| 4 | Kalpataru | Hills | Opp Tikuji-Ni-Wada, Manpada |  | NA | NA | 3,182 |  |
| 5 | Acme | Acme Ozone | Near Pokhran Road No. 2 |  | NA | NA | 3,300 |  |
| 6 | Everest Developers | Countryside | Kasarvadawali |  |  |  | 2,779 |  |
| 7 | Hiranandani | Meadows | Off Pokhran Road No. 2 |  |  | 6,300 | 6,300 | 0\% |
| 8 | Akruti City | Akruti Greenwoods | Pokhran Road No. 1 |  | NA | NA | 3,725 |  |
| 9 | Rustomjee | Urbania | Near Majiwada Jn |  | 4,400 | 4,860 | 3,330 | -31\% |

Source: Kotak Institutional Equities

Key development zones: Pokhran Road 1, Pokhran Road 2 and Thane Ghodbunder Road
Thane map showing locations of projects visited


Source: Company brochure, Kotak Institutional Equities

Total unit pricing is 20-25\% above the basic pricing quoted by developer
Costing sheet for 2 projects

|  | Kalpataru Hills | Acme Ozone |
| :--- | :---: | :---: |
| Unite size (sq. ft ) | $\mathbf{9 0 9}$ | $\mathbf{9 4 2}$ |
| Basic pricing $(\mathrm{Rs} / \mathrm{sq} . \mathrm{ft})$ | 3,182 | 3,330 |
| Floor rise $(\mathrm{Rs} / \mathrm{sq} . \mathrm{ft})$ | 25 | 25 |
| Total basic cost (ground floor, Rs $\mathbf{~ m n}$ ) | $\mathbf{2 . 8 9}$ | $\mathbf{3 . 1 4}$ |
| Car parking (Rs mn) | 0.25 | 0.2 |
| Total cost (ground floor, Rs mn) | $\mathbf{3 . 1 4}$ | $\mathbf{3 . 3 4}$ |
| Maintenance cost (Rs/sq. ft/month) | 2.5 | 3.5 |
| Stamp duty (@5\% of total cost, Rs mn) | 0.16 | 0.14 |
| Registration (Rs) | 37,000 | 30,000 |
| Other charges (Rs) | 0.28 | 0.3 |
| Total unit cost (Rs mn) | $\mathbf{3 . 5 8}$ | $\mathbf{3 . 7 8}$ |
| Total unit cost/ Total basic cost | $\mathbf{2 3 . 8} \%$ | $\mathbf{2 0 . 4 \%}$ |

Source: Kotak Institutional Equities

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## Product features similar leading to limited pricing differential

| Specification | Kalpataru Hills | Acme Ozone |
| :--- | :--- | :--- |
| Pricing (Rs/sq. $\mathbf{f T}$ ) | $\mathbf{3 , 1 8 2}$ | $\mathbf{3 , 3 3 0}$ |
| General features | Vitrified flooring in living, dining and bedrooms | Wooden flooring in master bedroom |
|  | Oil bound distemper on walls | Burglar Alarm, Video door phone |
|  | CCTV with intercom |  |
|  | Generator backup | Generator backup |
| Kitchen/Bathroom | Kitchen with granite top, stainless steel sink | Kitchen with granite top, stainless steel sink |
|  | Superior quality sanitary fixtures | Superior vitrified tiles and premium bathroom fitting |
| Leisure features | Swimming pool | Swimming pool |
|  | Clubhouse, gymnasium | Clubhouse, gymnasium |

Source: Kotak Institutional Equities

Limited competition to HDFC in home loans segment
Banks providing home loans

| S no. | Company | Project | Banks providing home loans |
| :---: | :--- | :--- | :--- |
| 1 | Kanakia Spaces | Niharika | Earlier HDFC exclusive; now SBI and ICICI as well |
| 2 | Dosti Homes | Dosti Vihar | HDFC approved, ICICI and IDBI |
| 3 | Kalpataru | Siddhanchal | HDFC and others |
| 4 | Kalpataru | Hills | HDFC, |
| 5 | Acme | Acme Ozone | HDFC (HDFC Property fund is a partner for the project) |
| 6 | Everest Developers | Countryside | HDFC,LIC HF, IDBI, SBI |
| 7 | Lodha | Casa Univis | HDFC and others |

Source: Kotak Institutional Equities

February 2009-Decline in APE continues as base effect plays out
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- In February 2009, adjusted premium declined 25\% yoy; private players down 29\% yoy
- Large private players (Bajaj Allianz, ICICI Pru) reported substantial decline
- We reduce our fair value estimates by $\mathbf{1 3 - 2 2 \%}$ to factor lower growth and margins

During February 2009, the insurance industry reported $25 \%$ decline in APE. Companies with relatively low bases—Birla Sun Life (up 16\% yoy), Reliance Life (up 10\% yoy)— reported positive growth while most others declined by 10-57\% yoy. We are reducing our fair value estimates by $13-22 \%$ on the back of lower growth estimates for the FY2009E and FY2010E and margin assumptions. March remains the most important month in the entire fiscal year. However, given the current sluggishness, we expect the business in March 2009 to contribute about 18\% of annual business significantly below 20-25\% contribution in the past.

Significant yoy decline in APE. The overall insurance industry reported $25 \%$ decline in APE during February 2009 as private players were down $29 \%$ and LIC was down $18 \%$ yoy. Base effects played a crucial role-companies with relatively low bases-Birla Sun Life (up $16 \%$ yoy), Reliance Life (up 10\% yoy) reported positive growth while most others declined 10-57\% yoy. The largest decline was reported by Bajaj Allianz (down 57\% yoy) and ICICI Pru Life (down $44 \%$ yoy) primarily due their large base. On a mom basis, the private sector grew 3\%, while LIC declined by 30\% on the back of high base in January 2009 due to sales from 'Jeevan Aastha'.

Reducing estimates to factor lower APE growth. We are reducing our fair value estimates by $13-17 \%$ for most insurance players on the back of lower growth estimates for the FY2009E and FY2010E. We are reducing our fair value estimate for HDFC SL by $22 \%$ to factor in lower near-term growth in APE and lower our margin estimate to 13\% from $14 \%$ in the past primarily due to likely lower persistency from HDFC Pension Plus Plan (even as we marginally increasing our NBP multiple to 18 X from 17X). This plan allowed the policyholders to reduce the quantum of premium payment from the second year. Thus, while the policy may remain alive the overall persistency will decline. In the past, this product had a significant contribution to the overall business though the company has withdrawn this product from October 2009.

Business will likely pick up in March, yet remain subdued. We factor about 50\% mom growth for most companies in March 2009; thus, March should contribute about $14 \%$ of the annual business. This is significantly lower than earlier years when private players reported $100 \%+$ mom growth and collected $20-25 \%$ of their annual APE in the last month of the fiscal year.

Adjusted life insurance premium income collections (Rs mn)

|  | Feb-09 |  |  |  |  |  | YTD FY2009 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Individual | yoy growth <br> (\%) | Group | yoy growth (\%) | Total | yoy growth (\%) | Individual | yoy growth (\%) | Group | yoy growth (\%) | Total | yoy growth (\%) |
| Bajaj Allianz | 2,617 | (57) | 31 | 839 | 2,648 | (57) | 32,145 | (30) | 132 | 149 | 32,277 | (29) |
| Birla Sunlife | 1,906 | 16 | 13 | 38 | 1,919 | 16 | 19,933 | 52 | 187 | 85 | 20,120 | 52 |
| HDFC Standard Life | 1,906 | (22) | 3 | (75) | 1,910 | (22) | 20,013 | 8 | 112 | (20) | 20,126 | 8 |
| ICICI Prudential | 4,656 | (45) | 130 | 42 | 4,785 | (44) | 45,859 | (19) | 1,156 | 48 | 47,015 | (18) |
| Max NY | 1,071 | (16) | 1 | (80) | 1,072 | (16) | 13,810 | 34 | 24 | (38) | 13,834 | 33 |
| KMOM | 862 | (15) | 8 | 55 | 870 | (14) | 9,511 | 39 | 90 | 18 | 9,601 | 39 |
| Reliance Life | 2,667 | 10 | 6 | (76) | 2,673 | 10 | 25,132 | 63 | 110 | (56) | 25,243 | 61 |
| MetLife | 879 | 13 | 3 | 0 | 883 | 12 | 19,933 | 52 | 187 | 85 | 20,120 | 52 |
| SBI Life | 2,389 | (41) | 70 | (56) | 2,459 | (41) | 23,232 | 15 | 1,609 | 175 | 24,841 | 19 |
| Tata AIG | 763 | (10) | 9 | 22 | 773 | (10) | 7,460 | 16 | 124 | 13 | 7,584 | 16 |
| Private sector | 21,901 | (29) | 279 | (15) | 22,181 | (29) | 225,575 | 5 | 3,651 | 67 | 229,225 | 6 |
| LIC | 16,835 | (19) | 664 | (4) | 17,499 | (18) | 161,761 | (26) | 9,282 | 28 | 171,044 | (24) |
| Total | 38,736 | (25) | 944 | (8) | 39,680 | (25) | 387,336 | (10) | 12,933 | 37 | 400,269 | (9) |

Source: IRDA.

We expect adjusted premium growth to reduce significantly
yoy growth of insurance companies, March fiscal year-end, 2009E (\%)

|  | HDFC <br> Bajaj <br> Allianz |  |  |  | Standard <br> Life | ICICI <br> Prudential | Reliance <br> Life | SBI Life | Birla <br> Sunlife |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Max NY | LIC | Private pl | Total |  |  |  |  |  |  |
| 2009E | $(35)$ | 4 | $(20)$ | 52 | 12 | 37 | 25 | $(21)$ | $(3)$ |
| YTD 20009E | $(29)$ | 8 | $(18)$ | 61 | 19 | 52 | 33 | $(24)$ | 6 |
| Residual period | $(59)$ | $(19)$ | $(27)$ | 13 | $(9)$ | $(12)$ | $(5)$ | $(9)$ | $(40)$ |

Source: Kotak Institutional Equities estimates

We are scaling down our growth estimates for adjusted premia
yoy growth in APE, March fiscal year-ends, 2009-2010E (\%)

|  | Old |  |  | New |  |
| :--- | :---: | :---: | :---: | :---: | :---: |
|  | $\mathbf{2 0 0 9 E}$ | $\mathbf{2 0 1 0 E}$ |  | $\mathbf{2 0 0 9 E}$ | $\mathbf{2 0 1 0 E}$ |
| HDFC SL | 30 | 30 | 4 | 10 |  |
| ICICI Pru Life | $(20)$ | 20 |  | $(20)$ | 10 |
| Reliance Life | 55 | 20 | 52 | 15 |  |
| SBI Life | 30 | 25 | 12 | 15 |  |

Source: Kotak Institutional Equities estimates
.. And reduced the fair value estimates as well
FY2010E based fair value estimates of insurance companies (Rs per share)

|  | Old | New | \% chg |
| :--- | ---: | ---: | ---: |
| HDFC SL | 248 | 193 | $(22)$ |
| ICICI Pru Life | 121 | 106 | $(13)$ |
| Reliance Life | 375 | 310 | $(17)$ |
| SBI Life | 150 | 126 | $(16)$ |

[^1]
## Likely price range based on fair value (based on March 2010E)

Value addition to parents SOTP from insurance business (Rs per share of holding company)

| HDFC Ltd. |  |  |  |  | ICICI Bank |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Margin (\%) |  |  |  | Multiple (X) | 11.73 | 12.71 | 13.68 | 16.17 |
| Multiple (X) | 10.81 | 11.81 | 12.80 | 15.21 | 14 | 93 | 97 | 102 | 107 |
| 15 | 154 | 163 | 171 | 180 | 16 | 101 | 106 | 111 | 116 |
| 17 | 166 | 176 | 186 | 196 | 17 | 105 | 110 | 116 | 121 |
| 18 | 173 | 183 | 193 | 204 | 18 | 108 | 114 | 120 | 126 |
| 19 | 179 | 190 | 201 | 212 | 20 | 116 | 123 | 130 | 136 |
| 21 | 191 | 204 | 216 | 228 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Reliance Capital |  |  |  | SBI Ltd |  |  |  |  |
|  | Margin (\%) |  |  |  | Margin (\%) |  |  |  |  |
| Multiple (X) | 11.7 | 12.7 | 13.7 | 14.7 | Multiple (X) | 11.4 | 12.4 | 13.5 | 16.1 |
| 14 | 253 | 268 | 283 | 298 | 14 | 111 | 116 | 122 | 128 |
| 16 | 279 | 296 | 313 | 330 | 16 | 119 | 126 | 132 | 139 |
| 17 | 291 | 310 | 328 | 346 | 17 | 124 | 130 | 137 | 144 |
| 18 | 304 | 323 | 343 | 362 | 18 | 128 | 135 | 142 | 149 |
| 20 | 330 | 351 | 372 | 394 | 20 | 137 | 144 | 152 | 160 |

