kotak Institutional Equities

INDIA DAILY

June 2, 2010

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Strategy: India's looking good (relatively)

Results

Lanco Infratech: Power earnings become focal point

Update

Automobiles: Maruti surprises while Tata Motors disappoints

News Round-up

- The power ministry has proposed to amend the standard bidding document under the Electricity Act for all the forthcoming projects. The decision has been taken in light of new projects being allocated gas from private gas producing companies like Reliance Ind (RIL IN). *(ECNT)*
- Reliance (RIL IN) is likely to make its first big-ticket investment in coal-fired power plants thanks to surging demand for electricity and the attractive rates of return. *(ECNT)*
- Reliance Power (RPWR IN) to ramp up Andhra Pradesh plant to 2,400 MW.
- The expansion plan is based on the supply of gas from Krishna Godavari-D6 block of Reliance Industries Ltd. *(THBL)*
- Reliance Infrastructure (RELI IN) said it had won a USD 643 mn project from the National Highway Authority of India (NHAI). *(BSTD)*
- SAIL (SAIL IN) today cut its product prices by INR 1,000-1,500 a tonne. *(BSTD)*
- Tata Power (TPWR IN) is looking for coal suppliers in Indonesia and South Africa. *(BSTD)*
- Suzlon Energy (SUEL IN) said it would raise funds through a rights issue to repay its debts. The rights issue committee of directors decided to allot two equity shares for every 15 shares held by the existing shareholders on a rights basis. *(BSTD)*
- IVRCL (IVRC IN) has bagged a USD 673 mn toll road project to build 122.06 km highway to connect Panvel (Maharashtra) with Mangalore (Karnataka) through Panaji (Goa) from the National Highways Authority of India. *(BSTD)*
- The Ashok Leyland-Nissan joint venture will see the partners launch three LCVs in three years, beginning from mid-2011. The objective is to roll out a product first and scale up investments as earlier planned. *(THBL)*
- GVK Power (GVKP IN) arm bags USD 185 mn road project. *(THBL)*
- Bank of Ireland has shortlisted HCL Tech (HCLT IN) & IBM for an outsourcing contract potentially worth over USD 600 mn. *(ECNT)*
- Unitech Wireless, a joint venture between Nortway's Telenor Group and Unitech Group (UT IN) said lack of clarity in equipment procurement norms and delay in telecom policy are hurting the company's expansion plans in India. *(ECNT)*

Source: ECNT= Economic Times, BSTD = Business Standard, FNLE = Financial Express, THBL = Business Line.

EQUITY MARKETS

		Change %		
India	**1-Jun**	**1-day**	**1-mo**	**3-mo**
Sensex	16,572	(2.2)	(5.6)	(1.2)
Nifty	4,970	(2.3)	(5.8)	(0.9)
Global/Regional indices				
Dow Jones	10,024	(1.1)	(8.9)	(3.7)
Nasdaq Composite	2,222	(1.5)	(9.7)	(2.6)
FTSE	5,163	(0.5)	(7.0)	(5.8)
Nikkie	9,748	0.4	(11.8)	(4.6)
Hang Seng	19,596	0.5	(7.2)	(6.3)
KOSPI	1,630	(0.7)	(6.4)	0.9
Value traded – India				
Cash (NSE+BSE)	171		175	179
Derivatives (NSE)	820		588	1,170
Deri. open interest	1,088		1,027	884

Forex/money market

		Change, basis points		
	1-Jun	**1-day**	**1-mo**	**3-mo**
Rs/US$	47.2	79	263	111
10yr govt bond, %	7.5	(1)	(53)	(36)

Net investment (US$mn)

	31-May	**MTD**	**CYTD**
FIIs	172	-	(230)
MFs	40	-	(282)

Top movers -3mo basis

		Change, %		
Best performers	**1-Jun**	**1-day**	**1-mo**	**3-mo**
IBULL IN Equity	138.9	(4.2)	(10.1)	34.7
BJFIN IN Equity	456.2	3.4	32.6	31.5
DRRD IN Equity	1405.0	0.1	11.5	23.7
BJAUT IN Equity	2163.6	(2.1)	3.4	17.0
ITC IN Equity	283.0	(0.1)	6.5	17.0
Worst performers				
ABAN IN Equity	691.2	(2.9)	(42.3)	(43.2)
NMDC IN Equity	274.8	(2.2)	(8.2)	(36.7)
GRASIM IN Equity	1785.7	(2.0)	(34.6)	(34.3)
PUNJ IN Equity	118.9	(1.0)	(28.1)	(33.9)
HDIL IN Equity	219.2	(3.0)	(18.9)	(28.5)

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INDIA

JUNE 02, 2010

NEW RELEASE

BSE-30: 16,572

India's looking good (relatively). We see several key positives for the Indian economy and the stock market (1) 22.2% earnings CAGR in BSE-30 Index net profits in FY2010-12E, (2) the collapse in global commodity prices, (3) a hugely successful 3G auction, (4) robust GDP growth of 8% and an improving fiscal position. Valuations are reasonable at 14.8X FY2011E 'EPS' and 12.5X FY2012E 'EPS' and we would use any global-led correction in the stock market to invest in India.

4QFY10 earnings confirmed likely strong growth in earnings in FY2011E

4QFY10 BSE-Index net profit grew a robust 25.9% yoy versus our expected 17.2% and the BSE-30 Index's net profit on an ex-Energy basis grew 21.3% versus our expected 15.7%. Post 4QFY10 results season, we model BSE-30 Index net profits to grow 25.6% in FY2011E (21.7% previously) and 18.8% in FY2012E (19.7% previously). Our strong projected earnings translate into reasonable valuations for the BSE-30 Index (14.8X FY2011E 'EPS' and 12.5X FY2012 'EPS').

A 'small' global crisis or two isn't that bad for India

The recent moderation in global commodity prices is a modest positive for India's fiscal position and BOP. The correction, particularly in crude oil prices, has been led by concerns about (1) global GDP growth, (2) forced slowdown in China and (3) sovereign debt problems in Europe. A US$1/bbl change in crude price affects India's fiscal position and BOP by US$800 mn. However, a likely decline in exports would offset some of the gains arising from lower crude oil prices.

8% real GDP growth looks achievable; fiscal position under control

We see India's economy as relatively strong in the global arena with (1) reasonably strong GDP growth of 8% in FY2011E following 7.4% in FY2010, (2) low external debt and (3) a reasonably good fiscal position and manageable public debt. We expect inflation to trend down over the next few months, which may result in a moderate monetary policy (75-100 bps through FY2011E) tightening versus our previous expectations. Finally, we are enthused by several pro-reform measures implemented recently by the Indian government.

Full-blown, double-dip recession may pose sentiment risk; reversal to result in liquidity-led rally

A full-blown, double-dip recession led by sovereign debt issues in Europe and the US may lead to rapid outflow of FII money from India as in 2HCY08. On the other hand, any improvement in global sentiment will result in more FII investment in India. Global commodity prices will likely harden but the Indian stock market shows a 'weird' positive correlation with crude oil prices; strong positive FII flows and earnings outlook presumably offset the negatives from high crude oil prices.

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BSE-30 Index is trading at 14.8X FY2011E and 12.5X FY2012E basis

Valuation summary of BSE-30 sectors, March fiscal year-ends, 2010E-12E

	Mkt cap.	Adj. mkt cap.	EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Div. yield (%)		RoE (%)		
	(US$ mn)	(US$ mn)	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2010E	2011E	2012E
Automobiles	31,932	19,070	112.8	11.4	15.5	18.6	16.7	14.4	10.5	9.9	8.6	3.4	2.8	2.4	1.1	1.1	18.4	17.1	16.5
Banking	83,805	62,243	9.0	25.4	25.4	20.8	16.6	13.3	—	—	—	2.6	2.3	2.1	1.4	1.6	12.3	14.0	15.6
Cement	3,257	1,791	47.9	(25.7)	2.6	9.8	13.2	12.9	5.3	6.2	5.3	2.4	2.1	1.9	2.9	2.9	24.4	15.8	14.4
Consumers	33,414	21,229	15.6	12.6	15.9	25.5	22.7	19.6	16.1	13.8	11.6	9.4	8.1	6.9	3.4	2.5	36.7	35.6	35.3
Diversified	5,296	2,913	(26.4)	447.1	35.7	80.6	14.7	10.9	19.1	12.2	8.9	2.9	2.5	2.1	0.0	0.0	3.6	16.9	19.0
Energy	115,711	45,458	3.4	30.3	15.6	15.2	11.7	10.1	6.8	5.5	4.6	1.9	1.8	1.6	2.1	2.7	12.8	15.0	15.6
Industrials	44,324	26,681	31.9	23.5	21.2	26.1	21.2	17.5	14.4	11.8	9.7	5.4	4.4	3.7	0.8	0.9	20.7	20.9	21.0
Metals	38,499	21,039	(52.0)	124.9	16.9	20.9	9.3	7.9	10.5	6.5	5.6	1.9	1.6	1.3	0.8	0.8	9.1	17.2	17.0
Pharmaceuticals	5,515	3,585	32.1	1.1	21.9	25.5	25.3	20.7	17.8	16.7	14.0	4.5	3.9	3.4	0.8	0.8	17.5	15.6	16.5
Property	9,811	2,453	(64.1)	69.4	53.8	28.4	16.8	10.9	17.3	11.1	8.3	1.7	1.6	1.4	1.1	1.1	6.1	9.5	13.1
Technology	83,014	40,429	19.3	16.4	15.8	22.1	19.0	16.4	15.5	12.5	10.2	6.2	5.1	4.2	1.6	1.6	27.8	26.7	25.7
Telecom	26,969	9,439	(9.3)	(19.6)	17.4	9.1	11.3	9.6	5.4	5.3	4.5	1.5	1.4	1.2	1.0	1.2	16.8	12.0	12.5
Utilities	46,578	14,780	10.4	16.0	20.8	18.7	16.1	13.4	12.5	11.2	9.6	2.3	2.1	1.9	1.7	2.0	12.2	13.0	14.3
BSE-30	**528,127**	**271,111**	**0.5**	**25.6**	**18.8**	**18.6**	**14.8**	**12.5**	**9.9**	**8.1**	**6.9**	**2.7**	**2.4**	**2.1**	**1.6**	**1.7**	**14.5**	**16.1**	**16.8**
BSE-30 ex-Energy	**412,415**	**225,653**	**(0.5)**	**23.9**	**20.1**	**19.9**	**16.0**	**13.4**	**11.7**	**9.6**	**8.1**	**3.0**	**2.7**	**2.3**	**1.4**	**1.5**	**15.3**	**16.6**	**17.3**
BSE-30 ex-Energy, Com.	**370,659**	**202,822**	**10.6**	**14.8**	**20.9**	**20.0**	**17.4**	**14.4**	**12.1**	**10.6**	**8.8**	**3.3**	**2.9**	**2.5**	**1.5**	**1.5**	**16.3**	**16.5**	**17.4**

Note:
(a) EV/EBITDA excludes Banking sector.

Source: BSE data, Kotak Institutional Equities estimates

Major upgrades in automobiles, banking and technology sectors

Earnings growth of BSE-30 Index sectors, March fiscal year-end, 2010E-11E (%)

