

INDIA DAILY

November 17, 2009

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News Round-up

- ▶ Iran has sought US\$1 bn as advance from India for supplying five million tons of liquefied natural gas a year from 2012 but the demand may not be entertained from the buyers. (BS)
- ▶ A possible merger between low-cost carriers SpiceJet and GoAir has hit a roadblock after the two sides failed to arrive at a consensus on valuation and branding related issues. (ET)
- ▶ Uranium-rich Canada hopes to sign an agreement with India on civilian nuclear cooperation. Canada is also holding talks with China to promote nuclear power generation there. (FE)
- ▶ With newer customers, including automakers Renault, Volkswagen and Harley Davidson, looking to outsource their complex design engineering project to India, the country's engineering services outsourcing industry is set to achieve US\$55 bn in revenues by 2020. (ET)
- ▶ US telecom major AT&T and the world's largest chipmaker Intel were among the foreign players who showed interest in the third generation (3G) spectrum, which kickstarted the process of 3G auction in the country. (BS)

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

EQUITY MARKETS

Change %									
India	16-Nov	1-day	3-mo						
Sensex	17,033	1.1	(1.7)	10.5					
Nifty	5,058	1.2	(1.6)	10.4					
Global/Regional indices									
Dow Jones	10,407	1.3	4.1	11.6					
Nasdaq Composite	2,198	1.4	1.9	10.7					
FTSE	5,383	1.6	3.7	14.2					
Nikkie	9,774	(0.2)	(4.7)	(4.8)					
Hang Seng	23,000	0.2	4.9	14.2					
KOSPI	1,592	(0.1)	(3.0)	2.9					
Value traded - Ind	ia								
Cash (NSE+BSE)	179.4		230.2	235.6					
Derivatives (NSE)	584.1		561.9	639					
Deri. open interest	1,107.7		1,098	783					

Forex/money market

	Change, basis points						
	16-Nov	1-day	1-mo	3-mo			
Rs/US\$	46.2	(12)	(18)	(274)			
10yr govt bond, %	7.3	(1)	(9)	19			
Net investment (US	\$mn)						
	13-Nov		MTD	CYTD			

	13-Nov	MTD	CYTD
FIIs	145	618	14,831
MFs	21	109	(486)

Top movers -3mo basis

	C	hange,	%	
Best performers	16-Nov	1-day	1-mo	3-mo
SESA IN Equity	358.3	3.6	0.1	57.1
AL IN Equity	54.0	3.2	24.6	54.9
JSP IN Equity	708.9	1.7	1.2	45.7
TTMT IN Equity	634.9	2.4	9.9	45.7
CRG IN Equity	395.8	(1.8)	7.6	45.4
Worst performers				•
IDEA IN Equity	51.7	2.5	(19.0)	(32.7)
RCOM IN Equity	179.3	3.3	(24.8)	(27.0)
BHARTI IN Equity	302.8	0.2	(9.0)	(24.1)
IBULL IN Equity	133.0	2.7	(29.7)	(23.9)
TCOM IN Equity	369.5	(0.6)	(21.9)	(23.5)
				•

Kotak Institutional Equities Research

kotak.research@kotak.com . Mumbai: +94-22-6634-1100



Infosys Technologies (INFO)

Technology

Well-deserved premium should sustain. Doubts on the street regarding Infosys' PE premium over other Tier-I India-listed IT companies—after a couple of quarters of relative revenue weakness—are a bit premature. The company has considerably better in protecting its relative revenue market share than its peer group and has in fact increased its relative EBITDA market share through the downturn. In addition, the company's financial prudence and cash-flow management remain exemplary. BUY.

3 9

12M

8.3

94.5

3M

15.5

5.7

Company data and valuation summary Infosys Technologies

MFs

Absolute
Rel. to BSE-30

Price performance (%)

Stock data	
52-week range (Rs) (high,low)	2,421-1,065
Market Cap. (Rs bn)	1,354.5
Shareholding pattern (%)	
Promoters	16.5
FIIs	54.6

Forecasts/Valuations	2009	2010E	2011E
EPS (Rs)	102.4	104.5	118.0
EPS growth (%)	29.6	2.0	12.9
P/E (X)	23.0	22.6	20.0
Sales (Rs bn)	216.9	222.3	258.6
Net profits (Rs bn)	58.8	60.0	67.7
EBITDA (Rs bn)	72.0	74.5	84.8
EV/EBITDA (X)	17.3	16.1	13.7
ROE (%)	36.7	29.4	27.3
Div. Yield (%)	1.0	1.1	1.4