Source: Kotak Institutional Equities

Growth in premium income from individual business, adjusted for single premium (\%)

|  | 2005 | 2006 | 2007 | Oct-07 | Nov-07 | Dec-07 | Jan-08 | FY2008 | Apr-08 | May-08 | Jun-08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | YTD |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Bajaj Allianz | 182 | 199 | 136 | 93 | 99 | 129 | 105 | 79 | 53 | 2 | 7 | 14 | (4) | (47) | (3) | (30) | (54) | (54) | (57) | (30) |
| Birla Sun Life | 90 | 11 | 24 | 198 | 151 | 213 | 152 | 143 | 255 | 254 | 213 | 107 | 23 | 16 | 10 | 14 | 35 | 44 | 16 | 52 |
| HDFC Standard Life | 164 | 118 | 57 | 119 | 86 | 64 | 88 | 80 | 70 | 16 | 58 | 16 | 41 | 141 | 12 | (27) | (31) | (46) | (22) | 8 |
| ICICI Prudential | 114 | 57 | 87 | 84 | 98 | 107 | 116 | 68 | 44 | 60 | 33 | 25 | 11 | (6) | (37) | (46) | (49) | (43) | (45) | (19) |
| KMOM | 103 | 82 | 43 | 108 | 78 | 106 | 121 | 88 | 95 | 121 | 130 | 165 | 136 | 123 | 55 | (31) | (12) | (22) | (15) | 39 |
| Max NY | 72 | 103 | 75 | 81 | 44 | 59 | 40 | 70 | 66 | 130 | 43 | 58 | 60 | 54 | 18 | 38 | (7) | 29 | (16) | 34 |
| Reliance Life | 21 | 160 | 813 | 386 | 303 | 236 | 335 | 168 | 250 | 182 | 132 | 123 | 117 | 178 | 54 | 16 | 29 | 20 | 10 | 63 |
| SBI Life | 87 | 206 | 290 | 179 | 178 | 172 | 138 | 111 | 110 | 85 | 95 | 114 | 46 | 39 | 41 | 6 | (4) | (28) | (41) | 15 |
| Private sector | 122 | 81 | 100 | 117 | 105 | 118 | 119 | 86 | 84 | 64 | 53 | 51 | 33 | 15 | 6 | (17) | (22) | (26) | (29) | 5 |
| LIC | 3 | 18 | 88 | (65) | (57) | 109 | 133 | 0 | (41) | (22) | (29) | (38) | (63) | 15 | 21 | (9) | (10) | (17) | (19) | (26) |
| Total | 19 | 34 | 92 | (27) | (22) | 115 | 125 | 31 | 1 | 14 | 5 | (5) | (34) | 15 | 12 | (13) | (17) | (21) | (25) | (10) |

[^2]India Daily Summary - April 01, 2009

| Trend in market share for key players in individual premium, adjusted for single premium (\%) |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2004 | 2005 | 2006 | 2007 | 2008 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | YTD | YTD <br> private <br> players |
| Bajaj Allianz | 1.2 | 2.9 | 6.4 | 7.8 | 10.7 | 9.8 | 8.5 | 6.8 | 6.0 | 6.8 | 8.3 | 14.3 |
| Birla Sun Life | 2.0 | 3.3 | 2.7 | 1.7 | 3.3 | 4.8 | 4.6 | 6.0 | 4.3 | 4.9 | 5.1 | 8.8 |
| HDFC Standard Life | 1.0 | 2.3 | 3.7 | 3.1 | 4.2 | 6.0 | 3.6 | 4.2 | 3.1 | 4.9 | 5.2 | 8.9 |
| ICICI Prudential | 4.8 | 8.7 | 10.1 | 9.9 | 12.7 | 8.8 | 9.9 | 9.4 | 10.4 | 12.0 | 11.8 | 20.3 |
| Max NY | 1.0 | 1.4 | 2.1 | 1.9 | 2.5 | 2.9 | 3.4 | 4.3 | 2.0 | 2.8 | 3.6 | 6.1 |
| Reliance Life | 0.2 | 0.2 | 0.4 | 1.7 | 3.6 | 6.8 | 6.9 | 7.6 | 6.4 | 6.9 | 6.5 | 11.1 |
| SBI Life | 0.4 | 0.7 | 1.5 | 3.1 | 5.0 | 7.2 | 7.4 | 7.0 | 4.6 | 6.2 | 6.0 | 10.3 |
| Private sector | 13.6 | 25.3 | 34.2 | 35.5 | 50.5 | 59.1 | 55.2 | 56.9 | 46.7 | 56.5 | 58.2 | 100.0 |
| LIC | 86.4 | 74.7 | 65.8 | 64.5 | 49.5 | 40.9 | 44.8 | 43.1 | 53.3 | 43.5 | 41.8 | - |

Source: IRDA

Market share in group business unadjusted (\%)

|  | $\mathbf{2 0 0 5}$ | $\mathbf{2 0 0 6}$ | $\mathbf{2 0 0 7}$ | FY2008 | Apr-08 | May-08 | Jun-08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | YTD |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| Bajaj Allianz | 0.2 | 0.5 | 0.5 | 1.3 | 0.3 | 0.9 | 0.5 | 1.1 | 1.0 | 0.5 | 0.6 | 0.4 | 2.0 | 2.1 | 3.3 | 1.0 |
| Birla Sun Life | 2.1 | 1.7 | 1.0 | 1.6 | 1.6 | 0.1 | 0.4 | 0.6 | 2.5 | 1.9 | 2.7 | 1.9 | 1.3 | 1.6 | 1.3 | 1.4 |
| HDFC Standard <br> Life | 1.1 | 2.7 | 2.0 | 2.3 | 4.4 | 0.8 | 0.1 | 0.3 | 1.5 | 0.3 | 0.5 | 0.5 | 2.3 | 2.5 | 0.4 | 0.9 |
| ICICI Prudential | 2.5 | 5.7 | 6.3 | 8.7 | 24.2 | 9.3 | 8.9 | 11.2 | 9.2 | 4.7 | 14.8 | 4.0 | 3.9 | 14.6 | 13.8 | 8.9 |
| Max NY | 0.1 | - | - | - | 2.3 | 0.4 | 0.1 | 0.3 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.2 |
| Reliance Life | 0.1 | 0.2 | 0.9 | 2.9 | 5.7 | 0.5 | 0.3 | 1.2 | 1.4 | 0.8 | 0.8 | 0.3 | 0.7 | 0.6 | 0.6 | 0.9 |
| SBI Life | 7.2 | 7.8 | 5.7 | 7.3 | 7.0 | 10.8 | 22.9 | 5.7 | 4.7 | 13.2 | 8.1 | 23.5 | 10.9 | 7.5 | 7.4 | 12.4 |
| Private sector | $\mathbf{1 5 . 4}$ | $\mathbf{2 1 . 2}$ | $\mathbf{1 8 . 3}$ | $\mathbf{2 6 . 9}$ | $\mathbf{5 5 . 1}$ | $\mathbf{2 4 . 0}$ | $\mathbf{3 4 . 5}$ | $\mathbf{2 3 . 0}$ | $\mathbf{2 2 . 0}$ | $\mathbf{2 2 . 8}$ | $\mathbf{3 2 . 0}$ | $\mathbf{3 2 . 4}$ | $\mathbf{2 6 . 1}$ | $\mathbf{3 5 . 1}$ | $\mathbf{2 9 . 6}$ | $\mathbf{2 8 . 2}$ |
| LIC | 84.6 | 78.8 | 81.7 | 73.1 | 44.9 | 76.0 | 65.5 | 77.0 | 78.0 | $\mathbf{7 7 . 2}$ | 68.0 | 67.6 | 73.9 | 64.9 | $\mathbf{7 0 . 4}$ | $\mathbf{7 1 . 8}$ |

[^3]Economy
Sector coverage view N/A

CAD strikes red mark of $5.0 \%$ of GDP in 3QFY09; but set to shrink ahead

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- Current account deficit (CAD)/GDP touches 5.0\% but may fall to $1.7 \%$ in 4QFY09E
- Private transfers fall by US\$2.6 bn qoq
- Capital outflows in foreign investments, banking capital and short term credit
- CAD/GDP likely to improve to $2.5 \%$ of GDP in FY2010E from 3.5\% in FY2010E

The data release on balance of payments (BOP) for 3QFY09 threw quite a few negative worries, many of which came as surprises: (1) CAD/GDP ratio hit the 5\% danger mark, (2) at US\$14.6 bn, it marked the highest quarterly deficit since FY1990, (3) private transfers have got adversely impacted in the background of global economic slowdown, (4) capital account turned negative for the first time since 1QFY99, (5) net FDI inflows were just 0.8 bn, the lowest since 4QFY06, (6) large flight of banking capital occurred and (7) valuation losses of US\$12.5 bn. Consensus was that CAD in 3QFY09 would be about US\$8 bn, with all estimates pointing to lower CAD on a qoq basis. The street was completely caught off guard as CAD widened in spite of soft global crude prices. The higher-than-expected CAD was the result of (a) RBI import figures for 3QFY09 being higher than DGCIS by nearly US\$9 bn, and (b) transfers declining by US\$2.4 bn qoq, even after 2QFY09 numbers was revised downwards by US\$1.3 bn. Net capital outflows in 3QFY09 were stark in foreign investment (US\$5 bn), banking capital (US\$5 bn) and short term credit (US\$3.1 bn). Though we expect CAD to shrink in 4QFY10E and remain low in FY2010E, we expect the rupee to come under near term pressure in view of the latest BOP numbers.

CAD remains wide on export contraction, robust imports and falling invisibles
Indian crude oil basket price dropped 52\% qoq in 3QFY09. Oil imports dropped 41.5\% as some of the crude was contracted at earlier prices. In spite of a sharp fall in oil imports, total imports on a BOP basis fell just by $15.3 \%$ qoq in 3QFY09. In contrast, exports contracted by $23 \%$ qoq and trade deficit widened to US $\$ 36.3$ bn on a BOP basis.

Invisibles surplus also dropped by US\$4 bn or $15.7 \%$ qoq, due mainly to fall in software exports by US\$1.1 bn and private transfers by US $\$ 2.6 \mathrm{bn}$. It is not clear if the fall is more due to falling private remittances as job losses in the US and some Gulf economies has been significant or dues to lower withdrawals of NRI deposits in India.

## Discrepancies in RBI and DGCIS data drive wider than expected CAD

A discrepancy of between RBI's and DGCIS import data has led to renewed worries that trade deficit is widening instead of shrinking in spite of oil prices falling. RBI's import figures differ from that of DGCIS on two accounts:

1) RBI captures trade data on BOP basis based on realization of payments and receipts made through the banking channel by collecting statistical returns filed with bank branches which have an authorized dealer status. DGCIS captures trade data on shipping basis through ports by statistical returns that are filed with customs authorities.
2) Some defence imports do not get captured in DGCIS data, but are captured in RBI data.

RBI data shows trade deficit in 3QFY09 at US\$36.3 bn, compared with US $\$ 27.3$ bn in DGCIS data. Generally, RBI import numbers in any quarter are higher by about US $\$ 3-4$ bn, but higher than usual discrepancy caused CAD to be above expectations.

## Capital inflows drop significantly in 3QFY09

Capital account was more in line with our expectations with large outflows in foreign investment, banking capital and trade credit. Net FDI inflows dropped to just US\$820 mn due to large FDI outflows of US $\$ 5.9$ bn (compared with inwards FDI of US\$6.7 bn). Tata's overseas acquisitions have resulted in large outward FDI. Net FIl outflows of US\$5.8 bn exceeded the US $\$ 3.3$ bn net sales by Fll's in cash equity and debt segments reported in SEBI data.

In spite of US $\$ 1.0$ bn of NRI deposits inflows, banking capital outflows aggregated US\$5.0 bn as global financial turmoil in 3QFY09 that followed the collapse of Lehman in midSeptember made it difficult for Indian banks to raise capital abroad and prompted foreign banks to pull out capital from their Indian subsidiaries to tide over the liquidity crunch in the global markets. Short term trade credit rollover also faced some difficulties in this period resulting in a US $\$ 3.1$ bn outflows. ECB inflows improved to US $\$ 3.9$ bn in 3QFY09 from US\$1.8 bn in 2QFY09. Capital account turned into a deficit of US\$3.7 bn in 3QFY09 against a surplus of US $\$ 7.9$ bn in 2QFY09.

## Valuation losses in FX reserves remain significant

On a BOP basis, total overall balance has been in deficit of US\$17.9 bn. FX reserves valuation losses at US\$12.5 bn in 3QFY09, though lower than US\$21.1 bn in 2QFY09, still remain significant. High valuation losses have been largely the result of appreciation of US dollar against euro and pound sterling.

## Current account to narrow, capital account to improve in 4QFY09 and FY2010E

We maintain our expectations of a BOP turnaround starting 4QFY09 on the back of low crude oil prices and evidence that non-oil imports are falling, even though the capital goods imports remain small. In our view:

- CAD/GDP ratio may fall to $1.7 \%$ in 4QFY09E from $5.0 \%$ in 3QFY09
- CAD/GDP ratio may drop to $2.5 \%$ in FY2010E from $3.5 \%$ in FY2009E
- Mild improvement in capital account flows may start from 4QFY09

In our view, there would be no significant reserve losses or accretion ahead, except if large exchange rate movements.