	Earnings growth (%)																	
	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
2010E																		
Automobiles	(5)	19	21	20	25	31	30	52	54	61	105	97	100	110	110	110	113	113
Banking	5	3	0	0	(1)	(4)	(4)	1	1	12	12	14	13	13	13	13	13	9
Cement	(21)	(22)	(22)	(21)	(21)	(12)	(1)	14	14	14	29	29	29	33	32	32	32	48
Consumers	15	14	14	14	14	12	13	16	16	16	19	19	19	17	17	16	16	16
Diversified	31	33	33	33	33	20	126	124	124	124	100	102	102	115	115	115	115	(26)
Energy	21	12	7	18	18	7	18	4	7	20	11	10	10	1	1	2	2	3
Industrials	26	29	29	26	29	31	27	30	34	36	31	31	31	28	28	28	28	32
Metals	(19)	(34)	(49)	(46)	(45)	(48)	(48)	(48)	(50)	(50)	(41)	(49)	(49)	(55)	(62)	(68)	(66)	(52)
Pharmaceuticals	NA	49	45	48	48	5	8	(46)	(46)	(46)	(34)	(34)	(34)	(34)	(32)	(25)	(25)	32
Property	6	(26)	(24)	(24)	(24)	(45)	(45)	(45)	(50)	(50)	(50)	(51)	(51)	(55)	(55)	(55)	(55)	(64)
Technology	6	5	5	9	6	1	0	7	9	10	13	13	15	19	19	19	19	19
Telecom	23	3	3	(4)	(4)	(1)	(1)	1	3	3	(2)	(19)	(19)	(19)	(14)	(14)	(14)	(9)
Utilities	14	11	18	19	20	19	14	15	18	17	16	14	14	13	13	13	13	10
BSE-30 Index	**10.8**	**3.5**	**—**	**3.0**	**3.2**	**(1.7)**	**1.4**	**0.7**	**2.0**	**7.4**	**6.9**	**4.0**	**4.2**	**1.5**	**1.5**	**0.1**	**0.5**	**0.5**
BSE-30 ex-Energy	**6.7**	**0.1**	**(2.6)**	**(2.6)**	**(2.5)**	**(5.1)**	**(4.7)**	**(0.6)**	**0.2**	**2.8**	**5.3**	**1.8**	**2.1**	**1.8**	**1.7**	**(0.6)**	**(0.1)**	**(0.5)**
2011E																		
Automobiles						13	14	7	7	7	10	9	9	11	11	12	13	11
Banking						17	17	15	15	18	21	18	18	19	19	19	18	25
Cement						(7)	(7)	(5)	(5)	(5)	(17)	(17)	(17)	(15)	(15)	(15)	(11)	(26)
Consumers						14	15	15	15	15	17	17	17	20	20	12	12	13
Diversified						50	46	70	70	70	82	84	84	65	65	66	65	447
Energy						29	26	30	31	29	32	32	32	30	30	26	22	30
Industrials						17	17	17	19	25	26	26	26	24	24	24	24	23
Metals						55	62	79	79	79	65	92	92	150	188	187	185	125
Pharmaceuticals						41	30	35	35	35	13	13	13	13	7	39	10	1
Property						8	7	7	19	18	18	28	28	32	32	36	36	69
Technology						10	11	12	13	14	13	13	14	17	17	17	16	16
Telecom						11	11	11	12	12	(11)	(9)	(9)	(13)	(17)	(17)	(15)	(20)
Utilities						12	12	12	12	12	11	11	11	12	12	12	11	16
BSE-30 Index						**20.7**	**19.9**	**21.0**	**21.7**	**22.0**	**19.9**	**21.1**	**21.2**	**23.1**	**22.9**	**21.7**	**20.5**	**25.6**
BSE-30 ex-Energy						**16.9**	**17.2**	**17.5**	**18.1**	**19.1**	**15.5**	**17.0**	**17.1**	**20.5**	**20.2**	**20.1**	**20.1**	**23.9**

Source: Kotak Institutional Equities estimates

We recommend large overweight positions in banking, infrastructure and technology sectors
Kotak Institutional Equities Model Portfolio

Company	1-Jun Price (Rs)	Rating	Weightage (%) BSE-30	Weightage (%) KS reco.	Diff. (bps)
Hero Honda	1,924	SELL	1.5	—	(150)
Mahindra & Mahindra	564	BUY	1.9	3.4	150
Maruti Suzuki	1,257	REDUCE	1.4	1.4	—
Tata Motors	725	ADD	2.2	2.2	—
Automobiles			**7.0**	**7.0**	**—**
Bank of Baroda	709	BUY	—	1.5	150
Indian Bank	219	BUY	—	1.5	150
Punjab National Bank	997	BUY	—	1.0	100
State Bank of India	2,210	BUY	4.9	4.9	—
Union Bank	282	BUY	—	1.0	100
PSU Banking			**4.9**	**9.9**	**500**
HDFC	2,707	ADD	5.5	6.0	50
HDFC Bank	1,855	BUY	5.2	6.7	150
ICICI Bank	838	REDUCE	7.3	7.3	—
Pvt. Banking/Financing			**18.0**	**20.0**	**200**
ACC	818	SELL	0.7	—	(66)
Jaiprakash Associates	117	BUY	1.1	2.1	100
Cement			**1.7**	**2.1**	**34**
Hindustan Unilever	234	REDUCE	2.0	—	(199)
ITC	283	BUY	5.8	7.3	150
Consumers			**7.8**	**7.3**	**(49)**
Oil & Natural Gas Corporation	1,146	BUY	3.8	4.8	100
Oil India	1,266	BUY	—	1.0	100
Reliance Industries	1,011	SELL	12.9	6.0	(697)
Energy			**16.8**	**11.8**	**(497)**
Bharat Heavy Electricals	2,314	ADD	3.1	3.1	—
BGR Energy Systems	637	BUY	—	1.0	100

Company	1-Jun Price (Rs)	Rating	Weightage (%) BSE-30	Weightage (%) KS reco.	Diff. (bps)
Crompton Greaves	241	BUY	—	1.0	100
IVRCL	162	BUY	—	1.0	100
Larsen & Toubro	1,594	BUY	6.7	7.7	100
Nagarjuna Construction Co.	173	BUY	—	1.0	100
Industrials/Construction			**9.8**	**14.8**	**500**
Hindalco Industries	144	ADD	1.5	—	(150)
Jindal Steel and Power	632	SELL	2.1	—	(206)
Sterlite Industries	629	ADD	1.9	2.9	100
Tata Steel	480	BUY	2.3	0.3	(200)
Metals			**7.8**	**3.2**	**(457)**
Cipla	324	REDUCE	1.3	—	(132)
Pharmaceuticals			**1.3**	**—**	**(132)**
DLF	271	ADD	0.9	0.9	—
Real estate			**0.9**	**0.9**	**—**
Infosys Technologies	2,624	BUY	10.0	11.5	150
TCS	739	BUY	3.4	4.4	100
Wipro	658	ADD	1.5	2.5	100
Technology			**14.9**	**18.4**	**350**
Bharti Airtel	257	REDUCE	2.7	—	(267)
Reliance Communications	139	SELL	0.8	—	(81)
Telecom			**3.5**	**—**	**(348)**
NTPC	198	REDUCE	2.5	1.5	(100)
Reliance Infrastructure	1,044	ADD	1.2	1.2	—
Tata Power	1,255	BUY	1.7	1.7	—
Utilities			**5.5**	**4.5**	**(100)**
BSE-30	**16,572**		**100.0**	**100.0**	**—**

Note:
(a) Weights are with respect to June 01, 2010 prices.

Source: Company data, Kotak Institutional Equities estimates

We include ONGC in the Top-10 portfolio and BGR Energy in our basket of mid-cap construction and industrial stocks
Kotak Institutional Equities Top-10 List

Companies	Sector	Rating	Mkt cap. (US$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs) 2010E	EPS (Rs) 2011E	EPS (Rs) 2012E	P/E (X) 2010E	P/E (X) 2011E	P/E (X) 2012E	EV/EBDITA (X) 2010E	EV/EBDITA (X) 2011E	EV/EBDITA (X) 2012E
ITC	Consumer products	BUY	22,611	283	315	10.8	12.4	14.5	26.3	22.8	19.5	16.2	14.3	12.0
Mahindra & Mahindra	Automobiles	BUY	6,919	564	630	34.9	39.0	43.9	16.2	14.5	12.9	10.7	9.4	8.4
Sterlite Industries	Metals	ADD	11,207	629	875	48.1	67.6	83.3	13.1	9.3	7.6	10.1	7.3	5.4
Jaiprakash Associates	Diversified	BUY	5,296	117	183	1.5	8.0	10.8	80.6	14.7	10.9	21.1	12.7	9.1
Infosys Technologies	Technology	BUY	31,937	2,624	3,100	108.3	125.2	150.5	24.2	21.0	17.4	17.6	14.4	11.6
Tata Steel	Metals	BUY	9,031	480	700	3.2	78.7	93.5	148.2	6.1	5.1	17.1	5.7	4.8
Oil & Natural Gas Corporation	Energy	BUY	51,951	1,146	1,375	91.4	121.9	129.5	12.5	9.4	8.8	4.5	3.8	3.2
Larsen & Toubro	Industrials	BUY	20,305	1,594	1,850	58.1	69.7	87.7	27.4	22.9	18.2	14.9	12.8	10.6
Construction and Industrial stocks basket														
Crompton Greaves	Industrials	BUY	3,275	241	290	12.8	13.3	15.8	18.7	18.2	15.3	10.8	9.9	8.1
IVRCL	Constructions	BUY	918	162	215	7.8	10.3	12.4	20.8	15.7	13.1	11.2	9.2	7.9
Nagarjuna Construction Co.	Constructions	BUY	943	173	210	7.1	11.5	14.3	24.3	15.1	12.2	11.9	9.0	7.4
BGR Energy Systems	Industrials	BUY	972	637	700	27.3	36.2	46.3	23.3	17.6	13.8	13.6	10.4	8.4
PSU bank basket														
Bank of Baroda	Banking	BUY	5,494	709	825	83.7	89.8	111.0	8.5	7.9	6.4	—	—	—
Indian Bank	Banking	BUY	1,995	219	280	35.1	35.5	43.8	6.2	6.2	5.0	—	—	—
Punjab National Bank	Banking	BUY	6,664	997	1,150	123.8	128.0	156.5	8.1	7.8	6.4	—	—	—
Union Bank	Banking	BUY	3,022	282	380	41.1	45.8	57.3	6.9	6.2	4.9	—	—	—
BSE-30				**16,572**										

Source: Company data, Kotak Institutional Equities estimates

kotak Institutional Equities

Lanco Infratech (LANCI)

Utilities

BUY

JUNE 2, 2010

RESULT

Coverage view: Attractive

Price (Rs): 61

Target price (Rs): 70

BSE-30: 16,572

Power earnings become focal point. Lanco Infratech (LITL) reported strong growth in earnings contributed by commercial generation from Amarkantak (300 MW) and Kondapalli (233 MW) during the quarter, which dwarfed the contraction of margins from the construction business and write-down of revenues from the property business. We remain optimistic on the earnings growth of LITL contributed by 666 MW of merchant sale in the near term, and maintain our BUY rating with a revised PT of Rs70.

Company data and valuation summary

Lanco Infratech

Stock data			
52-week range (Rs) (high,low)			65-31
Market Cap. (Rs bn)			146.2
Shareholding pattern (%)			
Promoters			67.9
FIIs			19.1
MFs			2.1
Price performance (%)	**1M**	**3M**	**12M**
Absolute	(5.4)	32.5	67.7
Rel. to BSE-30	0.2	31.3	50.2

Forecasts/Valuations	2010	2011E	2012E
EPS (Rs)	2.0	3.6	4.5
EPS growth (%)	35.1	82.2	26.4
P/E (X)	31.0	17.0	13.4
Sales (Rs bn)	80.7	115.2	128.1
Net profits (Rs bn)	4.4	8.0	10.1
EBITDA (Rs bn)	14.9	35.5	43.1
EV/EBITDA (X)	19.3	8.2	8.1
ROE (%)	15.8	20.6	21.0
Div. Yield (%)	0.0	0.0	0.0

Earnings from Amarkantak and Kondapalli boost operating profit

LITL reported consolidated revenues of Rs23 bn, operating profit of Rs6 bn and net income of Rs1.1 bn against our estimate of Rs19.2 bn, Rs3.6 bn and Rs1.2 bn, respectively. Overall power revenues increased from Rs5.1 bn in 3QFY10 to Rs13.2 bn in 4QFY10 driven by (1) short-term sale of power from Amarkantak and Kondapalli plants, (2) prior quarter sales (June-December 2010) from Amarkantak I, previously considered as 'infirm sale', being recognized in 4QFY10 and (3) power trading revenues of Rs2.9 bn. Apportioning the sale from Amarkantak I over prior two quarters, we get an adjusted revenue of Rs19.5 bn, EBITDA of Rs3.6 bn and PAT of Rs693 mn.

Adjusted-PAT was lower than our estimate on account of a change in the depreciation policy from the straight-line method to the written-down value adopted by LITL for all new power plants.

Construction margins contract, revenues likely to moderate

EBIT margins in EPC business contracted sharply from 16.9% in 3QFY10 to 11.1% in 4QFY10 on account of (1) BTG bookings from Anpara and Kondapalli projects which typically command lower margins as compared to the rest of the contract and (2) higher proportion of civil construction revenues in the overall EPC revenues. We expect moderation in execution activities in the next few quarters as most of the near-term projects of LITL are near commissioning or are already commissioned. We note that LITL's order book now stands at Rs257 bn. Key addition to the order book during the quarter was Babandh (Rs55.8 bn). Exhibit 5 highlights the key changes in the order book position for LITL during the quarter.

Retain BUY rating with a revised target price of Rs70/share

We retain our BUY rating with a revised target price of Rs70/share as (1) we roll forward to September 2011-based valuations. (2) ascribe value for sale of entire capacity (300 MW) from Amarkantak I on merchant basis, (3) increase the stake of LITL in Amarkantak from 92% to 100% and (3) increase our sustainable merchant tariff assumption from Rs3.0/kwh to Rs3.5/kwh.

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Our SOTP-based target price now comprises (1) DCF-equity of power project portfolio at Rs51/share, (2) construction business valued at Rs17/share at EV/EBITDA of 6X on FY2011E, (3) real estate project at 50% of NAV ~Rs2/share, (4) DCF equity of BOT road projects at Rs1/share and (5) value from sale of carbon credits of Rs1/share. There is marginal revision to our EPS estimates which now stand at Rs3.6 for FY2011E and Rs4.5 (Rs4.3 previously) for FY2012E as the benefit of higher proportion of merchant sales in the near-term is offset by increase in depreciation expense.