Continues to deliver on its stated 'profitable growth' intent

1M

7.8

10.2

We continue to find Infosys' execution of its stated 'profitable growth' strategy impressive. We take a closer look at the relative performance of Infosys, TCS, Wipro, and Cognizant through the downturn (September 2007 to September 2009, see Exhibits 1 and 2 on the next page) and note the remarkable increase in Infosys' relative EBITDA market share over the period despite the apparent loss in relative US\$ revenue market share. We highlight that the relative revenue market share for Infosys over the analysis timeframe is negatively impacted by (1) acquisitions made by peers and (2) sharp decline in revenues from the British Telecom account, driven partially by Infosys' unwillingness to work at lower-than-targeted margins, in our view.

Increasing appetite for acquisitions positive

Infosys' relentless focus on profitability and return ratios has made the company the most conservative among Indian IT companies to use cash for acquisitions. We expect increased risk appetite from Infosys as the company prepares itself for what should be a secular growth phase for Indian IT services industry over the next 4-5 years. We have seen increasing evidence of the same in recent times. Infosys had expressed its intent to acquire Axon, the UK-based niche SAP consultancy before HCLT counter-bid and acquired the same; Infosys recently announced the acquisition of US-based Insurance BPO solutions provider, McCamish Systems (CY2008 revenues of US\$38 mn) for a total consideration of US\$59 mn (US\$39 mn upfront + deferred earn-out of US\$20 mn). We do see further gaps in Infosys' portfolio (European geography is the glaring one) and expect the company to plug the same through organic or inorganic means over the coming quarters.

Financial prudence and exemplary cash-flow management always comforting; reiterate BUY

Highly predictable cash flows and prudent (best-in-class by a good margin) financial management underscore our preference for Infosys despite its valuation premium over other Tier-I names. We remain positive on the IT demand recovery cycle for the Indian IT companies and reiterate our preference for playing the cycle through Tier-I names. Infosys (TP: Rs2,500) and Wipro (TP: Rs675) are our preferred picks.

BUY

NOVEMBER 17, 2009

UPDATE

Coverage view: Attractive

Price (Rs): 2,352

Target price (Rs): 2,500

BSE-30: 17,033

Kawaljeet Saluja kawaljeet.saluja@kotak.com Mumbai: +91-22-6634-1243

Rohit Chordia rohit.chordia@kotak.com Mumbai: +91-22-6634-1397

Kotak Institutional Equities Research kotak.research@kotak.com Mumbai: +91-22-6634-1100 Infosys has held its own given its passive stance on inorganic initiatives

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Revenues (US\$ mn)										
Infosys	928	1,022	1,084	1,142	1,156	1,218	1,171	1,122	1,121	1,154
Wipro	779	858	979	1,032	1,068	1,110	1,100	1,046	1,033	1,065
TCS	1,268	1,392	1,488	1,517	1,525	1,574	1,483	1,433	1,481	1,538
Cognizant	517	559	600	643	685	735	753	746	777	853
Composite	3,492	3,830	4,151	4,334	4,434	4,636	4,507	4,346	4,411	4,611
Relative market share (%))									
Infosys	26.6	26.7	26.1	26.4	26.1	26.3	26.0	25.8	25.4	25.0
Wipro	22.3	22.4	23.6	23.8	24.1	23.9	24.4	24.1	23.4	23.1
TCS	36.3	36.3	35.9	35.0	34.4	34.0	32.9	33.0	33.6	33.4
Cognizant	14.8	14.6	14.5	14.8	15.5	15.8	16.7	17.2	17.6	18.5
Composite	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Companies, Kotak Institutional Equities

Rolling 12-month EBITDA performance - Infosys and CTSH gaining share from TCS, Wipro steady

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
EBITDA (Rs mn)										
Infosys	45,860	47,610	49,570	52,380	56,330	61,430	67,820	71,950	75,840	77,230
Wipro	30,818	31,485	32,510	33,636	36,735	39,838	42,981	46,034	47,876	50,088
TCS	53,422	55,498	56,931	57,489	59,995	63,822	68,111	71,781	76,086	79,231
Cognizant	15,871	16,899	17,795	18,690	20,245	22,837	26,176	29,090	31,775	33,469
Composite	145,971	151,493	156,805	162,195	173,306	187,927	205,088	218,855	231,577	240,018
Relative market share	e (%)									
Infosys	31.4	31.4	31.6	32.3	32.5	32.7	33.1	32.9	32.7	32.2
Wipro	21.1	20.8	20.7	20.7	21.2	21.2	21.0	21.0	20.7	20.9
TCS	36.6	36.6	36.3	35.4	34.6	34.0	33.2	32.8	32.9	33.0
Cognizant	10.9	11.2	11.3	11.5	11.7	12.2	12.8	13.3	13.7	13.9
Composite	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note:

(1) Wipro - Global IT services only

(2) Cognizant's US\$ EBITDA converted to INR using Infosys' reported Re/US\$ rate

Source: Companies, Kotak Institutional Equities

Infosys--operating cash flow as a proportion of revenues, March fiscal year-ends, 2006-2009 (US\$ mn)

	2006	2007	2008	2009	1QFY10	2QFY10
Cash generated from operating activities	599	862	1,149	1,409	387	427
Growth yoy (%)	74	44	33	23		
Revenues	2,152	3,090	4,176	4,663	1,122	1,154
Operating cash flow as % of revenues (%)	27.8	27.9	27.5	30.2	34.5	37.0

Note

(a) Cash generated includes other income.

(b) US GAAP numbers till FY2008; IFRS numbers starting FY2009.

Source: Company, Kotak Institutional Equities

Condensed consolidated financials for Infosys, 2008-2012E, March fiscal year-ends (Rs mn)

	2008	2009	2010E	2011E	2012E
Profit model					
Revenues	166,920	216,930	222,260	258,557	300,519
EBITDA	52,380	71,950	74,473	84,796	98,178
Depreciation	(5,980)	(7,610)	(9,263)	(9,920)	(11,052)
Other income	7,040	4,730	10,213	12,180	14,666
Pretax profits	53,440	69,070	75,423	87,056	101,794
Tax	(8,060)	(10,270)	(15,419)	(19,311)	(24,006)
Profit after tax	45,380	58,800	60,004	67,745	77,788
Diluted earnings per share (Rs)	79.1	102.4	104.5	118.0	135.5
Balance sheet					
Total equity	137,950	182,540	225,691	271,081	323,077
Deferred taxation liability	(1,190)	(1,260)	(1,260)	(1,260)	(1,260)
Total borrowings	_		_	_	
Minority interest	_	_	_	_	
Current liabilities	41,910	38,720	37,225	41,581	46,962
Total liabilities and equity	178,670	220,000	261,657	311,402	368,779
Cash	83,960	112,460	153,269	193,629	238,680
Other current assets	46,220	54,000	57,968	65,692	75,549
Goodwill	_	_	_	_	1—
Tangible fixed assets	47,770	53,540	50,419	52,081	54,550
Investments	720	_	_	_	
Total assets	178,670	220,000	261,657	311,402	368,780
Free cash flow					
Operating cash flow, excl. working capital	45,080	64,125	59,055	65,485	74,173
Working capital changes	(7,990)	(4,600)	(5,463)	(3,369)	(4,475)
Capital expenditure	(14,940)	(13,270)	(6,142)	(11,581)	(13,521)
Investment changes/acquisition	(470)	720—	_		
Free cash flow	21,680	46,975	47,450	50,535	56,176
Ratios (%)					
EBITDA margin	31.4	33.2	33.5	32.8	32.7
EBIT margin	27.8	29.7	29.3	29.0	29.0
Debt/equity	_		_	_	
Net debt/equity	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)
RoAE	36.1	36.7	29.4	27.3	26.2
RoACE	33.6	35.2	28.9	27.6	27.0

Source: Company, Kotak Institutional Equities estimates



Bajaj Hindustan (ВЈН)

Sugar

Fund raising—deleveraging and diversification. Bajaj Hindustan has announced plans to raise upto Rs20 bn through the issue of equity shares or equity-linked convertible instruments. We believe the primary purpose of the issuance is to reduce leverage; media reports suggest that BJH also plans to foray into power generation. The management has indicated that the power project is under consideration; however, further details will be available only when plans are finalized and approved.