Exhibit 1: Current account deficit widens to 5.0\% of GDP in 3QFY09 but likely to narrow ahead
India's quarterly balance of payments, March fiscal year-ends, 2008-2010E (US\$ bn)

|  | 1QFY08 | 2QFY08 | 3QFY08 | 4QFY08 | 1QFY09 | 2QFY09 | 3QFY09 | 4QFY09E | 2008 | 2009E | 2010E |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Current account | (6.8) | (4.3) | (4.5) | (1.0) | (9.0) | (12.8) | (14.6) | (5.0) | (17.0) | (41.5) | (28.6) |
| GDP | 257 | 266 | 317 | 331 | 296 | 292 | 290 | 291 | 1,173 | 1,176 | 1,123 |
| \% of GDP | (2.6) | (1.6) | (1.4) | (0.3) | (3.0) | (4.4) | (5.0) | (1.7) | (6.0) | (3.5) | (2.5) |
| Trade balance | (22.1) | (21.2) | (26.1) | (23.8) | (30.5) | (38.5) | (36.3) | (25.6) | (91.6) | (130.9) | (111.2) |
| \% of GDP | (8.6) | (8.0) | (8.2) | (7.2) | (10.3) | (13.2) | (12.5) | (8.8) | (7.8) | (11.1) | (9.9) |
| - Exports | 34.4 | 38.3 | 41.0 | 42.8 | 49.1 | 47.7 | 36.7 | 37.0 | 156.4 | 170.5 | 159.5 |
| - Imports | 56.5 | 59.5 | 67.0 | 66.6 | 79.6 | 86.2 | 73.0 | 62.6 | 249.6 | 301.5 | 270.7 |
| o/w Oil imports | 17.0 | 17.4 | 19.8 | 19.0 | 29.2 | 32.9 | 19.2 | 18.0 | 73.2 | 99.3 | 76.8 |
| o/w Non-oil imports | 39.5 | 40.6 | 47.2 | 47.7 | 50.4 | 53.3 | 53.8 | 44.6 | 175.0 | 202.1 | 193.9 |
| Invisibles (net) | 15.3 | 16.9 | 21.5 | 22.8 | 21.5 | 25.7 | 21.7 | 20.6 | 74.6 | 89.5 | 82.6 |
| - Services | 9.0 | 9.0 | 12.0 | 10.8 | 10.7 | 13.6 | 12.8 | 11.0 | 37.6 | 48.1 | 42.2 |
| o/w Software | 8.2 | 8.2 | 8.8 | 12.1 | 10.8 | 11.3 | 10.2 | 9.8 | 37.2 | 42.1 | 40.6 |
| - Transfers | 8.2 | 9.3 | 10.9 | 13.4 | 11.6 | 12.9 | 10.5 | 10.6 | 41.9 | 45.7 | 44.9 |
| - Other invisibles | (1.9) | (1.4) | (1.4) | (1.4) | (0.9) | (0.8) | (1.7) | (1.0) | (4.9) | (4.3) | (4.5) |
| Capital account | 17.8 | 33.2 | 31.0 | 26.2 | 11.1 | 7.9 | (3.7) | 2.6 | 108.0 | 17.9 | 23.9 |
| Foreign investment | 10.3 | 13.0 | 16.9 | 2.6 | 4.8 | 4.3 | (5.0) | (0.9) | 45.0 | 3.1 | 10.1 |
| - FDI | 2.7 | 2.1 | 2.0 | 6.4 | 9.0 | 5.6 | 0.8 | 2.8 | 15.4 | 18.2 | 13.3 |
| - FII | 7.2 | 8.4 | 9.1 | (3.9) | (5.2) | (1.4) | (5.8) | (3.7) | 20.8 | (16.2) | (4.6) |
| - ADRs/GDRs | 0.3 | 2.5 | 5.8 | 0.1 | 1.0 | 0.1 | 0.0 | 0.0 | 8.7 | 1.2 | 1.4 |
| Banking capital | (0.9) | 6.6 | 0.2 | 5.8 | 2.7 | 2.1 | (5.0) | (1.1) | 11.8 | (1.2) | 2.5 |
| - NRI deposits | (0.4) | 0.4 | (0.9) | 1.1 | 0.8 | 0.3 | 1.0 | 1.2 | 0.2 | 3.3 | 3.3 |
| Short-term credit | 2.0 | 4.6 | 4.1 | 6.3 | 2.4 | 1.3 | (3.1) | (0.5) | 17.2 | 0.0 | 1.4 |
| ECBs | 7.0 | 4.2 | 6.2 | 4.8 | 1.5 | 1.8 | 3.9 | 1.6 | 22.6 | 8.7 | 5.0 |
| External assistance | 0.2 | 0.5 | 0.6 | 0.8 | 0.4 | 0.5 | 1.0 | 0.8 | 2.1 | 2.7 | 2.2 |
| Other capital account items | (0.7) | 4.2 | 3.0 | 5.9 | (0.6) | (2.1) | 4.5 | 2.7 | 9.3 | 4.6 | 2.7 |
| E\&O | 0.1 | 0.4 | 0.3 | 0.6 | 0.1 | 0.2 | 0.4 | 0.0 | 1.2 | 0.8 | 0.0 |
| Overall balance | 11.1 | 29.2 | 26.7 | 25.8 | 2.2 | (4.7) | (17.9) | (2.4) | 92.2 | (22.8) | (4.7) |
| memo: RBI's net forex purchases | 9.7 | 25.1 | 23.1 | 20.3 | (0.8) | (8.9) | (22.1) |  |  |  |  |
| Assumptions |  |  |  |  |  |  |  |  |  |  |  |
| Average exchange rate (Rs/US\$) | 41.26 | 40.53 | 39.47 | 39.79 | 41.65 | 43.76 | 48.76 | 49.83 | 40.26 | 46.00 | 52.50 |
| Average Indian crude basket price (US $\$ / \mathrm{b}$ ) | 66.3 | 72.1 | 85.8 | 93.8 | 119.1 | 114.6 | 54.7 | 44.8 | 78.2 | 83.3 | 55.0 |

Source: Reserve Bank of India, Kotak Institutional Equities estimates
Kotak Institutional Equities: Valuation Summary of Key Indian Companies