Exhibit 1: Construction revenues moderated during the quarter as two large power plants are near-commissioned
Lanco Infratech (Consolidated), Quarterly performance, March year-ends (Rs mn)

					(% Chg.)					
	4QFY10	4QFY10E	4QFY09	3QFY10	4QFY10E	4QFY09	3QFY10	FY2010	FY2011E	(% Chg.)
Net sales	**23,419**	**19,166**	**20,534**	**16,107**	**22**	**14**	**45**	**80,718**	**115,174**	**(30)**
Total expenses	(17,429)	(15,539)	(17,520)	(13,130)				(65,805)	(79,914)	
EBITDA	**5,990**	**3,627**	**3,015**	**2,978**	**65**	**99**	**101**	**14,912**	**35,260**	**(58)**
Depreciation	(2,440)	(441)	(330)	(378)				(3,479)	(10,747)	
EBIT	3,550	3,186	2,685	2,600				11,433	24,513	
Other income	1,106	244	178	223				1,978	1,304	
Net interest	(1,861)	(625)	(529)	(569)				(3,554)	(10,882)	
PBT	**2,794**	**2,805**	**2,334**	**2,253**	**(0)**	**20**	**24**	**9,857**	**14,936**	**(34)**
Tax	(1,201)	(959)	(681)	(859)				(3,643)	(3,977)	
Profit before Minority Interest	**1,594**	**1,846**	**1,653**	**1,394**	**(14)**	**(4)**	**14**	**6,215**	**10,958**	**(43)**
Minority interest	(507)	(621)	(508)	(448)				(1,849)	(3,001)	
Net Profit	**1,087**	**1,224**	**1,145**	**946**	**(11)**	**(5)**	**15**	**4,366**	**7,957**	**(45)**
Extraordinary income (loss)	46	—	(246)	122				487	-	
EBITDA margin (%)	25.6	18.9	14.7	18.5				18.5	30.6	
Effective tax rate (%)	43.0	34.2	29.2	38.1				37.0	26.6	
Segment Revenues										
Construction	16,103		18,544	13,135		(13)	23	57,994		
less inter-segment revenues	(5,262)		(5,255)	(2,215)		0	138	(17,398)		
Net construction revenues	10,840		13,289	10,920		(18)	(1)	40,595		
Power	13,160		7,039	5,153		87	155	30,501		
Property development	(553)		179	9		(408)	(5,978)	562		
Infrastructure development	-		-	-				-		
Others	713		54	25		1,231	2,774			
Net revenues	**24,160**		**20,561**	**16,107**		**18**	**50**	**71,659**		
EBIT										
Construction	1,782		2,375	2,225		(25)	(20)	7,201		
Power	2,848		1,044	774		173	268	4,418		
Property development	(455)		(214)	(16)		112	2,707	(78)		
Infrastructure development	-		-	-				-		
Others	445		(122)	(206)				-		
less interest expenses	(1,861)		(529)	(569)				(3,554)		
less unallocable expenses	70		(220)	70				70		
Total	**2,829**		**2,334**	**2,278**				**8,057**		
EBIT Margin (%)										
Construction	11.1		12.8	16.9				12.4		
Power	21.6		14.8	15.0				14.5		
Property Development	82.3		(119.3)	(172.3)				(13.9)		

Source: Company, Kotak Institutional Equities estimates

Detailed analysis of quarterly results

We analyze some key highlights of the 4QFY10 results of LITL:

- Reported revenues of 4QFY10 include the entire sale from Amarkantak I during the current fiscal (June 2009 – March 2010) thereby inflating the reported numbers for the quarter. Apportioning the sales over the previous three quarters, we get adjusted revenue of Rs19.5 bn, EBITDA of Rs3.6 bn and PAT of Rs693 mn.

- **Depreciation**: LITL has adopted a written-down-value method of depreciation for the plants commissioned in FY2010. We note that LITL will use the same depreciation policy for all its forthcoming thermal power projects. Higher depreciation of Rs2.4 bn in 4QFY10 as compared to Rs378 mn in 3QFY10 was on account of (1) new depreciation policy and (2) prior quarter depreciation for Amarkantak I being expensed in 4QFY10.

- **Interest**: LITL's interest cost increased sharply from Rs569 mn in 3QFY10 to Rs1.9 bn in 4QFY10 as the entire interest cost for Amarkantak I pertaining to June-December 2009 period was expensed in 4QFY10.

- **Other income**: LITL reported substantially higher other income of Rs1.1 bn in 4QFY10 compared to Rs233 mn in 3QFY10 on account of forex gains and infrastructure revenues.

- LITL booked negative revenues of Rs553 mn in its property development business as it wrote down revenues booked previously owing to heavy discounts offered in the Lanco Hills project. We note that prices in the Lanco Hills projects have been brought down from Rs4,800/sq. ft to Rs3,600/sq. ft.

- EBIT margins in EPC business contracted sharply from 16.9% in 3QFY10 to 11.1% in 4QFY10 on account of (1) lower margin BTG bookings from Anpara and Kondapalli and (2) higher proportion of civil construction revenues in the overall EPC revenues.

Exhibit 2: Progress on Babandh, Vidarbha and Kondapalli III projects could provide Rs16/share upside to our target price
SOTP-based valuation of LITL

	Capacity (MW)			Equity value	Equity Inv.		Attributable value		
	Gross	Attributable	Est. CoD	(Rs mn)	(Rs mn)	P/BV (X)	(%)	(Rs mn)	(Rs/share)
Operating power plants									
Lanco Kondapalli	368	217		6,277	3,400	1.8	59	3,703	
Aban Power	120	61		1,970	1,318	1.5	51	1,005	
Lanco Electric Utility (Power trading)				1,267	212	6.0	100	1,264	
Power plants under construction									
Lanco Amarkantak	600	600	Feb-10/April-10	29,375	5,598	5.2	100	29,375	
Lanco Green	70	63	Mar-10	1,338	840	1.6	90	1,205	
Vamshi Hydro	10	9	Mar-09	154	155	1.0	91	140	
Vamshi Industrial	10	9	Sep-09	230	153	1.5	91	210	
Nagarjuna Power	1,200	1,200	Apr-10/Sep-10	18,057	9,600	1.9	100	18,057	
Lanco Energy - Teesta VI	500	370	Sep-12	7,993	5,900	1.4	74	5,915	
Anpara 'C'	1,200	1,200	Jun-11/Sept-11	15,647	8,800	1.8	100	15,647	
Lanco Kondapalli extn.	366	216	Dec-09	15,405			59	9,089	
Lanco Amarkantak Extn	1,320		Jan-13 / Apr-14	43,470	13,200	3.3	100	43,470	
Lanco Hydro	150	137	Mar-13	3,607	2,079	1.7	91	3,286	
Sub total	**4,444**	**3,945**		**144,791**	**51,255**	**2.8**		**132,366**	**55**
Net equity funding requirement								(10,838)	(5)
Power (A)								**121,528**	**51**
Construction (B)								**40,922**	**17**
Property development (C)								**5,711**	**2**
Road projects (D)								**1,370**	**1**
Net debt (E)								**(3,471)**	**(1)**
Carbon credits (F)								**1,340**	**1**
Grand total (A+B+C+D+E+F)								**167,399**	**70**

Source: Company, Kotak Institutional Equities estimates

Power— commissioning of capacities and short-term sale drive robust operational performance

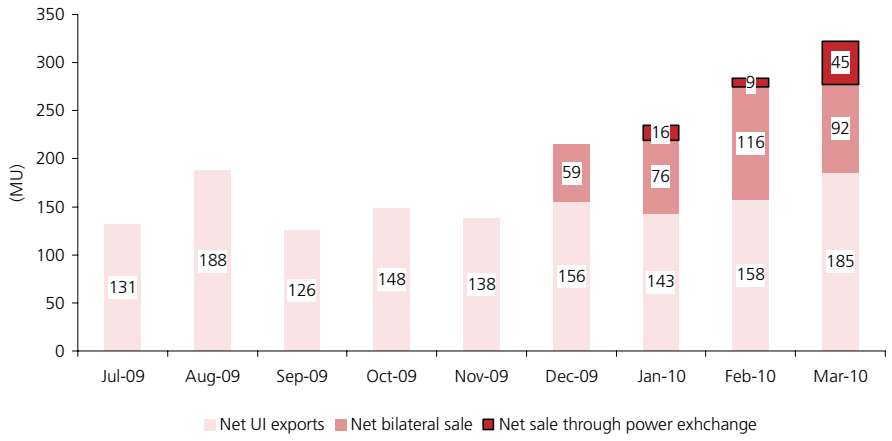
LITL reported power revenues of Rs10.2 bn (net of power trading revenues) in 4QFY10. Overall power revenues increased from Rs5.1 bn in 3QFY10 to Rs13.2 bn in 4QFY10 driven by short-term sale of power from Amarkantak and Kondapalli plants during the quarter and power trading revenues of Rs2.9 bn. EBIT margins in power business improved from 15% in 3QFY10 to 21.6% in 4QFY10 again reflecting the increased profitability of short-term sale of power.

We highlight some key developments of LITL's power business during 4QFY10:

- Amarkantak II (300 MW) was commissioned during 4QFY10 and is expected to start commercial generation in the next month.
- Dispute on part-sale of power from Amarkantak I has been settled in favor of LITL. In the absence of any alternate settlement with the home state, LITL is likely to sell the entire power from Amarkantak I on a merchant basis.
- 4QFY10 was also the first fully operational quarter for merchant sale of 233 MW at Kondapalli as is evident from Exhibit 3 which highlights the amount of short-term power sold by LITL in FY2010. We note that with the commissioning of Kondapalli II, LITL started selling short-term power through bilateral sale as well as power exchanges.

We believe that with commissioning of another 133 MW at Kondapalli (expected COD in 1QFY11), LITL will have robust near-term earnings from power division driven primarily by merchant sale of ~666 MW.

Exhibit 3: LITL started selling through bilateral and power exchanges upon commissioning of Kondapalli II
Monthly sale of power in the short-term market (MU)



Source: Company, Kotak Institutional Equities

Visibility on upcoming power projects to be the next level catalyst

Upside to our target price is contingent upon visibility for Babandh (2,640 MW), Vidarbha (1,320 MW) and Kondapalli III (732 MW) projects, which together could add another Rs16/share (September 11 based valuations). We highlight the status of these projects:

- Babandh (2,640 MW) - LITL had been allocated two coal blocks (Rampia and Dip of Rampia) for the Babandh project in Orissa along with five other companies. The joint venture company, RCMEPL formed to mine from these blocks has not yet obtained the mining lease. Meanwhile, the Babandh project has been granted a tapering linkage of 1,000 MW and a linkage of 660 MW from MCL. Management expects to achieve financial closure of the project by end of June 2010. We note that the project could add ~Rs9share to our target price.

- Kondapalli III (732 MW) - LITL has awarded the EPC contract for Kondapalli and construction has commenced. However, financial closure and fuel linkages are still to be firmed up, and we await clarity on the same before ascribing value to the project. Management has indicted an expected COD of 1QFY13.

- Vidarbha (1,320 MW) - Ministry of Coal has awarded coal linkages to the first unit of the Vidarbha project (660 MW), suggesting that the first unit is likely to be commissioned in the XIth plan period itself. Although this provides better visibility on the project in terms of fuel supply, we still await clarity in terms of financial closure and approval status before ascribing value to this project. We note that the project could add ~Rs4/share to our target price.

Exhibit 4 highlights the execution status of these projects.