Company data and valuation summary Bajaj Hindustan Stock data 52-week range (Rs) (high,low) 242-38 42 7 Market Cap. (Rs bn) Shareholding pattern (%) 37.1 **Promoters** 17.9 FIIs MFs 64 Price performance (%) 1M 3M 12M

Absolute

Rel. to BSE-30

Forecasts/Valuations	2009	2010E	2011E
EPS (Rs)	(1.0)	23.7	17.6
EPS growth (%)	(92.1)	(2,471.7)	(25.6)
P/E (X)	(223.7)	9.4	12.7
Sales (Rs bn)	23.3	45.6	49.4
Net profits (Rs bn)	(0.2)	4.5	3.4
EBITDA (Rs bn)	5.1	9.7	9.0
EV/EBITDA (X)	14.8	6.9	6.7
ROE (%)	(1.2)	19.3	11.9
Div. Yield (%)	0.2	0.3	0.3

Plans to raise up to Rs20 bn through equity/equity-linked securities

22.1

10.5

369.3

158.6

2.4

4.0

BJH plans to raise up to Rs20 bn through the issue of equity shares or equity-linked/convertible securities in the domestic or international markets. The company has not yet clarified the intended use of the proceeds; however, we believe they will primarily be used for the repayment of debt to reduce the excessive leverage. Media reports indicate that part of the funds raised may also be used for setting up a 400 MW power plant in UP.

Media reports indicate plans to foray into power generation

Media reports indicate that BJH is planning a foray into power generation in the state of Uttar Pradesh. The project is said to be of 1,060 MW, with Phase-I of 400 MW at a cost of Rs16 bn and Phase-II of 660 MW at a cost of Rs30 bn. Necessary clearances for the project are said to be already in place and construction on Phase-I is expected to begin in January 2010. As per the news report, Phase-I is likely to be operational by September 2011. The company is also said to be looking to acquire coal mines for its power plants with an estimated investment of around Rs10 bn. The management has indicated that it is considering setting up the power plant—details regarding the size, timeline and investment were not provided as the plan is still at a discussion stage.

Valuations remain expensive

We find BJH's valuations expensive at 12.7X and 6.7X FY2011E EPS and EBITDA, respectively, considering its low return ratios and high leverage. We estimate BJH to generate RoACE of only 7.8% and CRoCI of 11% in FY2011E at the peak of the cycle, which we believe is quite low. We believe BJH should trade at a discount to peers who have a much higher return ratios and better sustainability of earnings in a lower sugar price environment. We maintain our SELL rating and target price of Rs150.

SELL

NOVEMBER 17, 2009

UPDATE

Coverage view: Attractive

Price (Rs): 223

Target price (Rs): 150

BSE-30: 17,033

QUICK NUMBERS

- Plans to raise up to Rs20 bn
- Considering a 400 MW power plant in the initial phase

Augustya Somani augustya.somani@kotak.com Mumbai: +91-22-6634-1328

Kotak Institutional Equities Research kotak.research@kotak.com Mumbai: +91-22-6634-1100 Sugar Bajaj Hindustan

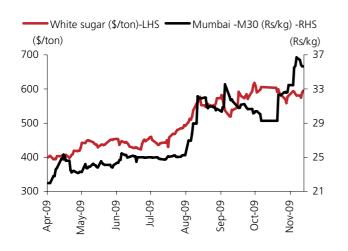
Power project—a long-term venture with large investment

We believe the power project is a very long-term plan for BJH with a huge investment requirement almost equivalent to the current capital employed in the company. A ~1,000 MW power plant will require capital investment of about Rs40-50 bn against BJH's current capital employed of around Rs52 bn. A coal-based power plant takes almost 30-36 months for commissioning after initial clearances are achieved; hence, we do not expect the plant to commission within 18 months. Further, there is no clarity yet on the funding of the capex, level of clearances received, coal linkages etc.

Domestic sugar price rising due to delay in crushing

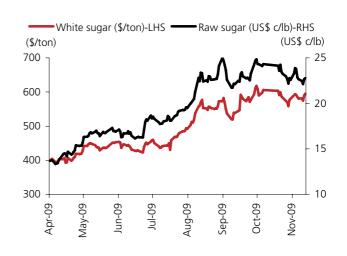
We believe the recent increase in domestic sugar price to almost Rs36/kg is largely due to the delay in crushing in Uttar Pradesh. Domestic prices have increased almost 10% over the past fortnight whereas the international raw sugar price has remained flat at around US\$ c22-23/lb. We believe the domestic prices may soften a bit after the crushing season begins and the supply of sugar improves.