| Company | $\frac{\text { 31-Mar-09 }}{\text { Price (Rs) }}$ | Rating | Mkt cap. |  | $\begin{gathered} \begin{array}{c} 0 / \mathrm{s} \\ \text { shares } \end{array} \\ (\mathrm{mn}) \end{gathered}$ | EPS (RS) |  |  | EPS growth (\%) |  |  | PER ( X ) |  |  | ev/Ebitda ( X ) |  |  | Price/BV ( $($ ) |  |  | Dividend yield (\%) |  |  | RoE (\%) |  |  | $\begin{gathered} \text { Target } \\ \text { price } \end{gathered}$ | Upside | $\begin{gathered} \text { ADVT- } \\ 3 \mathrm{mo} \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Automobiles |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Bajaj Auto | 618 | REDUCE | 89,480 | 1,764 |  | 145 | 52.2 | 50.7 | 61.5 | (58.9) | (2.9) | 21.4 | 11.8 | 12.2 | 10.0 | 7.2 | 7.0 | 5.7 | 5.6 | 4.5 | 3.6 | 3.2 | 3.2 | 3.2 | 21.0 | 41.0 | 39.4 | 615 | (0.6) | 1.5 |
| Hero Honda | 1,071 | ADD | 213,909 | 4,216 | 200 | 48.5 | 62.6 | 79.1 | 12.8 | 29.1 | 26.4 | 22.1 | 17.1 | 13.5 | 12.3 | 9.6 | 7.5 | 6.9 | 5.5 | 4.3 | 1.8 | 1.9 | 1.9 | 34.0 | 35.9 | 35.7 | 950 | (11.3) | 10.5 |
| Mahindra \& Mahindra | 384 | ADD | 99,020 | 1,952 | 258 | 38.1 | 18.6 | 31.3 | (2.0) | (51.2) | 68.4 | 10.1 | 20.7 | 12.3 | 7.7 | 13.5 | 8.9 | 2.2 | 2.0 | 1.6 | 2.9 | 2.4 | 2.5 | 27.8 | 10.8 | 15.1 | 330 | (14.0) | 7.7 |
| Maruti Suzuki | 780 | ADD | 225,377 | 4,442 | 289 | 59.9 | 48.4 | 56.4 | 10.8 | (19.1) | 16.4 | 13.0 | 16.1 | 13.8 | 5.8 | 6.9 | 5.9 | 2.6 | 2.3 | 2.0 | 0.6 | 0.6 | 0.6 | 22.2 | 15.2 | 15.3 | 715 | (8.3) | 20.5 |
| Tata Motors | 180 | sell | 100,325 | 1,977 | 556 | 36.5 | 18.5 | 19.0 | (22.4) | (49.2) | 2.7 | 4.9 | 9.7 | 9.5 | 4.0 | 9.2 | 6.8 | 1.1 | 0.6 | 0.7 | 5.8 | - | - | 24.7 | 9.1 | 7.3 | 120 | (33.4) | 12.8 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Andhra Bank | 45 | ADD | 21,922 | 432 | 485 | 11.9 | 12.4 | 10.8 | 7.0 | 4.9 | (12.9) | 3.8 | 3.6 | 4.2 | - | - | - | 0.7 | 0.6 | 0.6 | 8.8 | 6.9 | 6.0 | 18.0 | 17.4 | 13.6 | 75 | 65.9 | 0.3 |
| Axis Bank | 415 | ADD | 148,432 | 2,926 | 358 | 32.2 | 46.8 | 53.1 | 37.7 | 45.3 | 13.3 | 12.9 | 8.9 | 7.8 | - | - | - | 1.8 | 1.6 | 1.5 | 1.4 | 2.1 | 2.4 | 17.6 | 17.8 | 17.6 | 750 | 80.7 | 33.8 |
| Bank of Baroda | 234 | ADD | 85,661 | 1,688 | 366 | 39.3 | 52.0 | 50.5 | 39.8 | 32.4 | (2.9) | 6.0 | 4.5 | 4.6 | - | - | - | 1.0 | 0.8 | 0.8 | 3.4 | 4.5 | 4.4 | 14.6 | 16.3 | 14.2 | 330 | 40.8 | 5.7 |
| Bank of India | 219 | ADD | 115,386 | 2,274 | 526 | 40.6 | 54.1 | 49.9 | 76.6 | 33.1 | (7.7) | 5.4 | 4.1 | 4.4 | - | - | - | 1.5 | 1.1 | 1.0 | 1.8 | 2.6 | 2.4 | 27.6 | 28.2 | 21.1 | 330 | 50.4 | 11.0 |
| Canara Bank | 166 | REDUCE | 67,937 | 1,339 | 410 | 38.2 | 45.8 | 38.2 | 10.1 | 19.9 | (16.6) | 4.3 | 3.6 | 4.3 | - | - | - | 0.9 | 0.8 | 0.8 | 4.8 | 3.6 | 3.6 | 15.0 | 16.7 | 12.4 | 220 | 32.8 | 4.2 |
| Corporation Bank | 181 | BUY | 25,905 | 511 | 143 | 51.3 | 62.3 | 55.8 | 37.2 | 21.6 | (10.4) | 3.5 | 2.9 | 3.2 | - | - | - | 0.6 | 0.5 | 0.5 | 5.8 | 7.1 | 6.3 | 18.4 | 19.6 | 15.4 | 310 | 71.7 | 0.6 |
| Federal Bank | 138 | BuY | 23,585 | 465 | 171 | 34.4 | 31.7 | 31.6 | 0.5 | (7.7) | (0.3) | 4.0 | 4.3 | 4.4 | - | - | - | 0.6 | 0.5 | 0.5 | 2.9 | 4.3 | 4.3 | 13.6 | 13.1 | 11.8 | 280 | 103.0 | 1.2 |
| Future Capital Holdings | 103 | bur | 6,509 | 128 | 63 | (4.5) | 4.5 | 28.8 | (689.8) | (198.6) | 546.1 | (22.8) | 23.1 | 3.6 | - | - | - | 0.9 | 0.9 | 0.7 | - | - | - | (6.7) | 3.8 | 21.4 | 440 | 327.4 | 0.5 |
| HDFC | 1,412 | reduce | 405,344 | 7,989 | 287 | 85.8 | 75.0 | 85.4 | 38.2 | (12.6) | 14.0 | 16.5 | 18.8 | 16.5 | - | - | - | 3.4 | 2.9 | 2.6 | 1.8 | 1.6 | 1.8 | 27.8 | 16.7 | 16.8 | 1,550 | 9.8 | 61.0 |
| HDFC Bank | 973 | buY | 412,028 | 8,121 | 423 | 46.0 | 53.5 | 65.6 | 28.7 | 16.4 | 22.5 | 21.2 | 18.2 | 14.8 | - | - | - | 3.6 | 2.8 | 2.4 | 0.7 | 1.0 | 1.1 | 17.7 | 17.3 | 17.5 | 1,250 | 28.4 | 37.9 |
| ICICII Bank | 333 | ADD | 370,299 | 7,299 | 1,113 | 39.9 | 34.3 | 32.8 | 15.4 | (14.0) | (4.5) | 8.3 | 9.7 | 10.1 | - | - | - | 0.8 | 0.8 | 0.7 | 3.3 | 3.1 | 2.8 | 11.7 | 8.0 | 7.3 | 465 | 39.7 | 126.7 |
| IDFC | 54 | ADD | 70,022 | 1,380 | 1,294 | 5.7 | 6.0 | 6.3 | 3.0 | 5.3 | 5.9 | 9.5 | 9.0 | 8.5 | - | - | - | 1.3 | 1.1 | 1.0 | 2.2 | 1.9 | 2.0 | 17.6 | 13.2 | 12.7 | 75 | 38.6 | 10.4 |
| India Infoline | 59 | ADD | 16,855 | 332 | 287 | 5.6 | 4.9 | 4.3 | 85.6 | (12.0) | (12.5) | 10.5 | 11.9 | 13.6 | - | - | - | 1.4 | 1.3 | 1.3 | 2.0 | 4.8 | 4.2 | 20.7 | 11.5 | 9.8 | 60 | 2.3 | 3.4 |
| Indian Bank | 82 | BuY | 35,327 | 696 | 430 | 22.5 | 27.4 | 28.0 | 33.9 | 21.4 | 2.4 | 3.6 | 3.0 | 2.9 | - | - | - | 0.8 | 0.7 | 0.6 | 3.6 | 4.3 | 4.4 | 23.4 | 22.1 | 19.1 | 195 | 137.2 | 1.2 |
| Indian Overseas Bank | 46 | buY | 24,843 | 490 | 545 | 22.1 | 26.5 | 21.7 | 19.2 | 20.1 | (18.1) | 2.1 | 1.7 | 2.1 | - | - | - | 0.5 | 0.4 | 0.4 | 8.2 | 9.0 | 8.2 | 27.2 | 26.4 | 18.0 | 120 | 163.2 | 1.2 |
| J\&k Bank | 315 | ADD | 15,265 | 301 | 48 | 74.2 | 82.7 | 72.3 | 31.2 | 11.4 | (12.6) | 4.2 | 3.8 | 4.4 | - | - | - | 0.8 | 0.7 | 0.7 | 4.9 | 5.5 | 4.8 | 16.8 | 16.5 | 12.9 | 480 | 52.5 | 0.2 |
| LC Housing Finance | 224 | BuY | 19,073 | 376 | 85 | 45.5 | 58.1 | 58.5 | 38.7 | 27.6 | 0.8 | 4.9 | 3.9 | 3.8 | - | - | - | 1.0 | 0.9 | 0.7 | 4.5 | 5.7 | 5.7 | - | - | - | 330 | 47.1 | 3.3 |
| Mahindra \& Mahindra Financial | 209 | sell | 19,918 | 393 | 95 | 20.8 | 18.5 | 22.6 | 32.6 | (11.2) | 22.0 | 10.0 | 11.3 | 9.3 | - | - | - | 1.6 | 1.4 | 1.3 | 2.2 | 2.2 | 2.7 | 16.9 | 12.8 | 14.2 | 190 | (9.1) | 0.1 |
| Oriental Bank of Commerce | 110 | ADD | 27,584 | 544 | 251 | 23.9 | 36.5 | 27.3 | (27.6) | 52.7 | (25.0) | 4.6 | 3.0 | 4.0 | - | - | - | 0.6 | 0.4 | 0.4 | 4.3 | 6.6 | 5.0 | 6.2 | 13.8 | 8.9 | 200 | 81.7 | 3.0 |
| PFC | 145 | ADD | 165,967 | 3,271 | 1,148 | 11.4 | 12.2 | 15.8 | 2.4 | 7.3 | 29.7 | 12.7 | 11.9 | 9.1 | - | - | - | 1.6 | 1.5 | 1.4 | 2.4 | 2.6 | 3.3 | 13.5 | 13.6 | 15.5 | 145 | 0.3 | 1.5 |
| Punjab National Bank | 411 | BuY | 129,731 | 2,557 | 315 | 65.0 | 91.6 | 89.9 | 33.0 | 40.9 | (1.8) | 6.3 | 4.5 | 4.6 | - | - | - | 1.4 | 1.1 | 1.0 | 3.2 | 4.5 | 4.4 | 18.0 | 21.7 | 18.5 | 650 | 58.0 | 14.9 |
| Rural Electrification Corp. | 96 | BUY | 82,511 | 1,626 | 859 | 10.9 | 15.3 | 17.7 | 9.8 | 40.4 | 15.5 | 8.8 | 6.3 | 5.4 | - | - | - | 1.3 | 1.2 | 1.0 | 3.1 | 5.1 | 5.9 | 17.1 | 19.8 | 19.9 | 125 | 30.1 | 1.5 |
| Shriram Transport | 184 | Reduce | 37,407 | 737 | 203 | 19.2 | 28.6 | 27.0 | 85.7 | 49.0 | (5.6) | 9.6 | 6.4 | 6.8 | - | - | - | 2.1 | 1.8 | 1.5 | 2.7 | 4.7 | 4.6 | 26.9 | 28.8 | 23.6 | 215 | 16.7 | 0.9 |
| SREI | 24 | ADD | 2,838 | 56 | 116 | 11.4 | 7.3 | 6.9 | 57.4 | (36.2) | (5.7) | 2.1 | 3.3 | 3.5 | - | - | - | 0.4 | 0.3 | 0.2 | 4.9 | 9.4 | 11.5 | 23.1 | 13.1 | 11.5 | 50 | 104.9 | 0.9 |