Exhibit 4: Upcoming projects could provide an upside of ~Rs16/share to our target price
Execution status of upcoming projects of LITL

Project	Capacity (MW)	Cost (Rs bn)	Fuel	Land	Environmental clearance	Fuel arrangement	Financial closure	Expected value (Rs/share)
Kondapalli III	732	25.2	Thermal	✓	✓	✕	✕	3.0
Babandh	2,640	139.0	Thermal	WIP	✓	WIP	WIP	9.0
Vidarbha	1,320	69.5	Thermal	WIP	✕	WIP	✕	4.0
Total	**4,692**	**233.7**						**16.0**

Source: Company, Kotak Institutional Equities estimates

Exhibit 5: Pace of execution maintained at Anpara and Nagarjuna
Details of order book position as of March 2010 (Rs bn)

	Project value	Balance order book 4QFY10	% complete (%)	Execution 4QFY10	3QFY10	4QFY09	FY2010	Growth (qoq %)	(yoy %)
Amarkantak I & II	13.3	0.3	97.4	0.7	0.2	(1.9)	2.5	364.0	(136.9)
Amarkantak III & IV	55.2	54.3	1.7	0.9	0.0	0.0	0.0		
Teesta VI	23.2	16.8	27.4	1.5	3.2	0.2	5.3	(52.9)	659.9
Anpara	34.9	12.1	65.4	2.1	5.6	2.7	16.7	(63.3)	(22.5)
Udupi (Nagarjuna)	36.4	5.7	84.3	2.4	3.5	1.7	15.0	(31.4)	42.5
Kondapalli Expn.	9.7	0.5	94.6	0.5	1.3	3.2	5.4	(56.4)	(83.2)
Kondapalli Phase III	21.1	20.2	4.2	0.9		0.0			
Vidarbha	56.8	55.8	1.6	0.9		0.0			
Babandh	55.8	55.8	0.0			0.0			
Others		4.7					0.5		
Power		**226**		**10**	**14**	**6**	**45**	**(27)**	**132**
Others		**30**							
Total		**257**							

Source: Kotak Institutional Equities, Company

Exhibit 6: Standalone earnings saw sequential decline on account of lower construction revenues
Lanco Infratech (Standalone), Quarterly performance, March year-ends (Rs mn)

	4QFY10	4QFY09	3QFY10	(% Chg.) 4QFY09	3QFY10	FY2010	FY2011E	(% Chg.)
Net sales	**15,720**	**18,544**	**13,135**	**(15)**	**20**	**57,994**	**52,747**	**(9)**
Total expenses	(14,437)	(16,167)	(10,984)			(2,697)	(2,110)	
EBITDA	**1,283**	**2,377**	**2,151**	**(46)**	**(40)**	**55,296**	**50,637**	**(8)**
Depreciation	(154)	(157)	(160)			(598)	(871)	
EBIT	1,129	2,220	1,991			54,699	49,766	
Other income	1,256	115	173			1,989	947	
Net interest	(611)	(470)	(436)			(1,979)	(2,612)	
PBT	**1,775**	**1,865**	**1,728**	**(5)**	**3**	**54,708**	**48,101**	**(12)**
Tax	(616)	(671)	(583)			(2,337)	(1,619)	
Net Profit	**1,158**	**1,194**	**1,145**	**(3)**	**1**	**52,371**	**46,482**	**(11)**
EBITDA margin (%)	8.2	12.8	16.4			95.3	96.0	
Effective tax rate (%)	34.7	36.0	33.7			4.3	3.4	

Source: Company, Kotak Institutional Equities estimates

Exhibit 7: Segmental breakup of LITL financials, March fiscal year-ends (Rs mn)

	2007	2008	2009	2010	2011E	2012E
Revenue flows						
Power	10,990	17,501	27,170	33,099	70,265	88,159
Construction	5,417	15,745	40,826	57,994	52,747	41,743
Real estate	—	1,039	1,732	562	1,129	5,264
Less inter-segmental	(349)	(1,873)	(9,008)	(10,937)	(8,967)	(7,096)
Total	16,058	32,413	60,720	80,718	115,174	128,069
EBITDA flows						
Power	3,216	3,706	3,588	5,849	28,895	37,828
Construction	1,141	3,141	5,671	7,789	7,299	4,107
Real estate	—	341	514	77	307	1,861
Less inter-segmental	(52)	(281)	(1,251)	(1,469)	(1,241)	(698)
Total	4,305	6,907	8,522	12,246	35,260	43,098
Attributable EBITDA	**3,056**	**5,576**	**8,200**	**10,913**	**28,278**	**34,358**
Net profit						
Power	1,454	2,260	2,130	3,529	7,025	8,054
Minority interest	(576)	(939)	(832)	(1,258)	(2,388)	(2,484)
Attributable PAT from Power	**877**	**1,321**	**1,298**	**2,271**	**4,637**	**5,570**
Construction	732	2,002	2,664	4,864	3,144	1,697
Less inter-segmental	(52)	(281)	(453)	(1,459)	(534)	(289)
Attributable PAT from Construction	**679**	**1,721**	**2,211**	**3,405**	**2,609**	**1,409**
Real estate	—	218	288	(180)	(17)	484
Minority interest	—	(57)	(75)	47	5	(126)
Attributable PAT from Real Estate	—	**161**	**213**	**(133)**	**(13)**	**358**
Attributable profit	**1,557**	**3,203**	**3,723**	**5,542**	**7,233**	**7,337**
EPS (Rs)						
Power	**0.4**	**0.6**	**0.6**	**1.0**	**2.1**	**2.5**
Construction	0.3	0.8	1.0	1.5	1.2	0.6
Real estate	—	0.1	0.1	(0.1)	(0.0)	0.2
Total	**0.7**	**1.4**	**1.7**	**2.5**	**3.3**	**3.3**
EPS differential due to accounting for depreciation	0.1	0.0	(0.2)	(0.5)	0.3	1.2
Reported EPS	**0.8**	**1.5**	**1.5**	**2.0**	**3.6**	**4.5**
Attributable net debt						
Total	12,840	54,000	99,368	117,187	129,256	132,911

Source: Company, Kotak Institutional Equities estimates

Exhibit 8: Lanco: Profit model, balance sheet, cash model 2007-2012E, March fiscal year-ends (Rs mn)

	2007	2008	2009	2010E	2011E	2012E
Profit model (Rs mn)						
Net sales	16,058	32,413	60,720	80,718	115,174	128,069
EBITDA	**4,198**	**6,993**	**8,874**	**14,912**	**35,260**	**43,098**
Other income	416	708	562	1,978	1,304	1,491
Interest	(829)	(920)	(1,773)	(3,554)	(10,882)	(14,713)
Depreciation	(656)	(776)	(1,073)	(3,479)	(10,747)	(13,370)
Pretax profits	3,130	6,005	6,590	9,857	14,936	16,506
Tax	(471)	(1,404)	(1,674)	(3,643)	(3,977)	(3,718)
Minority Interest	(778)	(1,304)	(1,684)	(1,849)	(3,001)	(2,727)
Net profits	**1,881**	**3,297**	**3,232**	**4,366**	**7,957**	**10,061**
Extraordinary items	(1)	245	(429)	219	—	—
Earnings per share (Rs)	**0.8**	**1.6**	**1.3**	**2.1**	**3.6**	**4.5**
Balance sheet (Rs mn)						
Total equity	15,105	18,333	20,976	34,294	42,786	53,135
Deferred taxation liability	92	173	175	624	1,293	(444)
Total borrowings	20,821	37,200	62,962	168,974	179,732	242,019
Currrent liabilities	11,424	27,038	31,331	48,417	45,139	37,353
Minority Interest	41	41	41	41	42	43
Total liabilities and equity	**47,482**	**82,785**	**115,485**	**252,350**	**268,993**	**332,106**
Cash	5,050	7,411	9,905	27,829	34,793	41,022
Current assets (excl cash)	12,013	30,379	39,438	49,864	50,726	49,408
Total fixed assets	24,390	38,029	56,306	172,964	181,781	239,983
Investments	6,029	6,966	9,837	1,692	1,692	1,692
Deferred Expenditure	0	0	0	1	1	1
Total assets	**47,482**	**82,785**	**115,485**	**252,350**	**268,993**	**332,106**
Free cash flow (Rs mn)						
Operating cash flow, excl. working capital	3,739	5,632	6,919	11,068	28,540	35,824
Working capital	95	(2,752)	(4,766)	6,660	(4,140)	(6,469)
Capital expenditure	(24,637)	(14,415)	(19,350)	(120,137)	(19,564)	(71,572)
Investments	(5,014)	(936)	(2,871)	8,145	—	—
Free cash flow	**(25,817)**	**(12,472)**	**(20,068)**	**(94,264)**	**4,837**	**(42,217)**

Source: Company, Kotak Institutional Equities estimates

kotak Institutional Equities

Automobiles

India

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JUNE 02, 2010

UPDATE

BSE-30: 16,945

Maruti surprises while Tata Motors disappoints. Maruti's domestic sales came in better than expected and were up 27% yoy and 13% from April. Tata Motors' total sales were flat from April compared to the 10% increase typically seen from April to May. LCV and passenger vehicle sales disappointed. M&M reported robust sales with UVs and tractors up 6% from April. On the 2-wheeler front, Hero Honda announced an Rs500 price increase but excluded the Splendor, signaling incremental pricing pressure.

Maruti reported 7% better-than-expected domestic sales of 90,041

Maruti reported total sales of 102,175 units for May, which were up 28% yoy and 10% from April. Domestic sales came in above expectations at 90,041 units—up 27% yoy and 13% from April as the company seems to have de-bottlenecked some capacity. Exports volumes totaled 12,134 units, up 34% yoy and down 7% from April. Within segments, the A2 hatchback segment was up 17% yoy and up 11% sequentially. A3 sedan segment sales were up 60% yoy and 9% from April. The van segment sales were up 70% yoy and up 22% sequentially, driven by the newly introduced Eeco. Fiscal year-to-date sales are up 29% yoy compared to the 15% we have modeled for FY2011E.

M&M sales largely in-line with estimate, UV sales show slight upside

M&M reported UV sales of 20,008 units, 3% better than our expectations. UV sales were up 59% yoy and 6% from April. Tractor sales of 17,256 units for May were in line with , up 28% yoy and up 6% sequentially. 3 and 4-wheeler LCV sales totaled 6,641 units for May, up 146% yoy and 13% sequentially as the company is ramping up sales of its newly introduced Maximmo truck.

Tata Motors sales below expectations, as LCVs and passenger vehicles disappoint

Tata Motors reported total sales of 56,779, 12.5% below our estimate of almost 65,000 units. M&HCV sales were in line with our estimates, LCV and passenger vehicle sales disappointed. M&HCV sales for May totaled 14,679 units, up 55% yoy and 5% from April. LCV sales of 19,482 units were 14% below expectations and could be reflecting the increasing competitive pressure. M&M management indicated the Maximmo has been seeing a 25% share in regions the products have been introduced.

2-wheelers: Hero Honda bounces back while it's Bajaj's turn to crib about supply constraints

Hero Honda reported sales of 435,933 units for May as the company made up for production lost in April due to the battery supply constraints. On a fiscal year-to-date basis, sales were up 7% through May compared to the 15% we are assuming for FY2011E. Motorcycle sales on a fiscal year-to-date basis were up 5% through May'10. Hero Honda indicated that it has taken a price increase of Rs500. However, the Splendor and Karizma were excluded from the price increase. Splendor family (including the Splendor Plus and Super Splendor) makes up close to 45% of total sales. At the margin, we believe this could signal the competitive pressure being faced by Hero Honda, especially considering that the Splendor went through an emission change recently.

Bajaj reported total motorcycle sales of 269,488 units, up 63% yoy and down 2% from April. Sales were below expectations and the company attributed to supply constraints that resulted in a 5% lower number. The company indicated that the newly introduced Discover 150 sold 12,377 units in just four states. Exports for the month came in at 95,964 units, down 16% from April's unusually high rate.

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Monthly sales for May'10

	May'10	May'10E	May-09	yoy %	Apr'10	mom %	YTD %	Growth FY2011E %
Two-wheelers								
Bajaj Auto	269,488	299,563	165,697	63	276,122	(2)	73	37
Hero Honda	435,933	452,936	382,678	14	371,652	17	7	15
Four-wheelers								
Tata Motors								
M&HCV	14,679	15,374	9,471	55	13,976	5	59	15
LCV	19,482	22,624	15,003	30	19,673	(1)	29	14
UV	2,708	3,704	2,560	6	3,367	(20)	27	15
Passenger Cars	19,910	23,214	13,162	51	20,186	(1)	63	68
Total	**56,779**	**64,915**	**40,196**	**41**	**57,202**	**(1)**	**47**	**32**
Mahindra & Mahindra								
UVs	20,008	19,420	12,620	59	18,854	6	24	18
Tractors	17,256	17,119	13,500	28	16,304	6	33	9
3 Wheelers, LCVs	6,641	6,545	2,703	146	5,876	13	121	99
Total	**43,905**	**43,084**	**28,823**	**52**	**41,034**	**7**	**36**	**25**
Maruti Udyog								
Domestic	90,041	84,036	70,785	27	80,034	13	25	17
Exports	12,134	12,500	9,087	34	13,024	(7)	57	2
Total	**102,175**	**96,536**	**79,872**	**28**	**93,058**	**10**	**29**	**15**