Domestic sugar price outpacing international prices Domestic (M-30) sugar, International white sugar prices



Source: Bloomberg

International sugar price trend
International raw and white sugar prices



Source: Bloomberg

Operating assumptions

Bajaj Hindustan, Operating assumptions (consolidated), September fiscal year-ends, 2008-11E

	2008	2009E	2010E	2011E
Sugar segment				
Sugarcane crushed (lac tons)	114.8	67.3	68.3	118.3
Average recovery ratio (%)	9.9	9.0	9.4	9.8
Sugar produced (lac tons)	11.4	6.1	6.4	11.6
Raw sugar imports (lac tons)	_	_	7	4
Sugar sold (lac tons)	10.7	9.1	13.5	15.4
Average realisation (Rs/kg)	16.3	23.0	31.7	29.7
Sugarcane cost (Rs/qtl)	137	155	185	195
Landed cost of raw sugar (US\$ c/lb)	_	_	18.1	21.5
Distillery segment				
Alchohol produced (mn ltrs)	139	83	74	128
Alchohol sold (mn ltrs)	150	85	74	125
Average realisation (Rs/ltr)	24.0	23.0	29.0	27.0
Co-generation segment				
External sales (lac units)	1,103	977	1,513	2,061
Average realisation (Rs/unit)	3.2	3.1	4.0	4.1

Source: Company, Kotak Institutional Equities estimates

Comparative valuations

Comparative valuations for global sugar companies

	13-Nov-09			Mkt Cap.	EV/E	BITDA	(X)		PER (X)	
Company	Price (local)	Currency	Year-end	(US\$ mn)	LFY	FY1	FY2	LFY	FY1	FY2
India										
Bajaj Hindusthan	223.3	INR	Sep	852	14.7	6.8	6.6	NM	9.4	12.6
Balrampur Chini	145.0	INR	Sep	803	8.4	6.6	6.3	14.5	10.8	10.7
Shree Renuka Sugars	227.5	INR	Sep	1,556	14.4	5.3	5.9	28.1	9.4	11.2
Triveni Engineering	106.6	INR	Sep	593	13.6	7.5	5.6	22.5	15.7	10.8
Average India					12.8	6.5	6.1	21.7	11.3	11.3
Brazil										
Acucar Guarani	5.2	BRL	Mar	850	8.4	6.8	4.9	NM	14.6	11.3
Cosan	20.6	BRL	Mar	4,707	24.0	9.4	6.5	NM	10.5	12.6
Sao Martinho	19.0	BRL	Mar	1,237	12.7	9.4	7.9	NM	28.6	31.1
Average Brazil					15.0	8.5	6.4	NM	17.9	18.3
Europe										
Agrana	62.5	EUR	Feb	596	13.4	7.3	6.5	NM	15.9	14.3
Suedzucker	15.2	EUR	Feb	1,933	11.3	6.8	6.2	17.7	14.3	12.8
Tate & Lyle	4.8	GBP	Mar	1,316	11.5	7.5	6.8	24.5	12.7	11.4
Average Europe					12.1	7.2	6.5	21.1	14.3	12.8
Africa										
Illovo	32.8	ZAR	Mar	1,549	8.5	6.3	5.3	15.8	15.3	12.9
Tongaat Hulett	100.0	ZAR	Dec	1,388	8.0	7.2	6.6	15.9	14.7	12.5
Average Africa					8.3	6.8	6.0	15.9	15.0	12.7
Others										
CSR	1.9	AUD	Mar	2,814	9.4	7.1	5.8	NM	17.5	12.8
Khon Kaen Sugar	13.1	THB	Oct	610	16.0	11.8	10.3	23.8	19.5	15.8
Average Others					12.7	9.4	8.1	23.8	18.5	14.3
Global average					12.5	7.6	6.5	20.4	14.9	13.8

Source: Bloomberg, Kotak Institutional Equities estimates

Summary financials
Bajaj Hindustan, Profit model, balance sheet, cash model (consolidated), September fiscal year-ends, 2007-2011E (Rs mn)