| State Bank of india | 1.067 | buy | 673,842 | 13,282 | 631 | 106.6 | 135.3 | 125.5 | 23.5 | 27.0 | (7.3) | 10.0 | 7.9 | 8.5 | - | - | - | 1.6 | 1.4 | 1.3 | 2.0 | 2.0 | 2.1 | 16.8 | 16.3 | 13.4 | 1,600 | 49.9 |  |
| Union Bank | 147 | BuY | 74,177 | 1,462 | 505 | 27.5 | 34.6 | 33.3 | 64.0 | 25.9 | (3.6) | 5.3 | 4.2 | 4.4 | - | - | - | 1.0 | 0.9 | 0.7 | 2.7 | 3.5 | 3.4 | 26.8 | 27.5 | 21.7 | 220 | 49.8 | 3.7 |
| Banks/Financial Institutions |  | Attractive | 3,078,369 | 60,675 |  |  |  |  | 36.9 | 22.5 | (0.8) | 9.3 | 7.6 | 7.6 | - | - | - | 1.4 | 1.2 | 1.1 | 2.4 | 2.6 | 2.7 | 15.3 | 16.3 | 15.0 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ACC | 574 | Reduce | 107,918 | 2,127 | 188 | 64.1 | 56.3 | 45.6 | 13.0 | (12.2) | (19.0) | 9.0 | 10.2 | 12.6 | 4.6 | 5.0 | 6.0 | 2.4 | 2.1 | 1.9 | 4.1 | 4.1 | 4.1 | 33.3 | 24.7 | 18.2 | 550 | (4.2) | 8.1 |
| Ambuia Cements | 71 | Reduce | 107,480 | 2,118 | 1.522 | 7.6 | 7.6 | 5.8 | (11.2) | 0.2 | (23.7) | 9.3 | 9.3 | 12.2 | 4.7 | 5.1 | 5.9 | 2.1 | 1.8 | 1.6 | 3.7 | 4.2 | 2.7 | 26.6 | 20.8 | 14.1 | 60 | (15.0) |  |
| Grasim Industries | 1.582 | ADD | 145,067 | 2,859 | 92 | 284.6 | 221.6 | 171.9 | 32.6 | (22.1) | (22.4) | 5.6 | 7.1 | 9.2 | 3.6 | 4.3 | 4.7 | 1.6 | 1.3 | 1.2 | 1.9 | 2.1 | 2.1 | 33.1 | 20.3 | 13.8 | 1,400 | (11.5) | 8.7 |
| India Cements | 106 | ADD | 29,878 | 589 | 282 | 24.5 | 22.7 | 19.8 | n/a | (7.3) | (12.8) | 4.3 | 4.7 | 5.4 | 3.9 | 3.6 | 3.7 | 0.9 | 0.8 | 0.7 | 1.7 | 2.0 | 2.0 | 25.8 | 15.7 | 14.7 | 130 | 22.6 | 2.7 |
| Shree Cement | 711 | BUY | 24,752 | 488 | 35 | 90.2 | 129.9 | 72.5 | 99.5 | 44.0 | (44.2) | 7.9 | 5.5 | 9.8 | 3.2 | 3.2 | 4.0 | 3.8 | 2.4 | 1.9 | 1.1 | 1.1 | 1.1 | 56.9 | 53.2 | 21.7 | 850 | 19.6 | 0.3 |
| UltraTech Cement | 551 | ADD | 69,062 | 1,361 | 125 | 81.4 | 71.4 | 62.3 | 28.5 | (12.2) | (12.8) | 6.8 | 7.7 | 8.9 | 4.6 | 5.1 | 5.1 | 2.1 | 1.7 | 1.4 | 1.4 | 1.5 | 1.5 | 45.2 | 28.9 | 20.4 | 550 | (0.2) | 1.0 |
| Cement |  | Cautious | 484,157 | 9,543 |  |  |  |  | 19.3 | (9.9) | (22.1) | 6.9 | 7.7 | 9.9 | 4.1 | 4.5 | 5.0 | 1.9 | 1.6 | 1.4 | 2.7 | 2.9 | 2.5 | 26.8 | 20.2 | 14.0 |  |  |  |
| Consumer (Discretionary) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Radico Khaitan | 64 | REDUCE | 6,583 | 130 | 102 | 2.2 | 2.6 | 3.3 | (41.4) | 15.0 | 26.3 | 28.7 | 24.9 | 19.7 | 11.1 | 11.4 | 9.7 | 2.6 | 2.4 | 2.1 | 0.9 | - | - | 11.7 | 10.0 | 11.4 | 65 | 1.2 | 0.4 |
| United Breweries | 89 | REDUCE | 21,292 | 420 | 240 | 2.1 | 1.9 | 2.4 | (2.2) | (11.4) | 31.0 | 42.1 | 47.5 | 36.3 | 13.2 | 10.4 | 8.0 | 3.5 | 2.0 | 1.9 | - | - | - | 8.0 | 3.6 | 5.4 | 85 | (4.2) | 0.4 |
| United Spirits | 649 | BUY | 61,112 | 1,205 | 94 | 28.9 | 32.7 | 48.0 | (52.0) | 13.2 | 46.9 | 22.5 | 19.8 | 13.5 | 10.6 | 10.3 | 8.8 | 2.7 | 2.6 | 2.0 | 0.3 | 0.3 | 0.4 | 14.0 | 13.5 | 16.8 | 900 | 38.7 | 55.1 |
| Consumer (Discretionary) |  | Neutral | 88,987 | 1,754 |  |  |  |  | (3.6) | 15.4 | 40.5 | 26.1 | 22.6 | 16.1 | 11.0 | 10.4 | 8.7 | 2.8 | 2.2 | 2.0 | 0.2 | 0.2 | 0.2 | 10.9 | 9.9 | 12.3 |  |  |  |
| Consumer products |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Asian Paints | 786 | REDUCE | 75,427 | 1,487 | 96 | 39.3 | 35.7 | 44.3 | 40.4 | (9.2) | 24.3 | 20.0 | 22.1 | 17.7 | 12.1 | 13.2 | 10.2 | 7.9 | 6.8 | 5.7 | 2.2 | 2.2 | 2.5 | 45.0 | 34.2 | 36.2 | 800 | 1.7 | 0.9 |
| Colgate-Palmolive (India) | 471 | ADD | 64,080 | 1,263 | 136 | 17.1 | 20.4 | 23.5 | 16.5 | 19.4 | 15.5 | 27.6 | 23.1 | 20.0 | 23.0 | 20.3 | 16.7 | 35.0 | 38.0 | 42.1 | 2.8 | 3.9 | 4.5 | 100.1 | 157.8 | 200.3 | 490 | 4.0 | 1.3 |
| Glaxosmithkline Consumer (a) | 704 | ADD | 29,620 | 584 | 42 | 38.7 | 44.8 | 50.4 | 26.9 | 15.8 | 12.6 | 18.2 | 15.7 | 14.0 | 9.6 | 8.7 | 7.6 | 4.5 | 3.8 | 3.3 | 1.7 | 2.1 | 2.3 | 27.4 | 26.7 | 25.6 | 700 | (0.6) | 0.1 |
| Godrej Consumer Products | 133 | ADD | 34,432 | 679 | 258 | 7.1 | 6.7 | 8.7 | 18.7 | (5.5) | 31.2 | 18.9 | 20.0 | 15.3 | 16.4 | 17.7 | 12.4 | 19.4 | 5.2 | 4.5 | 2.7 | 3.0 | 3.0 | 109.6 | 42.1 | 43.1 | 160 | 19.9 | 0.4 |
| Hindustan Unilever | 238 | REDUCE | 517,622 | 10,202 | 2,179 | 8.1 | 9.2 | 10.7 | 15.4 | 12.9 | 17.0 | 29.2 | 25.9 | 22.1 | 23.7 | 20.7 | 16.9 | 36.0 | 33.4 | 30.9 | 4.5 | 3.7 | 4.3 | 85.2 | 134.3 | 145.7 | 245 | 3.2 | 17.1 |
|  | 185 | ADD | 696,628 | 13,731 | 3,769 | 8.3 | 8.7 | 9.8 | 15.4 | 4.6 | 12.8 | 22.3 | 21.3 | 18.9 | 14.2 | 13.1 | 11.6 | 5.5 | 4.9 | 4.3 | 1.9 | 2.0 | 2.2 | 27.7 | 25.4 | 25.2 | 200 | 8.2 | 16.2 |
| Jyothy Laboratories | 57 | ADD | 4,158 | 82 | 73 | 6.5 | 7.2 | 10.6 | (8.6) | 10.2 | 47.3 | 8.8 | 7.9 | 5.4 | 5.1 | 4.5 | 3.0 | 1.2 | 1.1 | 0.9 | 4.1 | 4.1 | 5.1 | 13.5 | 13.0 | 16.5 | 127 | 121.6 |  |
| Nestle India (a) | 1.556 | ADD | 150,061 | 2,958 | 96 | 44.5 | 56.4 | 68.1 | 31.3 | 26.8 | 20.7 | 35.0 | 27.6 | 22.9 | 21.1 | 17.4 | 14.7 | 29.1 | 22.3 | 17.4 | 1.7 | 2.2 | 2.7 | 94.8 | 91.4 | 85.4 | 1,740 | 11.8 | 0.8 |
| Tata Tea | 585 | BuY | 36,149 | 712 | 62 | 54.2 | 60.1 | 67.7 | 3.9 | 10.9 | 12.7 | 10.8 | 9.7 | 8.6 | 4.8 | 5.2 | 4.1 | 0.8 | 0.8 | 0.7 | 6.0 | 3.0 | 3.3 | 11.9 | 10.3 | 10.8 | 940 | 60.8 | 1.3 |
| Consumer products |  | Cautious | 1,608,176 | 31,698 |  |  |  |  | 17.1 | 8.7 | 15.9 | 24.3 | 22.3 | 19.2 | 16.0 | 14.8 | 12.6 | 7.5 | 6.6 | 5.9 | 2.9 | 2.7 | 3.1 | 31.0 | 29.6 | 30.5 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Consolidated Construction Co. | 116 | ADD | 4,283 | 84 | 37 | 24.0 | 22.3 | 27.2 | 67.6 | (7.4) | 22.1 | 4.8 | 5.2 | 4.3 | 3.3 | 3.6 | 3.1 | 0.9 | 0.8 | 0.7 | 2.2 | 2.8 | 3.4 | 27.7 | 16.8 | 17.8 | 190 | 63.9 | 0.0 |
| NRCL | 121 | BUY | 16,439 | 324 | 135 | 15.5 | 14.9 | 16.1 | 27.2 | (4.0) | 8.0 | 7.8 | 8.1 | 7.5 | 7.2 | 6.4 | 5.4 | 1.0 | 0.9 | 0.8 | 1.2 | 0.7 | 0.7 | 14.4 | 11.9 | 11.5 | 175 | 44.1 | 8.4 |
| Nagajuna Construction Co. | 62 | BUY | 14,158 | 279 | 229 | 7.2 | 7.3 | 8.8 | 14.5 | 2.5 | 19.7 | 8.6 | 8.4 | 7.0 | 5.8 | 6.0 | 5.3 | 0.9 | 1.7 | 0.8 | 1.8 | 2.2 | 2.6 | 12.6 | 10.3 | 11.3 | 100 | 61.8 | 2.2 |
| Punj Loyd | 91 | REDUCE | 29,434 | 580 | 323 | 10.0 | 9.6 | 16.4 | 323.5 | (4.0) | 71.5 | 9.1 | 9.5 | 5.5 | 5.6 | 6.9 | 4.3 | 1.1 | 0.9 | 0.8 | 0.4 | 0.5 | 0.8 | 16.8 | 10.8 | 16.3 | 105 | 15.4 | 16.7 |
| Sadbhav Engineering | 318 | ADD | 3,978 | 78 | 13 | 40.5 | 43.8 | 54.3 | 68.2 | 8.2 | 23.8 | 7.9 | 7.3 | 5.9 | 5.5 | 5.1 | 4.4 | 1.4 | 1.2 | 1.0 | 1.3 | 1.6 | 1.9 | 16.5 | 15.9 | 16.8 | 550 | 72.8 | 0.1 |
| Construction |  | Attractive | 68,291 | 1,346 |  |  |  |  | 94.7 | (2.2) | 37.0 | 8.2 | 8.4 | 6.1 | 5.8 | 6.3 | 4.6 | 1.0 | 0.9 | 0.8 | 1.0 | 1.1 | 1.4 | 12.5 | 11.1 | 13.4 |  |  |  |