Source: Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

Company	1-Jun-10 Price (Rs)	Rating	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2010E	EPS (Rs) 2011E	EPS (Rs) 2012E	EPS growth (%) 2010E	EPS growth (%) 2011E	EPS growth (%) 2012E	PER (X) 2010E	PER (X) 2011E	PER (X) 2012E	EV/EBITDA (X) 2010E	EV/EBITDA (X) 2011E	EV/EBITDA (X) 2012E	Price/BV (X) 2010E	Price/BV (X) 2011E	Price/BV (X) 2012E	Dividend yield (%) 2010E	Dividend yield (%) 2011E	Dividend yield (%) 2012E	RoE (%) 2010E	RoE (%) 2011E	RoE (%) 2012E	Target price (Rs)	Upside (%)	ADVT-3mo (US$ mn)
Automobiles																													
Ashok Leyland	60	ADD	79,418	1,684	1,330	2.8	3.9	5.0	84.5	37.5	29.7	21.2	15.4	11.9	12.7	9.8	8.3	2.0	1.9	1.7	2.5	1.7	1.7	11.1	12.7	15.0	60	0.5	9.4
Bajaj Auto	2,164	ADD	313,037	6,638	145	117.5	159.9	173.2	159.8	36.1	8.3	18.4	13.5	12.5	11.6	9.3	8.4	9.9	6.3	4.5	0.9	0.9	0.9	66.6	54.8	39.8	2,330	7.7	11.6
Hero Honda	1,924	SELL	384,313	8,150	200	111.8	121.5	135.7	74.1	8.7	11.7	17.2	15.8	14.2	11.1	10.4	8.9	10.7	7.3	5.4	1.6	1.7	1.9	59.1	56.6	43.8	1,800	(6.5)	23.2
Mahindra & Mahindra	564	BUY	326,362	6,921	578	34.9	39.0	43.9	132.5	11.7	12.5	16.2	14.5	12.9	10.7	9.4	8.4	4.0	3.3	2.7	1.7	1.6	1.7	30.0	24.9	22.8	630	11.7	27.2
Maruti Suzuki	1,257	REDUCE	363,273	7,704	289	86.4	94.4	106.1	104.9	9.2	12.4	14.5	13.3	11.8	7.8	7.1	6.1	3.0	2.5	2.1	0.4	0.4	0.4	23.3	20.6	19.1	1,400	11.4	19.4
Tata Motors	725	ADD	432,201	9,166	596	23.9	27.2	35.5	138.9	13.5	30.6	30.3	26.7	20.4	12.2	12.2	10.7	2.1	1.9	1.7	0.8	0.8	0.8	8.1	7.5	8.6	900	24.1	113.3
Automobiles		**Cautious**	**1,898,604**	**40,263**					**118.1**	**16.5**	**14.7**	**18.6**	**16.0**	**14.0**	**10.7**	**9.8**	**8.5**	**3.7**	**3.1**	**2.5**	**1.1**	**1.1**	**1.2**	**19.9**	**19.1**	**18.2**			
Banks/Financial Institutions																													
Andhra Bank	134	BUY	65,014	1,379	485	21.0	21.1	25.4	56.1	0.6	20.0	6.4	6.3	5.3	—	—	—	1.4	1.2	1.0	3.1	3.2	3.8	24.4	20.2	20.7	160	19.4	5.6
Axis Bank	1,182	ADD	478,835	10,154	405	62.1	77.4	98.5	22.7	24.7	27.3	19.0	15.3	12.0	—	—	—	3.0	2.6	2.2	1.0	1.3	1.6	18.9	18.1	19.9	1,360	15.1	53.2
Bank of Baroda	709	BUY	259,159	5,496	366	83.7	89.8	111.0	37.3	7.3	23.6	8.5	7.9	6.4	—	—	—	1.9	1.6	1.3	2.1	2.3	2.8	24.4	21.8	22.6	825	16.4	11.3
Bank of India	322	REDUCE	169,345	3,591	526	33.1	40.5	56.0	(42.1)	22.2	38.3	9.7	8.0	5.8	—	—	—	1.3	1.2	1.0	2.2	2.7	3.7	14.3	15.9	19.3	360	11.8	6.1
Canara Bank	405	ADD	165,948	3,519	410	73.7	77.0	93.6	45.8	4.5	21.4	5.5	5.3	4.3	—	—	—	1.3	1.1	0.9	2.0	2.5	3.0	23.0	19.6	20.1	500	23.5	6.7
Corporation Bank	526	BUY	75,448	1,600	143	81.6	86.7	100.3	31.1	6.3	15.7	6.4	6.1	5.2	—	—	—	1.3	1.1	1.0	3.1	3.3	3.9	21.9	19.9	19.8	650	23.6	1.1
Federal Bank	333	BUY	57,031	1,209	171	27.2	38.7	48.0	(7.2)	42.3	24.2	12.3	8.6	6.9	—	—	—	1.2	1.1	1.0	1.5	2.1	2.7	10.3	13.4	14.8	360	8.0	4.5
HDFC	2,707	ADD	777,149	16,481	287	98.4	118.2	143.7	22.7	20.1	21.5	27.5	22.9	18.8	—	—	—	5.1	4.5	4.0	1.3	1.5	1.9	20.0	21.0	22.4	3,200	18.2	39.3
HDFC Bank	1,855	BUY	838,614	17,784	452	65.2	86.2	112.2	23.6	32.1	30.2	28.4	21.5	16.5	—	—	—	3.9	3.4	3.0	0.7	0.9	1.1	16.2	17.0	19.2	2,200	18.6	33.3
ICICI Bank	838	REDUCE	934,222	19,812	1,115	36.1	46.5	58.0	6.9	28.9	24.7	23.2	18.0	14.4	—	—	—	1.8	1.7	1.6	1.4	1.8	2.3	8.1	9.8	11.5	980	17.0	96.0
IDFC	152	ADD	197,102	4,180	1,301	8.2	9.2	11.2	41.1	12.9	21.9	18.6	16.4	13.5	—	—	—	2.8	2.5	2.2	1.0	1.1	1.3	16.1	16.0	17.1	180	18.8	18.9
India Infoline	93	BUY	28,966	614	312	8.1	8.9	10.0	59.2	9.8	12.5	11.4	10.4	9.3	—	—	—	1.8	1.5	1.3	3.4	2.1	2.5	16.4	15.9	16.1	140	50.7	3.8
Indian Bank	219	BUY	94,098	1,996	430	35.1	35.5	43.8	25.5	1.1	23.6	6.2	6.2	5.0	—	—	—	1.4	1.2	1.0	2.8	2.8	3.5	24.0	20.3	21.2	280	27.9	4.0
Indian Overseas Bank	89	BUY	48,297	1,024	545	13.0	15.4	26.4	(46.7)	18.9	71.3	6.8	5.7	3.4	—	—	—	0.7	0.7	0.6	4.6	5.1	5.6	9.6	10.6	16.3	120	35.4	2.9
J&K Bank	751	BUY	36,416	772	48	105.7	112.3	140.6	25.1	6.3	25.2	7.1	6.7	5.3	—	—	—	1.3	1.1	1.0	2.9	3.1	3.9	17.3	16.9	18.5	850	13.2	0.6
LIC Housing Finance	919	ADD	87,296	1,851	95	69.7	93.2	104.2	11.4	33.8	11.7	13.2	9.9	8.8	—	—	—	2.7	2.3	1.9	1.6	2.2	2.4	23.6	23.8	22.4	1,050	14.3	20.7
Mahindra & Mahindra Financial	421	BUY	40,368	856	96	35.7	42.6	49.8	59.3	19.3	16.8	11.8	9.9	8.4	—	—	—	2.4	2.0	1.7	1.8	2.2	2.5	21.4	21.7	21.6	500	18.9	0.9
Oriental Bank of Commerce	321	ADD	80,373	1,704	251	45.3	52.8	58.6	25.3	16.5	11.0	7.1	6.1	5.5	—	—	—	1.2	1.0	0.9	2.8	3.3	3.7	14.1	15.4	15.3	400	24.7	5.1
PFC	286	SELL	327,803	6,952	1,148	20.5	22.5	25.9	53.5	9.9	15.1	13.9	12.7	11.0	—	—	—	2.5	2.2	2.0	1.8	2.0	2.3	18.8	18.0	18.2	240	(16.0)	2.6
Punjab National Bank	997	BUY	314,341	6,666	315	123.8	128.0	156.5	26.3	3.4	22.2	8.1	7.8	6.4	—	—	—	1.9	1.6	1.4	2.2	2.6	3.1	26.4	22.7	23.3	1,150	15.4	7.3
Reliance Capital	637	ADD	156,890	3,327	246	13.8	16.1	14.1	(64.9)	17.0	(12.4)	46.2	39.5	45.1	—	—	—	2.3	2.2	2.2	1.0	1.0	0.9	5.0	5.7	4.8	875	37.3	29.8
Rural Electrification Corp.	280	ADD	276,370	5,861	987	20.3	24.6	30.7	23.2	21.2	24.9	13.8	11.4	9.1	—	—	—	2.5	2.2	1.9	2.3	2.6	3.3	22.0	20.5	22.2	300	7.2	16.6
Shriram Transport	578	ADD	128,975	2,735	223	39.2	49.1	62.4	30.1	25.4	27.2	14.8	11.8	9.3	—	—	—	3.5	3.0	2.5	2.0	2.5	3.2	28.4	26.1	27.8	600	3.8	5.2
SREI	81	NR	9,425	200	116	8.3	7.9	9.9	17.8	(4.8)	25.8	9.8	10.3	8.2	—	—	—	0.8	0.7	0.7	1.5	1.5	1.5	11.1	10.5	12.3	—	—	5.0
State Bank of India	2,210	BUY	1,402,863	29,750	635	144.4	178.1	223.0	0.5	23.4	25.2	15.3	12.4	9.9	—	—	—	2.1	1.9	1.6	1.8	1.9	2.0	14.8	16.1	17.8	2,700	22.2	94.6
Union Bank	282	BUY	142,519	3,022	505	41.1	45.8	57.3	20.2	11.5	25.0	6.9	6.2	4.9	—	—	—	1.6	1.3	1.1	1.9	2.4	3.0	26.2	23.7	24.3	380	34.7	4.6
Banks/Financial Institutions		**Attractive**	**7,192,867**	**152,537**					**14.4**	**17.3**	**24.3**	**14.4**	**12.3**	**9.9**	**—**	**—**	**—**	**2.2**	**2.0**	**1.7**	**1.6**	**1.9**	**2.2**	**15.5**	**16.0**	**17.4**			
Cement																													
ACC	818	SELL	153,629	3,258	188	83.2	61.8	63.4	47.9	(25.7)	2.6	9.8	13.2	12.9	5.3	6.2	5.3	2.4	2.1	1.9	2.9	2.9	2.9	29.3	19.4	17.7	830	1.5	10.2
Ambuja Cements	107	SELL	162,666	3,450	1,522	8.0	7.9	8.1	11.4	(1.8)	2.6	13.4	13.6	13.2	7.4	7.7	7.0	2.3	2.1	1.9	1.8	2.0	2.0	19.3	16.7	15.3	98	(8.3)	7.0
Grasim Industries	1,786	REDUCE	163,731	3,472	92	301.0	240.1	282.0	26.1	(20.2)	17.5	5.9	7.4	6.3	3.8	3.9	3.0	1.3	1.1	1.0	1.9	1.9	1.9	22.9	16.4	16.7	2,520	41.1	11.1
India Cements	106	SELL	32,621	692	307	10.0	10.4	11.3	n/a	3.1	9.1	10.6	10.3	9.4	5.4	5.4	5.2	0.8	0.7	0.7	2.0	3.0	3.0	8.2	7.7	8.0	110	3.5	4.7
Shree Cement	1,999	BUY	69,633	1,477	35	208.0	221.1	242.5	19.0	6.3	9.7	9.6	9.0	8.2	4.7	4.5	3.6	3.8	2.7	2.0	0.5	0.5	0.5	48.0	35.0	28.1	2,550	27.6	0.9
UltraTech Cement	918	SELL	114,332	2,425	124	88.2	67.1	77.2	12.0	(23.9)	15.0	10.4	13.7	11.9	5.4	6.1	5.0	2.1	1.8	1.6	0.9	0.9	0.9	26.6	16.8	16.7	940	2.4	3.7
Cement		**Neutral**	**696,611**	**14,773**					**19.3**	**(15.5)**	**10.4**	**9.1**	**10.7**	**9.7**	**5.0**	**5.2**	**4.3**	**1.9**	**1.6**	**1.4**	**1.8**	**1.9**	**1.9**	**20.5**	**15.1**	**14.6**			
Consumer products																													
Asian Paints	2,077	BUY	199,249	4,225	96	71.6	82.1	98.1	85.4	14.7	19.5	29.0	25.3	21.2	18.1	15.5	12.7	12.3	9.8	7.9	1.3	1.6	2.0	51.6	44.5	42.5	2,300	10.7	2.4
Colgate-Palmolive (India)	753	REDUCE	102,341	2,170	136	29.7	33.0	37.6	37.6	11.1	13.9	25.3	22.8	20.0	18.7	16.5	14.0	32.0	25.1	20.1	2.7	3.0	3.4	150.2	122.2	109.9	760	1.0	1.8
Dabur India	184	BUY	159,484	3,382	866	5.8	6.8	8.2	28.1	17.6	20.8	31.8	27.0	22.4	23.6	18.9	15.6	15.1	12.4	10.2	1.7	1.9	2.3	54.3	51.1	50.7	200	8.6	2.2
GlaxoSmithkline Consumer (a)	1,686	ADD	70,910	1,504	42	55.4	70.0	82.9	23.6	26.5	18.4	30.5	24.1	20.3	16.7	14.1	11.5	7.9	6.6	5.5	1.1	1.4	1.6	27.9	29.6	29.2	1,800	6.8	1.0
Godrej Consumer Products	326	NR	84,040	1,782	258	10.4	11.7	13.9	54.9	13.2	18.2	31.4	27.8	23.5	22.2	19.8	16.5	7.2	6.2	6.0	1.2	1.2	1.2	30.8	23.9	27.4	—	—	2.8
Hindustan Unilever	234	REDUCE	509,558	10,806	2,179	9.7	10.4	11.8	1.7	7.3	14.0	24.2	22.5	19.8	16.1	15.1	12.7	20.0	17.2	14.9	3.2	3.6	4.1	91.6	82.2	80.8	230	(1.6)	14.9
ITC	283	BUY	1,066,517	22,617	3,769	10.8	12.4	14.5	24.4	15.4	16.9	26.3	22.8	19.5	16.2	14.3	12.0	7.5	6.5	5.5	3.5	1.9	2.1	29.9	32.2	32.1	315	11.3	22.6
Jubilant Foodworks	277	SELL	17,951	381	65	5.5	7.7	9.7	340.6	39.3	25.3	50.0	35.9	28.6	27.0	18.9	13.3	15.3	10.7	7.8	—	—	—	46.6	35.1	31.5	290	4.7	20.0
Jyothy Laboratories	209	ADD	15,152	321	73	11.0	12.9	15.3	99.6	17.0	18.3	18.9	16.2	13.7	14.3	10.8	8.7	3.7	3.2	2.7	2.2	1.7	2.2	18.6	20.2	20.5	230	10.2	0.6
Nestle India (a)	2,855	ADD	275,305	5,838	96	74.4	87.0	105.5	27.0	17.0	21.3	38.4	32.8	27.1	25.3	22.5	19.3	47.4	37.6	29.7	1.7	2.1	2.6	136.0	127.8	122.7	3,000	5.1	2.1
Tata Tea	1,070	BUY	66,166	1,403	62	66.2	73.5	83.7	23.4	11.1	13.8	16.2	14.5	12.8	10.5	8.5	7.6	1.3	1.2	1.2	2.0	2.2	2.6	10.9	11.4	12.0	1,250	16.8	2.6
Consumer products		**Attractive**	**2,566,675**	**54,431**					**23.4**	**13.8**	**16.9**	**27.0**	**23.7**	**20.3**	**17.3**	**15.3**	**12.8**	**9.2**	**7.9**	**6.8**	**2.7**	**2.3**	**2.6**	**34.0**	**33.4**	**33.7**			
Constructions																													
IVRCL	162	BUY	43,296	918	267	7.8	10.3	12.4	(7.7)	32.4	19.7	20.8	15.7	13.1	11.2	9.2	7.9	2.1	1.9	1.7	0.2	0.2	0.2	10.9	12.8	13.5	215	32.6	9.7
Nagarjuna Construction Co.	173	BUY	44,479	943	257	7.1	11.5	14.3	6.1	61.1	24.1	24.3	15.1	12.2	11.9	9.0	7.4	2.0	1.8	1.6	0.9	1.2	1.2	9.3	12.5	13.9	210	21.1	3.7
Punj Lloyd	119	REDUCE	40,276	854	339	(12.9)	9.8	12.0	79.2	(175.4)	22.4	(9.2)	12.2	9.9	34.7	6.8	6.2	1.3	1.2	1.1	(0.1)	0.4	0.9	(15.8)	10.3	11.4	140	17.8	12.7
Sadbhav Engineering	1,248	BUY	15,603	331	13	43.1	61.9	88.8	(15.8)	43.7	43.4	29.0	20.2	14.1	14.1	10.1	8.4	3.8	3.2	2.7	0.3	0.5	0.5	13.3	16.0	18.9	1,570	25.8	0.4
Construction		**Attractive**	**143,653**	**3,046**					**(96.9)**	**14,365.2**	**23.8**	**2,121.7**	**14.7**	**11.8**	**15.6**	**8.2**	**7.1**	**1.9**	**1.7**	**1.5**	**0.4**	**0.6**	**0.7**	**0.1**	**11.4**	**12.5**			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