	2007	2008	2009E	2010E	2011E
Profit model					
Total income	17,805	20,701	23,286	45,619	49,430
EBITDA	1,907	2,308	5,069	9,721	8,957
Interest (expense)/income	(915)	(2,071)	(2,805)	(1,660)	(1,144)
Depreciation	(1,611)	(2,799)	(2,994)	(3,136)	(3,174)
Other income	323	(370)	380	357	382
Pretax profits	(295)	(2,932)	(350)	5,281	5,021
Extraordinary items	_	_	1,580	_	_
Reported PBT	(295)	(2,932)	1,231	5,281	5,021
Tax	201	980	(216)	(827)	(1,696)
Profit after tax	(94)	(1,951)	1,014	4,454	3,325
Adjusted PAT	20	(1,779)	(191)	4,528	3,368
Diluted earnings per share (Rs)	0.1	(12.6)	(1.0)	23.7	17.6
Balance sheet					
Total equity	14,060	12,014	20,362	25,322	28,556
Deferred taxation liability	1,045	39	248	1,075	1,511
Minority interest	226	673	636	562	519
Total borrowings	35,934	43,351	33,885	27,544	20,104
Current liabilities	10,129	11,693	7,312	10,210	9,766
Total liabilities and equity	61,395	67,770	62,442	64,712	60,455
Cash	2,674	1,740	2,027	3,536	3,230
Other current assets	17,875	24,181	20,948	24,198	22,760
Net fixed assets	40,846	41,848	39,466	36,978	34,464
Investments	1	1	1	1	1
Total assets	61,395	67,770	62,442	64,712	60,455
Free cash flow					
Operating cash flow, excl. working capital	1,472	1,025	3,284	7,030	6,554
Working capital changes	(1,379)	(4,474)	(621)	668	2,560
Capital expenditure	(16,969)	(3,082)	(611)	(648)	(661)
Investment changes	(3,497)	(560)			
Other income	3	8	380	357	382
Free cash flow	(20,369)	(7,083)	2,432	7,406	8,834
Ratios (%)					
EBITDA margin	10.7	11.1	21.8	21.3	18.1
Net debt/equity	220.2	345.2	154.6	90.9	56.1
Net debt/EBITDA	17.4	18.0	6.3	2.5	1.9
RoAE	0.1	(13.1)	(1.2)	19.3	11.9
RoACE	1.0	(8.0)	4.9	10.3	7.8
CRoCI	3.3	4.0	6.7	11.6	11.0
	· · · · · · · · · · · · · · · · · · ·	·			