Kotak Institutional Equities: Valuation Summary of Key Indian Companies

| Company | $\frac{31-\text { Mar-09 }}{\text { Price(Rs) }}$ | Rating | Mkt cap. |  | $\begin{gathered} \text { o/s } \\ \text { shares } \\ \hline(\mathrm{mn}) \end{gathered}$ | EPS (Rs) |  |  | EPS growth (\%) |  |  | PER ( X ) |  |  | EV/Ebitida ( X ) |  |  | Pric/BV ( ${ }^{\text {( }}$ |  |  | Dividend yield (\%) |  |  | RoE (\%) |  |  | Target price | Upside | $\begin{gathered} \text { ADVT- } \\ \text { 3mo } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | (Rs mn) | (USS mn) |  | 2008 | 2009E | 2010E | 2008 | 2009 E | 2010 E | 2008 | 2009E | 2010 E | 2008 | 2009 E | 2010E | 2008 | 2009 E | 2010 E | 2008 |  | 2010E | 2008 | 2009 E | 2010 E | (RS) | (\%) |  |
| Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Bharat Petroleum | 376 | SELL | 123,277 | 2,430 | 328 | 41.3 | 0.0 | 42.0 | (21.1) | (99.9) | NA | 9.1 | NA | 9.0 | 4.2 | 7.6 | 4.5 | 0.9 | 1.0 | 0.9 | 1.2 | - | 5.0 | 11.8 | 0.0 | 10.2 | 425 | 13.0 | 5.5 |
| Cairn india | 184 | BUY | 344,430 | 6,789 | 1,871 | (0.1) | 4.2 | 4.4 | (105) | $(3,628)$ | 5.2 | (1,545) | 44 | 41.6 | 42.5 | 25.4 | 18.8 | 1.2 | 1.0 | 1.0 | - | - | - | (0.1) | 2.5 | 2.5 | 225 | 22.2 | 13.3 |
| Castrol India (a) | 328 | BUY | 40,535 | 799 | 124 | 17.6 | 21.3 | 25.6 | 44.4 | 20.7 | 20.2 | 18.6 | 15.4 | 12.8 | 10.2 | 8.6 | 7.2 | 9.8 | 9.0 | 8.1 | 4.3 | 4.6 | 5.5 | 52.2 | 60.9 | 66.3 | 390 | 19.0 | 0.2 |
| GALL (India) | 246 | Reduce | 311,537 | 6,140 | 1,268 | 20.4 | 23.3 | 19.7 | 21.0 | 14.2 | (15.6) | 12.0 | 10.5 | 12.5 | 6.0 | 5.7 | 7.0 | 2.2 | 1.9 | 1.8 | 2.7 | 3.0 | 2.7 | 18.1 | 18.3 | 13.8 | 240 | (2.3) | 9.7 |
| GSPL | 38 | BUY | 21,583 | 425 | 563 | 1.8 | 1.4 | 2.4 | 10.1 | (22.4) | 68.6 | 21.3 | 27.4 | 16.3 | 7.3 | 7.6 | 5.0 | 1.7 | 1.7 | 1.5 | 1.3 | 1.0 | 1.7 | 8.8 | 6.2 | 9.7 | 45 | 17.3 | 1.6 |
| Hindustan Petroleum | 269 | sell | 91,278 | 1,799 | 339 | 33.5 | (10.5) | 30.2 | (16.4) | (131.5) | (386.8) | 8.0 | (25.5) | 8.9 | 7.2 | 7.0 | 4.7 | 0.8 | 0.8 | 0.7 | 1.1 | - | 4.5 | 9.6 | (2.9) | 7.6 | 300 | 11.4 | 6.8 |
| Indian Oil Corporation | 388 | Reduce | 457,340 | 9,014 | 1,179 | 61.3 | 24.3 | 46.8 | 31.0 | (60.3) | 92.1 | 6.3 | 15.9 | 8.3 | 4.0 | 7.9 | 4.2 | 1.0 | 1.0 | 0.9 | 1.4 | - | 4.7 | 17.4 | 6.2 | 10.3 | 525 | 35.4 | 3.1 |
| Oil \& Natural Gas Corporation | 780 | ADD | 1,668,760 | 32,892 | 2,139 | 92.7 | 103.9 | 103.9 | 9.1 | 12.0 | 0.0 | 8.4 | 7.5 | 7.5 | 3.0 | 2.7 | 2.4 | 1.7 | 1.5 | 1.3 | 4.1 | 4.4 | 4.6 | 19.6 | 19.5 | 17.2 | 900 | 15.4 | 28.8 |
| Petronet LNG | 39 | ADD | 29,138 | 574 | 750 | 6.3 | 5.5 | 5.9 | - | (12.6) | 6.6 | 6.1 | 7.0 | 6.6 | 4.1 | 6.1 | 4.8 | 1.5 | 1.3 | 1.1 | 3.9 | 3.9 | 3.9 | 26.7 | 19.2 | 17.2 | 52 | 33.8 | 1.3 |
| Reliance Industries | 1,525 | Reduce | 2,093,482 | 41,263 | 1,373 | 105.0 | 98.9 | 136.9 | 25.5 | (5.8) | 38.4 | 14.5 | 15.4 | 11.1 | 9.6 | 9.0 | 5.6 | 2.3 | 2.0 | 1.6 | 0.8 | 0.9 | 1.1 | 19.0 | 14.4 | 17.1 | 1,625 | 6.6 | 182.4 |
| Reiliance Petroleum | 95 | NR | 427,950 | 8,435 | 4,500 | - | (0.0) | 9.0 | n/a | n/a | na | n/a | n/a | 10.6 | n/a | n/a | 8.6 | 3.2 | 3.2 | 2.6 | - | - | 2.1 | - | (0.0) | 27.0 | - | (100.0) | 23.9 |
| Energy |  | Neutral | 5,609,311 | 110,561 |  |  |  |  | 12.9 | (7.6) | 36.5 | 11.7 | 12.7 | 9.3 | 6.0 | 6.3 | 4.5 | 1.7 | 1.5 | 1.4 | 1.9 | 1.9 | 2.7 | 14.9 | 11.8 | 14.5 |  |  |  |
| Industrials |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ABB | 427 | sell | 90,421 | 1,782 | 212 | 23.2 | 25.8 | 23.6 | 44.5 | 11.3 | (8.8) | 18.4 | 16.5 | 18.1 | 10.5 | 9.7 | 10.0 | 5.6 | 4.3 | 3.6 | 0.5 | 0.6 | 0.7 | 34.8 | 29.4 | 21.6 | 325 | (23.8) | 4.7 |
| BGR Energy Systems | 143 | reduce | 10,264 | 202 | 72 | 12.1 | 15.3 | 20.7 | (67.4) | 26.1 | 35.4 | 11.8 | 9.3 | 6.9 | 6.9 | 5.4 | 4.7 | 2.2 | 1.8 | 1.5 | 1.4 | 1.7 | 2.4 | 31.4 | 21.3 | 23.9 | 165 | 15.7 | 0.8 |
| Bharat Electronics | 884 | ADD | 70,744 | 1,394 | 80 | 102.0 | 105.5 | 111.8 | 11.2 | 3.4 | 6.0 | 8.7 | 8.4 | 7.9 | 3.6 | 3.0 | 2.6 | 2.1 | 1.8 | 1.5 | 2.3 | 2.8 | 2.8 | 27.7 | 23.1 | 20.8 | 950 | 7.4 | 0.9 |
| Bharat Heay Electricals | 1,511 | ADD | 739,444 | 14,575 | 490 | 58.4 | 64.9 | 92.6 | 22.9 | 11.2 | 42.5 | 25.9 | 23.3 | 16.3 | 13.8 | 12.3 | 8.8 | 6.9 | 5.6 | 4.5 | 1.0 | 0.9 | 1.3 | 29.2 | 26.6 | 30.5 | 1,475 | (2.4) | 45.5 |
| Crompton Greaves | 124 | ADD | 45,273 | 892 | 367 | 11.2 | 14.0 | 15.2 | 43.0 | 25.3 | 8.4 | 11.0 | 8.8 | 8.1 | 6.1 | 5.3 | 4.7 | 3.5 | 2.6 | 2.0 | 1.3 | 1.4 | 1.5 | 36.1 | 33.7 | 28.1 | 140 | 13.4 | 4.4 |
| Larsen \& Toubro | 671 | Reduce | 397,939 | 7,843 | 593 | 37.9 | 48.2 | 51.6 | 20.8 | 27.1 | 7.0 | 17.7 | 13.9 | 13.0 | 12.3 | 9.3 | 8.4 | 3.4 | 2.5 | 2.1 | 1.2 | 1.5 | 1.6 | 22.7 | 20.6 | 17.6 | 650 | (3.2) | 52.2 |
| Maharashtra Seamless | 143 | BuY | 10,054 | 198 | 71 | 29.4 | 37.4 | 37.9 | (23.5) | 27.6 | 1.2 | 4.9 | 3.8 | 3.8 | 2.9 | 2.4 | 2.2 | 0.9 | 0.7 | 0.6 | 3.5 | 3.9 | 4.0 | 19.7 | 21.1 | 18.0 | 215 | 50.8 | 0.4 |
| Siemens | 268 | Reduce | 90,393 | 1,782 | 337 | 18.2 | 14.2 | 15.7 | 60.4 | (22.2) | 10.5 | 14.7 | 18.9 | 17.1 | 8.2 | 8.2 | 9.0 | 4.9 | 3.9 | 3.4 | 0.9 | 1.3 | 1.6 | 39.9 | 23.1 | 21.3 | 220 | (17.9) | 5.0 |
| Suzlon Energy | 42 | Reduce | 66,360 | 1,308 | 1,567 | 6.6 | 7.0 | 4.5 | 9.5 | 6.6 | (36.4) | 6.4 | 6.0 | 9.5 | 4.3 | 6.7 | 7.5 | 0.7 | 0.6 | 0.6 | 2.3 | 1.2 | 1.2 | 16.3 | 11.3 | 6.4 | 60 | 41.7 | 31.7 |
| Industrials |  | Cautious | 1,520,892 | 29,977 |  |  |  |  | 25.3 | 13.0 | 13.2 | 17.4 | 15.4 | 13.6 | 9.9 | 8.9 | 7.8 | 3.7 | 3.0 | 2.5 | 1.2 | 1.2 | 1.5 | 21.1 | 19.2 | 18.2 |  |  |  |
| Infrastructure |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 RB Infrastructure | 81 | ADD | 26,938 | 531 | 332 | 3.4 | 5.6 | 10.4 | 150.9 | 63.5 | 85.5 | 23.6 | 14.5 | 7.8 | 9.7 | 9.4 | 5.4 | 1.6 | 1.5 | 1.2 | - | - | - | 10.7 | 10.6 | 16.8 | 110 | 35.7 | 0.6 |
| Media |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Dishtv | 24 | Reduce | 15,459 | 305 | 644 | (9.6) | (7.4) | (4.1) | na | (23.1) | (44.2) | (2.5) | (3.2) | (5.8) | (9.1) | (11.8) | (56.3) | (3.4) | (2.4) | (7.2) | - | - | - | 167.9 | 86.7 | NA | 22 | (8.3) | 2.5 |
| HT Media | 59 | BUY | 13,715 | 270 | 234 | 4.3 | 2.9 | 4.1 | 4.7 | (32.3) | 39.3 | 13.5 | 20.0 | 14.4 | 7.4 | 9.0 | 6.3 | 1.6 | 1.5 | 1.4 | 0.7 | 0.7 | 1.4 | 12.2 | 7.8 | 10.2 | 100 | 70.8 | 0.1 |
| Jagran Prakashan | 57 | BUY | 17,152 | 338 | 301 | 3.3 | 2.9 | 4.1 | 33.5 | (9.7) | 38.7 | 17.5 | 19.4 | 14.0 | 9.6 | 10.7 | 7.6 | 3.2 | 3.0 | 2.7 | 3.5 | 2.6 | 3.6 | 18.7 | 15.9 | 20.4 | 75 | 31.7 | 0.1 |
| Sun TV Network | 167 | BUY | 65,851 | 1,298 | 394 | 8.3 | 9.3 | 11.4 | 30.7 | 12.0 | 23.0 | 20.2 | 18.0 | 14.6 | 10.7 | 9.5 | 7.9 | 4.4 | 3.9 | 3.5 | 1.5 | 2.4 | 3.6 | 24.8 | 23.6 | 25.8 | 215 | 28.7 | 0.8 |