Company	1-Jun-10 Price (Rs)	Rating	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2010E	EPS (Rs) 2011E	EPS (Rs) 2012E	EPS growth (%) 2010E	EPS growth (%) 2011E	EPS growth (%) 2012E	PER (X) 2010E	PER (X) 2011E	PER (X) 2012E	EV/EBITDA (X) 2010E	EV/EBITDA (X) 2011E	EV/EBITDA (X) 2012E	Price/BV (X) 2010E	Price/BV (X) 2011E	Price/BV (X) 2012E	Dividend yield (%) 2010E	Dividend yield (%) 2011E	Dividend yield (%) 2012E	RoE (%) 2010E	RoE (%) 2011E	RoE (%) 2012E	Target price (Rs)	Upside (%)	ADVT-3mo (US$ mn)
Energy																													
Bharat Petroleum	577	RS	208,482	4,421	362	63.3	53.6	59.2	207.3	(15.3)	10.4	9.1	10.8	9.7	5.2	5.2	4.8	1.5	1.3	1.2	2.4	3.1	3.4	15.9	12.2	12.3	—	—	8.6
Cairn india	292	SELL	553,156	11,731	1,897	5.3	28.5	40.0	—	433	40.5	55	10	7.3	42.8	7.0	4.9	1.6	1.4	1.3	—	—	5.1	3.0	14.6	18.1	250	(14.3)	19.3
Castrol India (a)	373	REDUCE	92,137	1,954	247	15.4	19.6	20.6	44.6	27.0	5.3	24.2	19.0	18.1	14.2	11.6	10.9	20.0	18.7	17.2	3.4	4.2	4.3	83.8	101.6	99.2	330	(11.4)	1.6
GAIL (India)	450	ADD	570,753	12,104	1,268	24.8	26.4	37.1	11.7	6.8	40.5	18.2	17.0	12.1	10.2	10.5	8.7	3.1	2.8	2.4	1.7	1.9	2.7	17.4	16.5	20.2	485	7.8	17.1
GSPL	95	REDUCE	53,433	1,133	562	7.4	8.9	9.1	234.7	21.5	1.3	12.9	10.6	10.5	6.7	5.6	5.1	3.1	2.5	2.2	1.1	2.4	3.8	27.3	26.3	22.5	80	(15.8)	4.0
Hindustan Petroleum	363	RS	122,891	2,606	339	54.7	44.6	56.3	222.7	(18.6)	26.4	6.6	8.1	6.4	2.5	2.9	2.4	0.9	0.8	0.8	3.3	3.8	4.9	13.9	10.1	11.7	—	—	7.0
Indian Oil Corporation	357	RS	866,657	18,379	2,428	49.9	34.3	35.7	406.8	(31.3)	4.2	7.2	10.4	10.0	4.9	5.8	4.9	1.6	1.5	1.3	3.6	2.9	3.0	22.7	13.9	13.3	—	—	5.8
Oil India	1,266	BUY	304,367	6,455	240	115.1	127.0	140.6	—	10.3	10.7	11.0	10.0	9.0	4.5	3.7	3.1	2.1	1.8	1.6	2.7	3.1	3.4	16.7	17.3	17.0	1,350	6.7	3.4
Oil & Natural Gas Corporation	1,146	BUY	2,450,416	51,965	2,139	91.4	121.9	129.5	1.3	33.3	6.2	12.5	9.4	8.8	4.5	3.8	3.2	1.8	1.7	1.5	2.9	3.7	3.8	14.6	17.5	16.7	1,375	20.0	26.6
Petronet LNG	81	REDUCE	60,750	1,288	750	5.4	6.2	7.9	—	14.9	28.0	15.0	13.1	10.2	9.4	7.8	6.8	2.4	2.1	1.8	2.2	2.5	3.4	15.9	15.9	17.6	82	1.2	4.2
Reliance Industries	1,011	SELL	3,007,397	63,777	2,976	49.6	62.9	80.2	(1.8)	26.6	27.5	20.4	16.1	12.6	10.3	7.8	6.4	2.0	1.9	1.7	1.4	1.8	2.3	11.4	13.2	15.3	985	(2.5)	124.9
Energy		**Cautious**	**8,290,437**	**175,812**					**33.5**	**19.3**	**17.1**	**13.8**	**11.6**	**9.9**	**6.7**	**5.7**	**4.8**	**1.9**	**1.7**	**1.5**	**2.1**	**2.5**	**3.2**	**13.8**	**14.9**	**15.7**			
Industrials																													
ABB	854	REDUCE	181,033	3,839	212	16.7	23.3	37.2	(35.2)	39.2	59.8	51.0	36.7	22.9	29.3	21.6	13.3	7.5	6.4	5.1	0.2	0.4	0.4	15.6	18.8	24.7	840	(1.7)	8.1
BGR Energy Systems	637	BUY	45,846	972	72	27.3	36.2	46.3	70.5	32.4	27.8	23.3	17.6	13.8	13.6	10.4	8.4	6.4	4.9	3.8	0.7	1.0	1.2	30.7	31.6	31.3	700	9.9	2.2
Bharat Electronics	1,705	REDUCE	136,436	2,893	80	93.9	111.8	127.4	(9.6)	19.1	13.9	18.2	15.3	13.4	8.7	6.9	5.8	3.1	2.7	2.3	1.5	1.5	1.5	17.9	18.7	18.5	1,790	5.0	3.8
Bharat Heavy Electricals	2,314	ADD	1,132,921	24,025	490	92.0	115.8	136.2	44.1	25.8	17.7	25.2	20.0	17.0	14.0	10.9	8.9	6.9	5.5	4.4	0.8	1.1	1.3	30.8	30.7	28.9	2,500	8.0	31.6
Crompton Greaves	241	BUY	154,485	3,276	642	12.8	13.3	15.8	46.5	3.2	19.0	18.7	18.2	15.3	10.8	9.9	8.1	5.9	4.6	3.7	0.7	0.7	0.9	36.8	28.5	26.8	290	20.4	9.3
Larsen & Toubro	1,594	BUY	957,732	20,310	601	58.1	69.7	87.7	16.0	19.9	25.9	27.4	22.9	18.2	14.9	12.8	10.6	4.3	3.6	3.1	0.7	0.8	0.9	18.6	17.2	18.3	1,850	16.1	50.0
Maharashtra Seamless	378	BUY	26,674	566	71	40.2	43.6	49.8	12.1	8.5	14.2	9.4	8.7	7.6	4.9	4.3	3.4	1.7	1.4	1.3	1.6	2.1	2.6	19.3	17.9	17.7	450	19.0	0.8
Siemens	674	REDUCE	227,229	4,819	337	25.0	29.6	34.3	55.2	18.6	16.0	27.0	22.8	19.6	15.8	12.9	10.8	6.7	5.4	4.5	0.7	0.9	1.0	27.3	26.3	25.1	635	(5.8)	7.4
Suzlon Energy	56	REDUCE	88,619	1,879	1,594	(5.9)	0.3	5.3	(182.3)	(104.4)	1,931.8	(9.4)	214.3	10.5	16.6	8.6	5.6	0.8	0.8	0.8	—	—	0.4	(8.8)	0.4	7.5	70	25.9	32.3
Thermax	699	BUY	83,256	1,766	119	21.7	29.4	37.6	(10.4)	35.4	27.7	32.2	23.8	18.6	17.2	13.3	10.4	7.7	6.3	5.1	0.5	1.2	1.5	24.9	29.1	30.5	750	7.3	1.2
Voltas	181	ADD	59,714	1,266	331	10.9	11.3	12.6	57.4	3.8	12.1	16.6	16.0	14.3	9.6	8.5	7.2	5.6	4.5	3.8	1.7	1.8	2.1	38.3	31.3	28.8	215	19.1	3.7
Industrials		**Attractive**	**3,093,947**	**65,612**					**4.2**	**32.3**	**26.9**	**28.3**	**21.4**	**16.9**	**14.2**	**11.3**	**9.1**	**4.6**	**3.9**	**3.3**	**0.8**	**0.9**	**1.1**	**16.3**	**18.3**	**19.6**			
Infrastructure																													
Container Corporation	1,325	REDUCE	172,211	3,652	130	61.1	74.3	85.9	0.3	21.7	15.6	21.7	17.8	15.4	15.3	12.4	10.4	4.0	3.4	2.9	1.1	1.3	1.5	19.6	20.6	20.5	1,250	(5.7)	1.9
GMR Infrastructure	57	ADD	210,119	4,456	3,667	0.4	0.2	0.1	(43.8)	(48.9)	(40.0)	133.0	260.3	433.4	23.4	15.1	14.2	2.0	1.7	1.7	—	—	—	2.4	1.2	0.7	65	13.4	6.1
GVK Power & Infrastructure	43	BUY	67,985	1,442	1,579	0.8	1.1	1.4	6.7	33.5	32.4	52.9	39.6	29.9	18.2	16.7	17.1	2.1	2.1	2.0	—	0.7	0.7	4.7	5.3	6.7	54	25.4	6.3
IRB Infrastructure	256	RS	85,118	1,805	332	9.7	12.6	12.1	83.8	29.2	(3.7)	26.3	20.4	21.2	12.6	11.3	10.5	3.7	2.8	2.3	—	—	—	15.6	15.7	11.9	—	—	4.5
Mundra Port and SEZ	677	REDUCE	273,062	5,791	403	15.1	24.1	35.7	40.8	59.5	48.4	44.8	28.1	18.9	29.0	18.6	13.2	7.5	5.8	4.3	—	—	—	18.5	23.2	26.1	725	7.1	15.9
Infrastructure		**Attractive**	**808,495**	**17,145**					**12.7**	**29.5**	**24.1**	**40.2**	**31.0**	**25.0**	**20.3**	**15.0**	**12.9**	**3.4**	**2.9**	**2.5**	**—**	**—**	**0.4**	**8.4**	**9.2**	**10.2**			
Media																													
DB Corp	233	ADD	42,351	898	181	10.6	12.9	15.7	276.4	21.0	22.3	22.0	18.2	14.8	12.1	10.0	7.9	6.1	4.8	4.1	0.9	1.7	2.6	38.2	29.6	29.9	280	20.0	9.9