Source: Company, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

					O/S																						Target		ADVT-
C	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)		2010E	20115	2009	growth (9 2010E		2009	PER (X) 2010E	20115		/EBITDA 2010E			rice/BV (2 2010E			nd yield 2010E			RoE (%) 2010E		(Rs)		3mo US\$ mn)
Company Automobiles	Price (KS)	Kating	(KS MN)	(US\$ mn)	(mn)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	(KS)	(%) (US\$ mn)
Ashok Leyland	54	ADD	71,838	1,554	1,330	1.5	2.9	3.2	(57.8)	87.2	11.0	35.3	18 9	17.0	19.0	10.8	9.6	1.9	1.8	1.7	1.9	1.9	1.9	6.2	11.2	10.3	47	(13.0)	5.5
Bajaj Auto	1,509	ADD	218,320	4,723	145	45.2	97.4	112.3	(13.4)	115.2	15.3	33.4	15.5	13.4	17.7	9.4	8.4	11.7	7.5	5.2	1.3	1.3	1.3	37.7	58.5	45.4	1,575	4.4	8.4
Hero Honda	1,647	REDUCE	328,926	7,116	200	64.2	100.4	109.6	32.4	56.4	9.2	25.7	16.4	15.0	15.2	10.0	8.7	8.3	6.1	4.6	1.2	1.3	1.3	36.4	42.8	35.0	1.535	(6.8)	17.3
Mahindra & Mahindra	1,049	ADD	309,155	6,688	295	30.0	56.4	61.7	(19.8)	88.0	9.4	34.9	18.6	17.0	24.5	12.3	11.1	5.9	4.1	3.3	0.9	0.9	0.9	17.4	27.3	21.4	1,025	(2.3)	29.7
Maruti Suzuki	1,558	SELL	450,363	9,743	289	42.2	79.4	83.1	(29.6)	88.3	4.7	37.0	19.6	18.7	22.4	11.5	10.4	4.7	3.9	3.2	0.2	0.3	0.3	13.5	21.7	18.8	1,250	(19.8)	35.3
Tata Motors	635	SELL	362,663	7,845	571	10.0	25.9	29.2	(78.2)	158.0	12.9	63.3	24.6	21.8	23.6	13.2	11.7	2.8	2.1	1.9	0.9	0.9	0.9	9.1	14.3	11.4	465	(26.8)	80.5
Automobiles		Cautious	1,741,266	37,668					(30.7)	97.7	10.2	37.3	18.9	17.1	20.6	11.5	10.2	4.7	3.6	3.0	0.9	0.9	0.9	12.5	19.0	17.6		(==)	
Banks/Financial Institutions			.,,	,					(2011)																				
Andhra Bank	116	BUY	56,478	1,222	485	13.5	15.4	13.5	13.5	14.2	(12.1)	8.6	7.6	8.6	_	_	_	1.5	1.3	1.2	3.9	2.6	2.3	18.9	19.0	14.7	125	7.3	2.8
Axis Bank	1,001	ADD	380,482	8,231	380	50.6	61.8	71.6	56.9	22.2	15.9	19.8	16.2	14.0	_	_	_	3.7	2.4	2.1	0.9	1.2	1.5	19.1	18.0	16.9	980	(2.1)	56.1
Bank of Baroda	542	ADD	198,226	4,288	366	60.9	68.6	71.3	55.1	12.6	3.8	8.9	7.9	7.6	_	_	_	1.8	1.5	1.3	1.7	1.9	1.9	21.4	20.3	18.0	560	3.3	8.5
Bank of India	380	REDUCE	199,611	4,318	526	57.2	45.0	48.5	40.7	(21.3)	7.8	6.6	8.4	7.8	_	_	_	1.7	1.5	1.3	2.1	1.7	1.8	29.2	18.5	17.2	360	(5.2)	18.6
Canara Bank	374	ADD	153,381	3,318	410	50.5	57.2	60.3	32.4	13.2	5.4	7.4	6.5	6.2	_	_	_	1.5	1.3	1.1	2.1	2.1	2.7	18.3	17.8	16.4	410	9.6	6.9
Corporation Bank	439	BUY	62,962	1,362	143	62.3	61.3	61.5	21.5	(1.5)	0.2	7.0	7.2	7.1	_	_	_	1.3	1.1	1.0	2.8	2.8	2.8	19.6	16.8	14.9	515	17.3	0.8
Federal Bank	236	BUY	40,441	875	171	29.3	32.1	39.6	(14.8)	9.8	23.1	8.1	7.4	6.0	_	_	_	0.9	0.8	0.8	2.1	2.3	2.9	12.1	12.1	13.4	340	43.8	4.5
HDFC	2,761	ADD	785,466	16,992	284	80.2	99.6	117.1	(6.4)	24.1	17.6	34.4	27.7	23.6	_	_	_	6.0	5.5	4.8	1.1	1.3	1.5	18.2	20.0	20.8	2,575	(6.7)	48.6
HDFC Bank	1,724	REDUCE	779,169	16,856	452	52.8	65.2	85.0	17.6	23.5	30.5	32.7	26.4	20.3	-	_	_	5.2	3.6	3.2	0.5	0.7	0.9	16.9	16.2	16.8	1,600	(7.2)	30.0
ICICI Bank	919	ADD	1,023,447	22,140	1,113	33.8	37.4	45.8	(15.4)	10.8	22.5	27.2	24.6	20.1	_	_	_	2.1	2.0	1.9	1.2	1.3	1.6	7.8	8.2	9.5	850	(7.5)	125.0
IDFC	173	REDUCE	223,759	4,841	1,295	5.8	8.4	9.1	1.9	45.7	8.4	29.9	20.5	18.9	_	_	_	3.6	3.2	2.8	0.7	0.8	0.9	12.9	16.5	15.6	145	(16.1)	36.5