| Zee Entertainment Enterprises | 106 | BuY | 46,110 | 909 | 434 | 8.9 | 8.2 | 9.3 | 62.6 | (7.5) | 13.7 | 12.0 | 13.0 | 11.4 | 8.9 | 9.4 | 8.2 | 1.6 | 1.4 | 1.3 | 1.9 | 2.2 | 2.5 | 14.2 | 11.8 | 12.2 | 145 | 36.3 | 5.7 |
| Zee News | 33 | BuY | 7.852 | 155 | 240 | 1.5 | 1.9 | 2.1 | 396.2 | 24.0 | 6.9 | 21.2 | 17.1 | 16.0 | 11.5 | 9.5 | 8.5 | 3.7 | 3.2 | 2.8 | 1.2 | 1.2 | 1.5 | 19.2 | 20.5 | 18.9 | 38 | 16.0 | 0.3 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Hindalco Industries | 52 | ADD | 91,224 | 1,798 | 1,753 | 13.8 | 7.7 | 2.4 | (10.0) | (44.4) | (69.2) | 3.8 | 6.8 | 22.0 | 5.7 | 5.2 | 7.2 | 0.4 | 0.2 | 0.3 | - | - | - | 14.4 | 10.3 | 5.2 | 55 | 5.7 | 7.4 |
| National Aluminium Co. | 215 | SELL | 138,301 | 2,726 | 644 | 25.3 | 19.7 | 10.3 | (31.5) | (22.2) | (47.8) | 8.5 | 10.9 | 20.9 | 3.7 | 5.2 | 6.5 | 1.5 | 1.3 | 1.3 | 2.8 | 1.6 | 0.9 | 18.3 | 12.7 | 6.2 | 135 | (37.1) | 1.8 |
| Jindal Steel and Power | 1,206 | BuY | 185,608 | 3,658 | 154 | 82.7 | 179.7 | 171.6 | 80.5 | 117.2 | (4.5) | 14.6 | 6.7 | 7.0 | 11.2 | 4.9 | 4.8 | 4.3 | 2.6 | 1.9 | - | 0.5 | 0.6 | 35.4 | 48.4 | 31.0 | 1,400 | 16.1 | 20.5 |
| JSW Steel | 233 | sell | 43,554 | 858 | 187 | 86.1 |  | 45.7 | 16.1 | (89.9) | 423.3 | 2.7 | 26.6 | 5.1 | 4.7 | 7.2 | 5.7 | 0.5 | 0.4 | 0.4 | 6.0 | 0.9 | 0.9 | 20.7 | 10.2 | 7.9 | 185 | (20.5) | 5.5 |
| Hindustan Zinc | 451 | BuY | 190,625 | 3,757 | 423 | 104.0 | 63.8 | 64.0 | (1.0) | (38.6) | 0.2 | 4.3 | 7.1 | 7.1 | 2.1 | 3.6 | 3.0 | 1.5 | 1.3 | 1.1 | 1.1 | 1.7 | 2.2 | 43.6 | 20.0 | 17.0 | 490 | 8.6 | 3.2 |
| Sesa Goa | 100 | BUY | 78,409 | 1,545 | 787 | 19.0 | 23.7 | 19.6 | 146.0 | 24.8 | (17.0) | 5.3 | 4.2 | 5.1 | 2.7 | 2.5 | 2.4 | 2.8 | 1.8 | 1.4 | 2.6 | 3.5 | 3.5 | 67.8 | 51.2 | 30.5 | 115 | 15.5 | 12.9 |
| Sterite Industries | 358 | BUY | 253,357 | 4,994 | 708 | 64.3 | 48.0 | 46.6 | (22.6) | (25.4) | (2.9) | 5.6 | 7.4 | 7.7 | 2.2 | 3.8 | 3.8 | 1.1 | 1.0 | 0.9 | - | - | - | 26.1 | 13.8 | 12.2 | 400 | 11.9 | 23.9 |
| Tata Steel | 206 | BUY | 169,248 | 3,336 | 822 | 75.7 | 130.7 | 56.1 | 43.8 | 72.5 | (57.1) | 2.7 | 1.6 | 3.7 | 3.7 | 2.9 | 3.9 | 0.5 | 0.4 | 0.3 | 7.0 | 6.3 | 6.3 | 46.3 | 38.1 | 15.6 | 290 | 40.8 | 44.1 |
| Metals |  | Attractive | 1,150,327 | 22,673 |  |  |  |  | 12.0 | 6.1 | (33.2) | 4.9 | 4.6 | 6.9 | 3.9 | 3.9 | 4.5 | 1.0 | 0.7 | 0.7 | 2.0 | 1.7 | 1.8 | 19.8 | 16.3 | 10.0 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Biocon | 143 | BUY | 28,630 | 564 | 200 | 23.3 | 5.6 | 16.0 | 126.0 | (76.1) | 187.0 | 6.1 | 25.8 | 9.0 | 7.9 | 11.2 | 5.6 | 1.9 | 1.8 | 1.6 | 0.1 | 0.0 | 0.1 | 17.6 | 7.3 | 18.8 | 235 | 64.2 | 0.6 |
| Cipla | 220 | ADD | 171,043 | 3,371 | 777 | 9.0 | 9.8 | 14.7 | 4.9 | 8.2 | 50.9 | 24.4 | 22.6 | 14.9 | 17.9 | 16.3 | 11.3 | 4.6 | 4.0 | 3.3 | 0.9 | 1.1 | 1.4 | 20.1 | 18.9 | 24.2 | 260 | 18.2 | 5.1 |
| Dishman Pharma \& chemicals | 100 | BUY | 8,093 | 160 | 81 | 14.7 | 11.4 | 24.8 | 30.5 | (22.7) | 118.0 | 6.8 | 8.7 | 4.0 | 7.1 | 7.8 | 4.3 | 1.4 | 1.2 | 1.0 | 0.0 | 0.0 | 0.0 | 26.8 | 15.1 | 27.1 | 280 | 181.4 | 0.2 |
| Divi's Laboratories | 944 | BUY | 60,955 | 1,201 | 65 | 53.2 | 65.2 | 75.1 | 85.8 | 22.5 | 15.2 | 17.7 | 14.5 | 12.6 | 14.4 | 11.2 | 9.1 | 7.2 | 4.9 | 3.6 | 0.1 | 0.1 | 0.1 | 49.8 | 40.3 | 33.3 | 1,450 | 53.6 | 6.2 |
| Dr Reddy's Laboratories | 490 | BUY | 82,937 | 1,635 | 169 | 26.1 | 26.2 | 39.9 | (57.2) | 0.6 | 52.1 | 18.8 | 18.7 | 12.3 | 9.1 | 8.0 | 5.8 | 1.8 | 1.7 | 1.5 | 0.8 | 0.8 | 0.8 | 10.3 | 9.4 | 13.0 | 700 | 42.8 | 3.9 |
| Glenmark Pharmaceuticals | 157 | BUY | 41,712 | 822 | 266 | 25.8 | 15.8 | 18.2 | 98.4 | (38.7) | 14.7 | 6.1 | 9.9 | 8.6 | 5.9 | 7.0 | 6.0 | 2.7 | 1.8 | 1.6 | 0.1 | 0.0 | 0.0 | 57.4 | 21.9 | 19.8 | 390 | 148.6 | 9.1 |
| Jubilant Organosys | 96 | buY | 17,071 | 336 | 179 | 22.4 | (5.5) | 21.7 | 72.3 | (124.7) | (492) | 4.3 | (17.2) | 4.4 | 5.5 | 24.6 | 6.3 | 1.3 | 1.3 | 1.2 | 1.3 | 1.7 | 2.2 | 37.0 | (8.4) | 30.4 | 300 | 214.0 | 0.2 |
| Lupin | 685 | BUY | 60,639 | 1,195 | 89 | 49.8 | 50.8 | 65.3 | 30.2 | 2.0 | 28.7 | 13.8 | 13.5 | 10.5 | 16.0 | 11.9 | 9.0 | 4.7 | 2.9 | 2.5 | 1.4 | 1.4 | 1.7 | 37.9 | 27.4 | 26.0 | 1,100 | 60.7 | 1.6 |
| Piramal Healthcare | 196 | BUY | 40,943 | 807 | 209 | 17.7 | 14.8 | 22.1 | 66.8 | (16.4) | 49.0 | 11.0 | 13.2 | 8.9 | 8.5 | 9.9 | 6.8 | 3.7 | 3.1 | 2.5 | 2.1 | 2.0 | 2.3 | 30.9 | 24.9 | 31.4 | 340 | 73.6 | 1.8 |
| Ranbaxy Laboratories | 166 | ADD | 69,440 | 1,369 | 419 | 23.3 | (8.1) | 8.9 | 70.4 | NA | NA | 7.1 | NA | 18.6 | 7.2 | (102.4) | 6.4 | 2.3 | 1.4 | 0.8 | 4.6 | 6.2 | 7.2 | 32.3 | (8.8) | 5.9 | 340 | 105.2 | 12.1 |
| Sun Pharmaceuticals | 1,111 | BuY | 230,200 | 4,537 | 207 | 74.7 | 86.8 | 85.7 | 78.9 | 16.3 | (1.3) | 14.9 | 12.8 | 13.0 | 12.5 | 9.8 | 9.1 | 4.4 | 3.4 | 2.7 | 0.9 | 1.0 | 1.2 | 38.3 | 31.1 | 24.3 | 1.800 | 62.0 | 14.8 |
| Pharmaceuticals |  | Attractive | 811,663 | 15,998 |  |  |  |  | 34.1 | (27.3) | 57.9 | 13.5 | 18.6 | 11.8 | 10.4 | 12.1 | 7.8 | 3.3 | 2.6 | 2.0 | 1.2 | 1.4 | 1.6 | 24.5 | 14.0 | 17.1 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| DLF | 167 | Reduce | 285,213 | 5,622 | 1,705 | 46.1 | 30.0 | 22.7 | 263.2 | (35.0) | (24.4) | 3.6 | 5.6 | 7.4 | 4.0 | 6.8 | 7.9 | 1.4 | 1.2 | 1.0 | 2.4 | 2.4 | 2.4 | 66.5 | 23.1 | 14.8 | 190 | 13.6 | 69.2 |
| Housing Development \& Infrastruc | 82 | Reduce | 22,549 | 444 | 275 | 51.2 | 30.6 | 19.8 | 118.6 | (40.1) | (35.3) | 1.6 | 2.7 | 4.1 | 3.0 | 6.1 | 6.9 | 0.6 | 0.5 | 0.5 | 4.7 | 6.1 | 7.3 | 64.5 | 21.2 | 12.1 | 120 | 46.6 | 30.2 |
| Indiabuls Real Estate | 99 | ADD | 25,609 | 505 | 258 | 16.4 | 3.0 | 3.5 | 2,383.9 | (81.9) | 17.0 | 6.0 | 33.4 | 28.5 | (647.6) | (7.9) | 8.2 | 0.5 | 0.4 | 0.4 | 0.3 | 0.1 | 0.0 | 10.6 | 1.2 | 1.3 | 180 | 81.1 | 21.4 |
| Mahindra Life Space Developer | 132 | BUY | 5,541 | 109 | 42 | 16.8 | 10.2 | 10.8 | 307.7 | (39.2) | 5.3 | 7.8 | 12.9 | 12.2 | 14.2 | 18.7 | 10.1 | 0.6 | 0.6 | 0.6 | 2.0 | 2.9 | 2.9 | 8.4 | 4.8 | 4.9 | 410 | 211.2 | 0.5 |
| Phoenix Mills | 68 | BUY | 9.828 | 194 | 145 | 3.2 | 5.4 | 7.3 | (51.7) | 70.0 | 34.7 | 21.4 | 12.6 | 9.4 | 16.2 | 13.4 | 7.2 | 0.7 | 0.7 | 0.6 | 1.5 | 1.5 | 1.5 | 5.6 | 5.3 | 6.8 | 210 | 209.5 | 0.1 |
| Puravankara Projects | 41 | Reduce | 8,750 | 172 | 213 | 11.2 | 7.6 | 7.5 | 67.3 | (32.1) | (2.2) | 3.6 | 5.4 | 5.5 | 7.0 | 10.7 | 10.1 | 0.7 | 0.7 | 0.6 | 4.9 | - | 4.9 | 34.2 | 12.9 | 11.4 | 55 | 34.1 | 0.3 |
| Sobha | 79 | Reduce | 5,770 | 114 |  | 31.7 | 15.9 | 11.9 | 42.9 | (50.0) | (24.8) | 2.5 | 5.0 | 6.6 | 6.3 | 7.5 | 10.6 | 0.6 | 0.5 | 0.5 | 8.2 | 5.1 | 5.1 | 25.3 | 11.0 | 7.8 | 90 | 13.7 | 0.3 |
| Unitech | 35 | sell | 56,656 | 1,117 | 1,623 | 10.3 | 6.9 | 5.5 | 28.5 | (33.4) | (20.5) | 3.4 | 5.1 | 6.4 | 5.7 | 7.4 | 8.9 | 1.6 | 1.2 | 1.0 | 0.7 | - | - | 59.9 | 26.8 | 17.2 | 24 | (31.2) | 48.2 |