DishTV	38	ADD	40,090	850	1,063	(2.5)	(1.2)	0.6	(61.6)	(52.4)	(146.5)	(14.9)	(31.4)	67.5	58.8	19.2	10.4	9.8	14.3	11.8	—	—	—	248.6	(37.1)	19.1	45	19.4	2.7
HT Media	150	NR	35,285	748	235	6.1	7.8	9.4	623.3	27.0	20.9	24.6	19.4	16.0	12.3	10.2	8.4	3.6	3.2	2.9	0.7	1.3	2.7	15.6	17.6	19.2	—	—	0.3
Jagran Prakashan	110	ADD	33,068	701	301	5.8	6.4	7.5	91.9	9.5	16.7	18.8	17.2	14.7	11.3	9.9	8.5	5.4	4.8	4.3	3.2	3.2	3.6	30.0	29.8	31.0	130	18.4	1.9
Sun TV Network	403	REDUCE	158,893	3,370	394	13.1	17.9	22.8	44.8	36.0	27.5	30.7	22.5	17.7	17.4	13.0	10.3	8.2	6.9	5.7	1.9	1.9	2.2	28.4	33.5	35.5	420	4.2	2.2
Zee Entertainment Enterprises	276	REDUCE	119,589	2,536	434	10.5	12.0	14.7	24.4	14.4	22.2	26.2	22.9	18.7	19.4	15.3	12.2	3.2	3.1	3.0	0.9	1.1	1.3	13.0	14.1	16.4	265	(3.8)	8.7
Media		**Neutral**	**429,276**	**9,104**					**183.3**	**41.2**	**36.3**	**35.5**	**25.1**	**18.5**	**17.1**	**13.0**	**10.1**	**5.2**	**4.7**	**4.2**	**1.3**	**1.5**	**1.9**	**14.5**	**18.8**	**22.9**			
Metals																													
Hindalco Industries	144	ADD	274,843	5,828	1,914	4.2	12.4	14.9	(74.0)	197.9	20.7	34.6	11.6	9.6	8.1	8.2	8.3	1.2	1.1	1.0	0.9	0.9	0.9	9.1	10.3	11.3	190	32.3	36.0
Hindustan Zinc	942	BUY	398,025	8,441	423	95.6	70.1	76.6	48.2	(26.8)	9.4	9.8	13.4	12.3	5.9	7.7	5.9	2.1	1.8	1.6	0.6	0.6	0.6	24.2	14.8	14.1	1,400	48.6	4.4
Jindal Steel and Power	632	SELL	586,489	12,437	928	38.5	48.7	50.8	17.2	26.5	4.3	16.4	13.0	12.5	10.3	8.3	7.8	5.1	3.7	2.8	0.2	0.2	0.2	37.3	33.0	25.7	575	(9.0)	34.6
JSW Steel	1,054	REDUCE	209,435	4,441	199	80.4	106.4	136.9	447.0	32.3	28.7	13.1	9.9	7.7	8.3	7.0	5.6	1.8	1.5	1.2	0.8	0.4	0.4	15.4	16.4	17.3	1,150	9.1	54.1
National Aluminium Co.	420	SELL	270,642	5,739	644	10.1	28.0	27.7	(49.0)	178.6	(1.2)	41.7	15.0	15.2	18.4	7.2	6.7	2.5	2.2	1.9	0.5	0.5	0.5	6.1	15.4	13.3	320	(23.8)	2.0
Sesa Goa	362	REDUCE	322,206	6,833	890	29.6	61.4	62.4	32.2	107.6	1.8	12.3	5.9	5.8	9.9	3.6	2.9	4.2	2.5	1.8	0.8	0.8	0.8	36.7	48.0	34.1	420	16.0	73.7
Sterlite Industries	629	ADD	528,620	11,210	840	48.1	67.6	83.3	21.9	40.6	23.2	13.1	9.3	7.6	10.1	7.3	5.4	1.4	1.3	1.1	0.6	0.6	0.6	13.0	14.4	15.4	875	39.1	44.9
Tata Steel	480	BUY	425,952	9,033	887	3.2	78.7	93.5	(97.1)	2,331.6	18.7	148.2	6.1	5.1	17.1	5.7	4.8	1.7	1.4	1.1	1.7	1.7	1.7	1.1	24.7	23.8	700	45.8	101.0
Metals		**Cautious**	**3,016,213**	**63,964**					**(30.1)**	**81.1**	**13.4**	**17.1**	**9.5**	**8.3**	**10.4**	**6.6**	**5.7**	**2.1**	**1.7**	**1.4**	**0.7**	**0.7**	**0.7**	**12.2**	**18.3**	**17.3**			
Pharmaceutical																													
Biocon	288	BUY	57,640	1,222	200	14.7	18.3	22.4	212.6	24.8	22.7	19.7	15.8	12.8	11.2	9.4	7.6	3.2	2.8	2.4	—	—	0.1	17.9	19.3	20.3	345	19.7	3.8
Cipla	324	REDUCE	260,147	5,517	803	12.7	12.8	15.6	27.9	1.1	21.9	25.5	25.3	20.7	17.8	16.7	14.0	4.5	3.9	3.4	0.8	0.8	0.8	20.1	16.6	17.6	280	(13.6)	11.1
Cadila Healthcare	619	REDUCE	126,637	2,686	205	24.7	29.6	34.9	66.9	20.0	17.6	25.0	20.9	17.7	16.2	13.6	11.8	7.9	6.1	4.8	0.8	1.0	1.1	36.1	32.8	30.3	535	(13.5)	1.4
Dishman Pharma & chemicals	200	BUY	16,287	345	81	14.4	17.2	28.8	(19.7)	19.4	67.0	13.9	11.6	7.0	10.2	8.5	6.0	2.0	1.8	1.4	—	—	—	15.5	16.3	22.7	300	49.8	0.9
Divi's Laboratories	730	ADD	96,438	2,045	132	25.8	34.3	43.9	(18.3)	33.3	27.9	28.3	21.3	16.6	21.1	15.6	11.9	6.4	5.3	4.3	—	—	—	24.8	27.2	28.4	800	9.6	3.6
Dr Reddy's Laboratories	1,405	REDUCE	238,001	5,047	169	48.1	66.0	76.5	48.3	37.2	15.9	29.2	21.3	18.4	16.2	12.3	10.7	6.3	5.0	4.0	0.5	0.6	0.6	22.2	26.1	24.2	1,240	(11.7)	12.0
GlaxoSmithkline Pharmaceuticals (a)	2,088	REDUCE	176,851	3,750	85	59.1	69.1	79.2	8.1	17.0	14.5	35.3	30.2	26.4	20.3	17.4	14.9	9.9	8.4	7.2	—	—	—	29.8	30.2	29.5	1,800	(13.8)	1.8
Glenmark Pharmaceuticals	272	NR	74,411	1,578	274	12.7	17.4	19.2	14.3	37.4	10.2	21.4	15.6	14.1	13.0	9.3	8.9	3.2	2.7	2.3	—	—	—	16.8	18.5	—	—	—	6.2
Lupin	1,854	ADD	164,259	3,483	89	76.9	104.1	122.5	27.8	35.3	17.6	24.1	17.8	15.1	20.6	15.0	11.8	7.1	5.3	4.1	0.7	0.8	0.8	36.6	34.4	30.7	1,920	3.5	6.9
Piramal Healthcare	507	REDUCE	106,057	2,249	209	23.4	13.4	11.0	35.5	(42.9)	(17.6)	21.7	38.0	46.1	15.9	6.4	4.8	6.3	1.1	1.0	1.1	1.2	0.7	32.1	141.2	16.6	490	(3.4)	29.4
Ranbaxy Laboratories	429	SELL	183,762	3,897	428	7.1	28.0	11.7	(128.4)	297.1	(58.3)	60.8	15.3	36.7	15.0	9.0	17.8	4.7	3.7	3.4	—	0.9	0.9	6.9	24.6	9.1	220	(48.7)	15.8
Sun Pharmaceuticals	1,681	REDUCE	348,148	7,383	207	65.2	67.7	77.6	(25.7)	3.8	14.6	25.8	24.8	21.7	19.4	17.4	14.7	4.2	3.7	3.2	0.8	0.8	0.8	17.8	16.2	16.2	1,560	(7.2)	9.1
Pharmaceuticals		**Attractive**	**1,848,639**	**39,203**					**41.3**	**27.0**	**6.7**	**27.4**	**21.6**	**20.2**	**17.0**	**13.1**	**12.2**	**5.2**	**3.7**	**3.1**	**0.5**	**0.6**	**0.6**	**18.9**	**17.1**	**15.5**			
Property																													
DLF	271	ADD	462,747	9,813	1,708	9.6	16.3	25.1	(64.0)	69.4	53.8	28.1	16.6	10.8	18.5	11.7	8.8	1.7	1.6	1.4	1.1	1.1	1.8	6.4	9.9	13.8	340	25.5	59.8
Indiabulls Real Estate	153	RS	61,468	1,304	401	1.6	4.0	8.0	109.7	151.7	101.7	96.6	38.4	19.0	(58)	29.5	7.6	0.7	0.7	0.7	—	—	—	0.8	1.8	3.5	285	86.0	22.2
Mahindra Life Space Developer	417	ADD	17,522	372	42	18.9	20.3	27.5	82.4	7.3	35.8	22.1	20.6	15.1	18.2	15.0	8.0	1.9	1.7	1.6	0.9	0.9	0.9	8.4	8.5	10.7	540	29.6	1.6
Phoenix Mills	200	BUY	28,962	614	145	5.1	7.7	8.7	2.5	51.0	13.5	39.3	26.0	22.9	30.2	19.4	16.2	1.9	1.8	1.7	0.5	0.8	1.0	4.8	7.0	7.5	260	30.0	0.8
Puravankara Projects	97	REDUCE	20,681	439	213	6.4	8.2	8.1	(5.2)	28.4	(2.0)	15.1	11.8	12.0	19.6	13.2	13.1	1.5	1.3	1.2	2.1	2.1	2.1	10.0	11.9	10.7	110	13.5	0.9
Sobha	284	ADD	27,840	590	98	14.4	17.5	24.7	(4.8)	21.1	41.6	19.7	16.3	11.5	15.0	12.0	7.4	1.6	1.5	1.3	0.7	1.4	1.4	9.8	9.4	12.2	325	14.5	2.2
Unitech	69	SELL	180,516	3,828	2,616	3.4	4.3	5.6	(54.2)	26.3	30.2	20.4	16.2	12.4	18.7	12.8	8.0	1.7	1.4	1.3	—	—	2.2	9.7	9.4	11.1	72	4.3	62.0