$\underset{\text { Property }}{\text { Kotak Institutional }} \underset{\text { Cautious }}{\text { Equities: Valuation }} \underset{\text { Si9,915 }}{\text { Summary }}$ of Key Indian Companies

| Property |  | Cautious | 419,915 | 8,277 |  |  |  |  | 187.5 | (36.7) | (23.4) | 3.5 | 5.6 | 7.3 | 4.4 | 7.1 | 8.1 | 1.1 | 0.9 | 0.8 | 2.3 | 2.1 | 2.3 | 32.1 | 16.8 | 11.7 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 31-Mar-09 |  |  |  | $\underset{\text { chares }}{0 / 5}$ |  | EPS (Rs) |  |  | growth | (\%) |  | PER ( X ) |  |  | EBITDA |  |  | ice/BV |  | Divid | nd yield | (\%) |  | RoE (\%) |  | Target price | Upside | $\begin{gathered} \text { ADVT- } \\ 3 \mathrm{mog} \end{gathered}$ |
| Company | Price (Rs) | Rating | (Rs mn) | (USS mn) | (mn) | 2008 | 2009E | 2010E | 2008 | 2009E | 2010 E | 2008 | 2009E | 10 E | 2008 | 2009 | 2010E | 2008 | 2009 E | 2010 | 2008 | 2009E | 2010 E | 2008 | $2009 E$ | 2010 E | (RS) | (\%) | (US5 mn) |
| Retail |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pantaloon Retail | 162 | REDUCE | 25,775 | 508 | 159 | 7.9 | 8.3 | 10.2 | 90.0 | 4.4 | 23.3 | 20.5 | 19.6 | 15.9 | 10.2 | 8.2 | 7.3 | 1.4 | 1.4 | 1.3 | 0.5 | 0.5 | 0.6 | 8.2 | 6.7 | 7.8 | 165 | 2.0 | 1.3 |
| Titan Industries | 782 | REDUCE | 34,701 | 684 | 44 | 35.1 | 41.9 | 48.7 | 55.2 | 19.6 | 16.1 | 22.3 | 18.6 | 16.1 | 15.2 | 11.4 | 9.7 | 7.4 | 5.6 | 4.4 | 1.0 | 1.2 | 1.4 | 37.7 | 34.1 | 30.7 | 830 | 6.2 | 2.8 |
| Vishal Retail | 35 | ADD | 774 | 15 | 22 | 18.1 | 10.6 | 10.8 | 37.2 | (41.2) | 1.9 | 1.9 | 3.2 | 3.2 | 4.5 | 4.3 | 3.4 | 0.3 | 0.3 | 0.2 | - | - | - | 20.2 | 8.3 | 7.8 | 75 | 117.1 | 0.1 |
| Retail |  |  | 61,250 | 1,207 |  |  |  |  | 31.9 | 6.0 | 17.9 | 19.0 | 17.9 | 15.2 | 10.8 | 8.5 | 7.4 | 2.4 | 2.2 | 1.9 | 0.8 | 0.9 | 1.1 | 12.4 | 12.1 | 12. |  |  |  |
| Sugar |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Barampur Chini Mills | 53 | BUY | 13,492 | 266 | 256 | 3.1 | 6.5 | 7.0 | (272.9) | 106.5 | 8.0 | 16.8 | 8.1 | 7.5 | 8.1 | 4.8 | 4.1 | 1.3 | 1.2 | 1.0 | 1.1 | 1.3 | 1.5 | 7.6 | 13.5 | 12.7 | 70 | 32.6 | 3.2 |
| Shree Renuka Sugars | 91 | BUY | 25,532 | 503 | 280 | 3.9 | 8.2 | 8.4 | (87.3) | 107.7 | 2.8 | 23.2 | 11.2 | 10.9 | 12.7 | 6.0 | 5.6 | 2.9 | 2.2 | 1.8 | 0.3 | 0.8 | 1.1 | 19.9 | 24.5 | 20.6 | 100 | 9.6 | 8.3 |
| Bajaj lindustan | 48 | sell | 6,781 | 134 | 141 | (2.6) | (6.0) | 0.8 | 375.9 | 126.2 | NA | (18.2) | (8.0) | 59.4 | 14.1 | 8.3 | 5.4 | 0.5 | 0.6 | 0.6 | 1.5 | - | 0.6 | (6.8) | (7.0) | 4.6 | 36 | (24.9) | 3.7 |
| Sugar |  |  | 45,805 | 903 |  |  |  |  | 526.3 | 96.1 | 38.3 | 27.2 | 13.8 | 10.0 | 11.6 | 6.4 | 5.1 | 1.5 | 1.3 | 1.2 | 0.7 | 0.8 | 1.1 | 5.3 | 9.5 | 11.7 |  |  |  |
| Technology |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| HCL Technologies | 102 | REDUCE | 70,925 | 1,398 | 695 | 15.3 | 16.6 | 13.5 | (19.0) | 8.8 | (18.6) | 6.7 | 6.1 | 7.5 | 3.0 | 3.8 | 3.7 | 1.4 | 1.1 | 1.0 | 7.8 | 11.8 | 11.8 | 21.4 | 18.3 | 13.3 | 110 | 7.8 | 2.9 |
| Hexaware Technologies | 26 | SEL | 3,717 | 73 | 142 | 7.7 | 4.1 | 3.0 | (13.7) | (46.4) | (27.8) | 3.4 | 6.4 | 8.8 | 0.4 | 0.8 | 1.7 | 0.5 | 0.6 | 0.5 | 3.5 | 3.8 | 3.8 | 15.1 | 8.6 | 6.3 | 25 | (4.4) | 1.9 |
| Infosss Technologies | 1.324 | BUY | 759,919 | 14,978 | 574 | 79.1 | 101.8 | 112.0 | 18.0 | 28.8 | 10.0 | 16.7 | 13.0 | 11.8 | 12.9 | 9.1 | 7.7 | 5.5 | 4.2 | 3.4 | 2.5 | 1.9 | 2.1 | 36.1 | 36.7 | 31.6 | 1,500 | 13.3 | 50.2 |
| Mphasis BFL | 203 | Reduce | 42,376 | 835 | 208 | 12.2 | 14.2 | 32.6 | 67.6 | 15.7 | 129.8 | 16.6 | 14.3 | 6.2 | 9.9 | 10.8 | 4.2 | 3.7 | 3.0 | 2.1 | 1.7 | 2.0 | 2.2 | 23.6 | 22.8 | 39.5 | 190 | (6.5) | 1.7 |
| Mindtree | 211 | BUY | 8,336 | 164 | 40 | 26.7 | 21.0 | 37.1 | 12.3 | (21.6) | 76.9 | 7.9 | 10.1 | 5.7 | 6.9 | 3.1 | 2.9 | 1.6 | 1.3 | 1.1 | 1.2 | - | - | 21.3 | 11.9 | 17.8 | 400 | 89.5 | 1.4 |
| Patni Computer Systems | 129 | SEL | 16,547 | 326 | 128 | 33.2 | 26.8 | 17.5 | 29.2 | (19.3) | (34.7) | 3.9 | 4.8 | 7.4 | 0.6 | 0.6 | 0.5 | 0.6 | 0.7 | 0.6 | 1.7 | 1.4 | 2.7 | 19.2 | 16.2 | 7.9 | 130 | 0.9 | 0.8 |
| Polaris Software Lab | 45 | sell | 4,428 | 87 | 98 | 7.4 | 14.9 | 12.7 | (27.6) | 100.0 | (14.9) | 6.0 | 3.0 | 3.6 | 2.2 | 0.9 | 0.7 | 0.7 | 0.6 | 0.5 | 3.9 | 3.9 | 3.9 | 11.7 | 20.4 | 15.0 | 50 | 11.0 | 2.0 |
| TCS | 539 | REDUCE | 527,030 | 10,388 | 979 | 51.3 | 53.2 | 58.5 | 21.5 | 3.8 | 10.0 | 10.5 | 10.1 | 9.2 | 8.4 | 7.0 | 6.1 | 4.3 | 3.4 | 2.8 | 2.6 | 3.5 | 4.3 | 47.0 | 37.4 | 33.7 | 550 | 2.1 | 17.2 |
| Tech Mahindra | 265 | BUY | 33,031 | 651 | 125 | 59.1 | 67.6 | 58.7 | 25.7 | 14.5 | (13.2) | 4.5 | 3.9 | 4.5 | 3.9 | 2.3 | 2.2 | 2.6 | 1.6 | 1.2 | 2.0 | 2.3 | 2.3 | 70.7 | 53.1 | 31.6 | 320 | 20.7 | 3.0 |
| Wipro | 246 | ADD | 359,506 | 7,086 | 1,462 | 22.2 | 25.3 | 26.9 | 12.6 | 13.9 | 6.0 | 11.1 | 9.7 | 9.2 | 8.8 | 6.9 | 5.8 | 2.8 | 2.4 | 2.0 | 2.4 | 1.6 | 3.1 | 27.9 | 26.6 | 23.8 | 280 | 13.9 | 8.9 |
| Technology |  | Cautious | 1,825,814 | 35,987 |  |  |  |  | 15.5 | 14.8 | 7.2 | 11.8 | 10.2 | 9.6 | 8.8 | 6.8 | 5.9 | 3.6 | 2.9 | 2.4 | 2.7 | 2.7 | 3.3 | 30.4 | 28.3 | 25.0 |  |  |  |
| Telecom |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Bharti Airtel | 626 | ADD | 1,187,611 | 23,408 | 1,898 | 35.3 | 44.2 | 48.9 | 65.0 | 25.1 | 10.8 | 17.7 | 14.2 | 12.8 | 10.8 | 8.1 | 7.2 | 5.3 | 3.9 | 2.9 | - | 0.6 | 1.0 | 39.1 | 31.4 | 26.0 | 675 | 7.9 | 61.7 |
| IDEA | 50 | REDUCE | 162,141 | 3,196 | 3,236 | 3.9 | 2.6 | 2.1 | 78.5 | (33.2) | (21.0) | 12.7 | 19.0 | 24.0 | 9.7 | 6.6 | 6.4 | 4.6 | 1.2 | 1.2 | - | - | - | 36.4 | 10.1 | 5.1 | 50 | (0.2) | 5.3 |
| mTnL | 69 | sell | 43,470 | 857 | 630 | 7.1 | 4.0 | 4.1 | (11.0) | (44.3) | 2.6 | 9.7 | 17.3 | 16.9 | 1.3 | 4.2 | 3.1 | 0.4 | 0.4 | 0.4 | 5.8 | 8.7 | 8.7 | 3.5 | 1.6 | 1.6 | 50 | (27.5) | 0.9 |
| Reliance Communications | 175 | SEL | 360,894 | 7,113 | 2,064 | 26.5 | 26.7 | 20.1 | 86.4 | 0.7 | (24.7) | 6.6 | 6.6 | 8.7 | 6.1 | 6.9 | 6.7 | 1.2 | 1.0 | 0.9 | 0.4 | 0.5 | - | 16.8 | 18.4 | 11.7 | 150 | (14.2) | 47.1 |
| Tata Communications | 518 | Reduce | 147,730 | 2,912 | 285 | 10.9 | 13.6 | 14.0 | (36.3) | 24.0 | 3.2 | 47.3 | 38.2 | 37.0 | 19.7 | 16.2 | 14.7 | 2.2 | 2.1 | 2.1 | 0.9 | 1.0 | 1.3 | 4.4 | 5.4 | 5.2 | 400 | (22.8) | 2.1 |
| Telecom |  | Cautious | 1,901,846 | 37,486 |  |  |  |  | 65.7 | 12.7 | (4.8) | 13.2 | 11.7 | 12.3 | 9.0 | 7.8 | 7.1 | 2.6 | 2.0 | 1.7 | 0.5 | 0.8 | 0.9 | 19.6 | 16.7 | 13.8 |  |  |  |
| Transportation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Container Corporation | 719 | Reduce | 93,443 | 1,842 | 130 | 57.7 | 63.4 | 67.8 | 7.8 | 9.8 | 7.0 | 12.5 | 11.3 | 10.6 | 8.4 | 7.6 | 6.7 | 2.9 | 2.5 | 2.1 | 1.8 | 2.0 | 2.1 | 25.8 | 23.6 | 21.4 | 735 | 2.2 | 0.8 |
| Transportation |  | Cautious | 93,443 | 1,842 |  |  |  |  | 7.8 | 9.8 | 7.0 | 12.5 | 11.3 | 10.6 | 8.4 | 7.6 | 6.7 | 2.9 | 2.5 | 2.1 | 1.8 | 2.0 | 2.1 | 23.6 | 21.7 | 19.9 |  |  |  |
| Utilities |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| CESC | 211 | BUY | 26,361 | 520 | 125 | 27.8 | 31.9 | 36.9 | (23.3) | 14.9 | 15.8 | 7.6 | 6.6 | 5.7 | 3.9 | 3.7 | 4.8 | 0.8 | 0.7 | 0.6 | 1.9 | 2.2 | 2.5 | 12.5 | 11.7 | 11.9 | 385 | 82.5 | 0.7 |
| Lanco infratech | 145 | BUY | 32,300 | 637 | 222 | 14.8 | 14.6 | 17.1 | 75.2 | (1.3) | 16.6 | 9.8 | 9.9 | 8.5 | 8.9 | 20.0 | 15.4 | 1.8 | 1.5 | 1.2 | - | - | - | 19.7 | 16.2 | 15.8 | 265 | 82.4 | 4.7 |
| NTPC | 180 | Reduce | 1,482,947 | 29,229 | 8,245 | 9.3 | 9.3 | 10.9 | 7.9 | 0.1 | 16.7 | 19.3 | 19.3 | 16.5 | 13.4 | 13.4 | 12.4 | 2.7 | 2.5 | 2.3 | 1.9 | 1.9 | 2.3 | 14.9 | 13.6 | 14.6 | 180 | 0.1 | 24.6 |
| Reliance infrastructure | 516 | BUY | 119,046 | 2,346 | 231 | 37.6 | 59.9 | 56.2 | 13.9 | 59.4 | (6.2) | 13.7 | 8.6 | 9.2 | 9.3 | 9.2 | 9.4 | 0.7 | 0.7 | 0.7 | 1.2 | 1.4 | 1.6 | 4.3 | 6.2 | 6.7 | 970 | 88.1 | 78.2 |
| Reliance Power | 102 | REDUCE | 245,308 | 4,835 | 2,397 | 0.4 | 1.3 | 2.5 | - | 252.9 | 82.7 | 269.1 | 76.3 | 41.8 | - | - | - | 1.8 | 1.7 | 1.7 | - | - | - | 1.3 | 2.3 | 4.2 | 120 | 17.2 | 9.8 |
| Tata Power | 769 | buy | 171,087 | 3,372 | 223 | 31.8 | 65.2 | 90.2 | 19.5 | 104.6 | 38.4 | 24.1 | 11.8 | 8.5 | 11.7 | 8.9 | 8.6 | 2.0 | 1.6 | 1.4 | 1.4 | 1.4 | 1.6 | 9.6 | 15.0 | 17.5 | 1,000 | 30.1 | 10. |
| Utilities |  | Attrative | 2,077,049 | 40,939 |  |  |  |  | 12.2 | 15.5 | 18.5 | 20.7 | 17.9 | 15.1 | 13.0 | 13.4 | 13.1 | 2.1 | 2.0 | 1.8 | 1.6 | 1.6 | 1.8 | 10.3 | 10.9 | 11.9 |  |  |  |
| Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Aban Offshore | 398 | REDUCE | 15,089 | 297 | 38 | 72.3 | 142.4 | 185.5 | $(1,066)$ | 97.0 | 30.3 | 5.5 | 2.8 | 2.1 | 11.0 | 7.6 | 5.7 | 1.7 | 0.9 | 0.7 | 0.9 | 1.0 | 1.3 | 51.7 | 44.5 | 37.6 | 300 | (24.7) | 19.3 |
| Educomp Solutions | 2,087 | BUY | 39,696 | 782 | 19 | 35.2 | 64.2 | 108.1 | 114 | 82.7 | 68.3 | 59.4 | 32.5 | 19.3 | 31.6 | 14.3 | 8.7 | 12.9 | 5.4 | 4.4 | 0.1 | 0.3 | 0.5 | 33.5 | 23.4 | 24.3 | 2,550 | 22.2 | 81.2 |
| Havells India | 144 | Reduce | 8,736 | 172 | 61 | 26.6 | (1.0) | 10.3 | 40 | (103.7) | $(1,135)$ | 5.4 | (145.5) | 14.1 | 5.6 | 7.5 | 6.5 | 1.3 | 1.2 | 1.2 | 1.7 | 2.3 | 2.9 | 33.7 | (0.9) | 8.5 | 120 | (16.9) | 0.2 |
| Jaiprakash Associates | 84 | BUY | 118,031 | 2,326 | 1,403 | 4.9 | 5.3 | 7.1 | 7 | 8.6 | 33.4 | 17.2 | 15.8 | 11.8 | 12.8 | 11.0 | 9.4 | 2.4 | 2.0 | 1.8 | 0.0 | 0.0 | 0.0 | 15.4 | 13.9 | 16.3 | 105 | 24.9 | 35.8 |
| Jindal Saw | 177 | BUY | 9,702 | 191 | 55 | 64.8 | 67.8 | 48.2 | (44) | 4.6 | (28.9) | 2.7 | 2.6 | 3.7 | 2.7 | 2.4 | 2.2 | 0.3 | 0.3 | 0.3 | 2.7 | 2.8 | 2.3 | 12.2 | 11.4 | 7.4 | 300 | 69.7 | 0.5 |
| PSL | 84 | BUY | 3,680 | 73 | 44 | 21.1 | 24.3 | 43.7 | 4 | 15.3 | 79.6 | 4.0 | 3.5 | 1.9 | 4.6 | 4.4 | 3.6 | 0.5 | 0.4 | 0.4 | 10.6 | 9.4 | 9.5 | 11.3 | 10.6 | 14.2 | 145 | 71.7 | 0.1 |
| Sintex | 98 | BUY | 13,356 | 263 | 136 | 19.5 | 21.3 | 22.5 | 60 | 8.9 | 5.7 | 5.0 | 4.6 | 4.4 | 4.7 | 4.0 | 3.5 | 0.8 | 0.7 | 0.6 | 1.0 | 1.3 | 1.5 | 14.0 | 15.0 | 13.8 | 125 | 27.7 | 2.8 |
| Tata Chemicals | 142 | BUY | 33,288 | 656 | 235 | 39.6 | 25.5 | 24.3 | 90 | (35.7) | (4.7) | 3.6 | 5.6 | 5.8 | 5.6 | 3.9 | 3.2 | 1.5 | 1.2 | 1.1 | 0.9 | 1.3 | 0.9 | 30.7 | 17.2 | 13.7 | 190 | 34.2 | 1.5 |
| Wespun Gujarat Stall Rohren | 74 | BUY | 14,054 | 277 | 189 | 20.6 | 20.9 | 21.0 | 94 | 1.5 | 0.7 | 3.6 | 3.6 | 3.5 | 5.6 | 3.9 | 3.2 | 0.8 | 0.7 | 0.6 | 1.8 | 2.4 | 1.7 | 27.1 | 20.0 | 17.3 | 100 | 34.3 | 4.5 |
| United Phosphorus | 98 | BUY | 45,391 | 895 | 462 | 9.3 | 11.4 | 14.8 | 30 | 21.7 | 30.4 | 10.5 | 8.7 | 6.6 | 6.7 | 5.1 | 3.4 | 2.0 | 1.5 | 1.3 | 1.0 | 1.5 | 2.0 | 20.0 | 18.7 | 20.0 | 140 | 42.5 | 0.9 |
| Others |  |  | 301,024 | 5,933 |  |  |  |  | 42.5 | 17.1 | 13.6 | 9.1 | 7.8 | 6.8 | 7.9 | 6.6 | 5.6 | 1.5 | 1.2 | 1.1 | 1.2 | 1.3 | 1.4 | 16.9 | 15.8 | 15.6 |  |  |  |
| KS universe (b) |  |  | 22,067,507 | 434,956 |  |  |  |  | 26.0 | 2.7 | 7.2 | 11 | 10.9 | 10.1 | 7.2 | 7.3 | 6.4 | 2.0 | 1.7 | 1.5 | 1.9 | 1.9 | 2.3 | 17.9 | 15.4 | 14.8 |  |  |  |
| KS universe (b) ex-Energy |  |  | 16,458,196 | 324,395 |  |  |  |  | 30.8 | 5.9 | (0.9) | 11.0 | 10.4 | 10.4 | 7.9 | 7.8 | 7.5 | 2.1 | 1.7 | 1.6 | 1.9 | 1.9 | 2.1 | 19.2 | 16.9 | 14.9 |  |  |  |
| KS universe (d) ex-Energy \& | Commodities |  | 14,823,712 | 292,179 |  |  |  |  | 36.0 | 6.8 | 6.5 | 12.4 | 11.6 | 10.9 | 9.7 | 9.4 | 8.3 | 2.3 | 2.0 | 1.7 | 1.8 | 1.9 | 2.1 | 18.7 | 16.8 | 15.9 |  |  |  |

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Rating system
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SELL: We expect this stock to underperform the BSE Sensexby more than $10 \%$ over the next 12 months.

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[^0]:    Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line

[^1]:    Source: Kotak Institutional Equities estimates

[^2]:    Source: IRDA

[^3]:    Source: IRDA