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

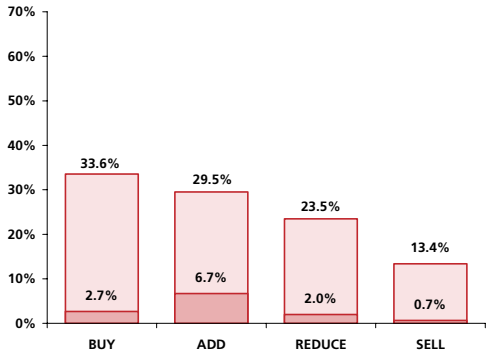
Company	1-Jun-10 Price (Rs)	Rating	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2010E	EPS (Rs) 2011E	EPS (Rs) 2012E	EPS growth (%) 2010E	EPS growth (%) 2011E	EPS growth (%) 2012E	PER (X) 2010E	PER (X) 2011E	PER (X) 2012E	EV/EBITDA (X) 2010E	EV/EBITDA (X) 2011E	EV/EBITDA (X) 2012E	Price/BV (X) 2010E	Price/BV (X) 2011E	Price/BV (X) 2012E	Dividend yield (%) 2010E	Dividend yield (%) 2011E	Dividend yield (%) 2012E	RoE (%) 2010E	RoE (%) 2011E	RoE (%) 2012E	Target price (Rs)	Upside (%)	ADVT-3mo (US$ mn)
Retail																													
Titan Industries	2,214	ADD	98,287	2,084	44	62.7	76.1	96.2	41.5	21.3	26.5	35.3	29.1	23.0	25.1	19.6	15.3	12.4	9.3	7.0	0.5	0.5	0.6	40.7	36.6	34.8	2,400	8.4	4.3
Retail		**Neutral**	**98,287**	**2,084**					**41.5**	**21.3**	**26.5**	**35.3**	**29.1**	**23.0**	**25.1**	**19.6**	**15.3**	**12.4**	**9.3**	**7.0**	**0.5**	**0.5**	**0.6**	**35.2**	**32.0**	**30.5**			
Sugar																													
Bajaj Hindustan	107	SELL	20,389	432	191	9.7	9.9	8.9	—	2.2	(10.4)	11.0	10.7	12.0	6.8	5.6	5.2	0.8	0.8	0.7	0.7	0.7	0.7	8.1	7.5	6.3	99	(7.1)	10.0
Balrampur Chini Mills	80	ADD	20,515	435	257	3.7	10.4	7.0	—	183.7	(32.7)	21.7	7.7	11.4	9.3	5.3	5.7	1.5	1.3	1.2	0.6	0.6	0.6	7.0	18.1	11.0	92	15.1	9.4
Shree Renuka Sugars	61	BUY	40,791	865	670	9.9	7.6	7.8	196.4	(23.2)	3.1	6.2	8.0	7.8	4.3	4.8	4.1	1.6	1.3	1.1	0.7	0.6	0.6	32.0	18.1	15.7	76	24.8	23.3
Sugar		**Cautious**	**81,695**	**1,732**					**96.1**	**2.5**	**(9.4)**	**8.7**	**8.4**	**9.3**	**5.8**	**5.2**	**4.8**	**1.3**	**1.1**	**1.0**	**0.6**	**0.6**	**0.6**	**14.9**	**13.3**	**10.8**			
Technology																													
HCL Technologies	365	REDUCE	251,816	5,340	690	17.8	25.1	28.5	2.0	40.6	13.6	20.5	14.6	12.8	10.4	8.9	7.4	4.0	3.3	2.7	1.1	1.1	1.6	20.8	24.9	23.3	370	1.4	8.6
Hexaware Technologies	73	REDUCE	10,501	223	144	9.3	5.1	9.4	127.7	(45.4)	84.0	7.8	14.3	7.8	3.8	7.8	4.1	1.2	1.2	1.0	1.4	1.4	1.4	17.8	8.4	14.0	72	(1.5)	2.6
Infosys Technologies	2,624	BUY	1,506,377	31,945	574	108.3	125.2	150.5	5.7	15.6	20.2	24.2	21.0	17.4	17.6	14.4	11.6	6.5	5.4	4.5	1.0	1.3	1.6	30.1	28.2	28.0	3,100	18.1	69.8
Mphasis BFL	552	REDUCE	115,066	2,440	208	43.6	49.0	45.6	207.5	12.5	(7.0)	12.7	11.3	12.1	10.1	8.9	8.1	4.9	3.5	2.8	0.6	0.7	0.8	48.1	36.4	25.8	550	(0.3)	10.4
Mindtree	550	REDUCE	22,640	480	41	52.2	38.9	51.6	294.3	(25.5)	32.6	10.5	14.1	10.7	9.0	8.7	6.1	3.4	2.7	2.2	0.4	0.7	0.9	35.2	21.4	23.1	550	(0.0)	2.9
Patni Computer Systems	542	REDUCE	72,255	1,532	133	36.6	42.3	38.6	36.4	15.6	(8.7)	14.8	12.8	14.1	7.9	7.0	6.1	2.0	1.9	1.7	1.3	1.6	1.4	18.2	15.8	12.8	450	(17.0)	4.9
Polaris Software Lab	169	SELL	16,829	357	100	15.4	19.1	18.6	16.9	24.3	(2.7)	11.0	8.8	9.1	5.3	6.9	5.9	1.9	1.7	1.5	2.1	2.2	2.3	18.6	20.1	17.0	180	6.6	3.6
TCS	739	BUY	1,446,762	30,681	1,957	35.1	41.1	46.3	32.8	16.9	12.8	21.1	18.0	16.0	16.2	13.1	10.8	6.9	5.7	4.8	2.7	2.2	2.5	37.6	34.8	32.8	900	21.8	35.5
Wipro	658	ADD	962,435	20,410	1,462	31.4	36.7	41.9	22.1	16.7	14.4	21.0	18.0	15.7	15.7	12.9	10.7	4.9	4.0	3.3	0.9	1.1	1.3	26.5	24.6	23.2	775	17.7	16.3
Technology		**Attractive**	**4,404,680**	**93,409**					**22.9**	**16.7**	**14.2**	**21.1**	**18.1**	**15.8**	**15.3**	**12.7**	**10.5**	**5.6**	**4.7**	**3.9**	**1.5**	**1.5**	**1.8**	**26.7**	**25.8**	**24.6**			
Telecom																													
Bharti Airtel	257	REDUCE	975,983	20,697	3,798	24.0	21.4	24.2	7.5	(10.8)	13.2	10.7	12.0	10.6	6.0	5.7	4.8	2.2	1.9	1.6	1.2	1.6	1.9	24.1	17.0	16.5	290	12.8	43.4
IDEA	49	REDUCE	161,690	3,429	3,300	2.7	1.3	2.3	(5.8)	(51.7)	71.9	17.9	37.1	21.6	6.7	6.7	5.5	1.4	1.4	1.3	—	—	—	7.2	3.8	6.3	50	2.0	8.3
MTNL	54	SELL	33,831	717	630	(15.6)	(10.4)	(9.1)	(750.8)	(33.7)	(11.9)	(3.4)	(5.2)	(5.9)	0.3	0.4	0.5	0.3	0.3	0.3	—	—	—	(8.5)	(6.1)	(5.7)	50	(6.9)	1.6
Reliance Communications	139	SELL	296,100	6,279	2,133	22.1	14.1	18.2	(30.2)	(36.2)	29.1	6.3	9.9	7.6	6.3	6.9	5.1	0.8	0.7	0.6	0.6	—	—	11.7	7.4	8.9	140	0.8	14.4
Tata Communications	236	REDUCE	67,132	1,424	285	14.0	15.2	15.7	3.2	8.2	3.5	16.8	15.5	15.0	6.9	6.4	6.1	0.9	0.9	0.9	2.8	3.2	3.6	5.2	5.5	5.5	225	(4.5)	1.3
Telecom		**Cautious**	**1,534,737**	**32,547**					**(15.1)**	**(19.8)**	**20.7**	**10.7**	**13.4**	**11.1**	**6.4**	**6.3**	**5.1**	**1.4**	**1.2**	**1.1**	**1.0**	**1.1**	**1.4**	**12.7**	**9.3**	**10.2**			
Utilities																													
Adani Power	119	ADD	259,311	5,499	2,180	0.8	4.9	16.4	—	524.1	235.3	151.8	24.3	7.3	119.4	16.5	6.0	4.7	4.0	2.6	—	—	—	4.4	17.8	43.0	130	9.3	9.9
CESC	379	ADD	47,382	1,005	125	34.1	43.3	46.7	5.6	27.0	7.9	11.1	8.8	8.1	6.4	6.2	7.0	1.1	1.0	0.9	1.1	1.4	1.5	10.7	12.1	11.7	455	20.0	2.0
Lanco Infratech	61	BUY	146,224	3,101	2,405	1.8	3.6	4.3	23.9	101.3	18.5	33.8	16.8	14.2	23.1	9.6	9.3	4.3	3.4	2.8	—	—	—	14.5	20.9	20.0	60	(1.3)	9.9
NTPC	198	REDUCE	1,630,128	34,570	8,245	10.6	12.4	14.7	7.8	16.8	18.9	18.7	16.0	13.5	14.5	12.3	10.3	2.6	2.3	2.1	2.0	2.3	2.8	14.2	15.3	16.6	200	1.2	13.8
Reliance Infrastructure	1,044	ADD	256,950	5,449	246	61.8	62.7	80.3	(1.5)	1.6	28.0	16.9	16.6	13.0	18.2	17.6	12.0	1.3	1.2	1.2	0.8	0.9	1.0	6.3	7.3	10.1	1,100	5.3	37.8
Reliance Power	154	SELL	368,740	7,820	2,397	2.5	3.1	5.1	—	24.4	66.1	62.4	50.2	30.2	—	—	—	2.6	2.4	2.3	—	—	—	4.2	5.0	7.8	128	(16.8)	11.0
Tata Power	1,255	BUY	309,888	6,572	247	60.2	76.1	95.3	20.1	26.4	25.2	20.8	16.5	13.2	13.4	11.4	9.8	2.4	2.1	1.9	1.0	1.1	1.2	12.9	13.6	15.2	1,500	19.5	12.8
Utilities		**Attractive**	**3,018,624**	**64,015**					**14.8**	**25.8**	**35.9**	**22.7**	**18.0**	**13.3**	**18.9**	**14.5**	**10.8**	**2.4**	**2.2**	**2.0**	**1.3**	**1.5**	**1.7**	**10.8**	**12.4**	**15.0**			
Others																													
Aban Offshore	691	ADD	30,065	638	43	94.5	172.3	103.6	(2.5)	82.3	(39.8)	7.3	4.0	6.7	8.1	5.9	6.4	1.4	0.7	0.7	0.5	0.5	0.6	21.7	20.8	11.1	900	30.2	47.2
Havells India	569	SELL	34,260	727	60	5.3	31.6	45.0	3.7	497.9	42.6	107.8	18.0	12.6	15.3	9.5	7.7	9.4	6.2	4.2	0.4	0.4	0.5	6.6	41.6	39.7	480	(15.7)	8.4
Jaiprakash Associates	117	BUY	249,818	5,298	2,129	1.5	8.0	10.8	(27.2)	447.1	35.7	80.6	14.7	10.9	21.1	12.7	9.1	2.9	2.5	2.1	—	—	—	4.1	18.3	20.8	183	55.9	37.1
Jindal Saw	189	ADD	55,726	1,182	294	27.5	19.3	17.9	121.9	(29.8)	(7.2)	6.9	9.8	10.6	5.0	5.7	5.4	1.5	1.2	1.1	0.5	0.4	0.4	20.5	12.9	11.1	243	28.3	9.6
PSL	119	BUY	6,386	135	53	22.9	25.4	28.2	3.3	10.6	11.0	5.2	4.7	4.2	3.1	2.5	2.7	0.7	0.6	0.6	5.4	5.4	5.9	12.6	11.7	12.0	175	46.5	0.7
Sintex	271	BUY	36,936	783	136	24.1	29.8	34.3	0.5	23.5	15.1	11.2	9.1	7.9	8.4	6.3	5.2	1.7	1.4	1.2	0.4	0.4	0.5	15.1	15.6	15.2	380	40.4	4.6
Tata Chemicals	316	ADD	76,938	1,632	243	28.6	30.1	35.9	7.4	5.1	19.3	11.1	10.5	8.8	6.3	5.7	4.8	1.6	1.4	1.3	2.8	2.8	2.8	17.2	17.3	17.9	340	7.5	3.3
Welspun Gujarat Stahl Rohren	218	REDUCE	44,741	949	205	25.1	23.0	24.4	44.9	(8.1)	5.8	8.7	9.5	8.9	4.9	5.0	4.4	1.5	1.3	1.1	0.9	0.9	1.0	20.6	14.8	13.5	245	12.5	10.5
United Phosphorus	175	BUY	81,155	1,721	463	11.9	14.6	18.1	18.8	22.5	23.5	14.7	12.0	9.7	8.5	7.3	5.8	2.4	2.0	1.7	0.9	1.1	1.1	17.7	18.0	18.8	195	11.2	6.1
Others			**616,024**	**13,064**					**21.0**	**52.9**	**13.3**	**16.7**	**10.9**	**9.6**	**10.1**	**8.0**	**6.8**	**2.1**	**1.7**	**1.5**	**0.7**	**0.7**	**0.8**	**12.7**	**15.8**	**15.5**			
KS universe (b)			**40,539,199**	**859,701**					**12.9**	**22.2**	**19.6**	**17.5**	**14.3**	**12.0**	**10.7**	**8.8**	**7.4**	**2.6**	**2.3**	**2.0**	**1.5**	**1.6**	**1.9**	**14.8**	**15.9**	**16.6**			
KS universe (b) ex-Energy			**32,248,761**	**683,888**					**7.2**	**23.2**	**20.5**	**18.8**	**15.2**	**12.6**	**13.0**	**10.5**	**8.7**	**2.9**	**2.5**	**2.1**	**1.3**	**1.4**	**1.6**	**15.2**	**16.2**	**17.0**			
KS universe (d) ex-Energy & ex-Commodities			**28,535,937**	**605,152**					**13.8**	**18.3**	**22.2**	**19.5**	**16.4**	**13.5**	**14.3**	**12.0**	**9.8**	**3.0**	**2.6**	**2.3**	**1.3**	**1.4**	**1.7**	**15.5**	**16.0**	**17.0**			

Note:
(1) For banks we have used adjusted book values.
(2) 2010 means calendar year 2009, similarly for 2011 and 2012 for these particular companies.
(3) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector.
(4) Rupee-US Dollar exchange rate (Rs/US$)= 47.16

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



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

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

* The above categories are defined as follows: Buy = We expect this stock to outperform the BSE Sensex by 10% over the next 12 months; Add = We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months; Reduce = We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months; Sell = We expect this stock to underperform the BSE Sensex by more then 10% over the next 12 months. These ratings are used illustratively to comply with applicable regulations. As of 31/03/2010 Kotak Institutional Equities Investment Research had investment ratings on 149 equity securities.

Source: Kotak Institutional Equities

As of March 31, 2010

Ratings and other definitions/identifiers

Definitions of ratings

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

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

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

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

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

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