India Infoline	146	BUY	45,429	983	312	5.1	8.4	9.4	(8.7)	63.7	12.9	28.5	17.4	15.4	_	_	_	3.7	3.0	2.4	1.7	2.5	1.5	11.9	19.0	19.1	175	20.1	13.2
Indian Bank	165	BUY	70,869	1,533	430	28.0	32.5	34.1	24.1	16.4	4.9	5.9	5.1	4.8	_	_	_	1.3	1.1	0.9	3.0	3.4	3.6	22.9	22.3	19.8	225	36.4	4.6
Indian Overseas Bank	116	BUY	63,170	1,367	545	24.3	22.9	14.9	10.3	(6.0)	(35.1)	4.8	5.1	7.8	_	_	_	1.1	0.9	0.8	4.5	3.2	3.6	22.1	16.3	9.5	150	29.4	5.9
J&K Bank	641	BUY	31,096	673	48	84.5	95.0	104.1	13.8	12.4	9.6	7.6	6.8	6.2	_	_	_	1.4	1.2	1.1	2.6	3.0	3.2	16.7	16.5	15.9	700	9.2	0.9
LIC Housing Finance	877	NR	83,317	1,802	95	62.5	79.0	83.6	37.3	26.4	5.8	14.0	11.1	10.5	-	_	_	2.7	2.3	1.9	1.4	2.0	2.1	26.5	21.2	22.8	_	_	30.0
Mahindra & Mahindra Financial	271	BUY	25,920	561	96	22.4	30.7	35.6	7.5	36.9	16.0	12.1	8.8	7.6	_	_	_	1.8	1.6	1.4	2.0	2.8	3.3	15.4	18.7	19.0	330	21.8	1.7
Oriental Bank of Commerce	270	REDUCE	67,733	1,465	251	36.1	39.9	39.8	51.4	10.5	(0.4)	7.5	6.8	6.8	_	_	_	1.1	1.0	0.9	2.7	3.0	3.0	13.7	12.9	11.8	280	3.6	6.3
PFC	232	SELL	266,397	5,763	1,148	13.3	18.7	20.9	17.4	40.2	11.9	17.4	12.4	11.1	_	_	_	2.4	2.1	1.9	1.7	2.0	2.3	18.9	17.5	17.3	200	(13.8)	4.0
Punjab National Bank	924	BUY	291,434	6,305	315	98.0	111.3	119.7	50.9	13.5	7.6	9.4	8.3	7.7	_	_	_	2.2	1.8	1.6	2.1	2.4	2.6	25.8	24.2	21.8	930	0.6	12.6
Reliance Capital	838	ADD	206,319	4,463	246	39.3	17.7	17.5	(5.6)	(55.1)	(1.1)	21.3	47.5	48.0	_	_	_	3.1	2.9	2.8	0.7	0.3	0.3	15.3	6.3	5.9	875	4.4	93.2
Rural Electrification Corp.	240	ADD	206,064	4,458	859	16.5	21.2	23.1	50.7	28.9	8.7	14.6	11.3	10.4	_	_	_	2.9	2.4	2.0	0.8	1.8	1.9	21.2	23.2	21.3	200	(16.7)	6.8
Shriram Transport	440	ADD	93,152	2,015	212	30.1	35.6	40.9	56.7	18.4	14.8	14.6	12.4	10.8	_	_	_	4.1	3.5	2.9	1.1	2.4	2.8	29.6	29.4	28.0	440	(0.1)	3.5
SREI	78	BUY	9,100	197	116	7.0	8.7	8.4	(24.7)	23.4	(3.6)	11.1	9.0	9.3	_	_	_	0.9	0.8	0.7	1.3	1.5	1.5	12.8	11.9	11.4	115	47.0	2.7
State Bank of India	2,346	BUY	1,489,112	32,214	635	143.7	155.6	175.3	34.8	8.3	12.7	16.3	15.1	13.4	_	_	_	2.6	2.3	2.0	1.2	1.3	1.4	17.1	16.0	15.9	2,400	2.3	141.2
Union Bank	266	BUY	134,361	2,907	505	34.2	35.0	37.8	24.5	2.5	7.8	7.8	7.6	7.0	_			1.9	1.6	1.3	1.9	1.9	2.1	27.2	22.7	20.5	310	16.5	5.7
Banks/Financial Institutions Cement		Attractive	6,986,894	151,146					27.0	11.7	11.1	16.0	14.4	12.9	_		_	2.6	2.2	2.0	1.3	1.5	1.6	16.0	15.4	15.1			
ACC	745	REDUCE	139.971	3,028	188	56.3	84.1	53.3	(12.2)	49.4	(36.7)	13.2	8.9	14.0	6.6	4.6	6.0	2.7	2.1	1.9	3.1	3.1	3.1	24.7	30.1	16.8	800	7.4	10.7
Ambuja Cements	87	REDUCE	132,447	2,865	1,522	7.2	8.1	6.2	(5.0)	12.2	(23.7)	12.1	10.8	14.0	6.5	6.0	7.1	2.7	1.9	1.7	3.4	2.2	2.5	19.7	19.4	13.2	85	(2.3)	9.4
Grasim Industries	2,337	REDUCE	214,261	4,635	92	238.6	284.8	270.7	(16.2)	19.4	(4.9)	9.8	8.2	8.6	5.8	4.4	4.4	1.9	1.5	1.3	1.4	1.4	1.5	21.1	20.6	16.7	2,325	(0.5)	14.2
India Cements	104	REDUCE	29,415	636	282	17.8	15.7	13.0	n/a	(11.4)	(17.6)	5.9	6.6	8.0	4.5	4.1	4.5	0.8	0.7	0.7	1.7	2.0	3.1	14.8	12.1	9.2	110	5.6	6.4
Shree Cement	1,728	BUY	60.202	1,302	35	174.7	209.9	195.6	93.7	20.1	(6.8)	9.9	8.2	8.8	6.7	47	4.4	5.0	3.0	2.3	0.6	0.6	0.6	65.7	46.0	29.4	2.200	27.3	1.2
UltraTech Cement	739	BUY	91,955	1,989	124	78.8	94.0	73.9	(3.1)	19.2	(21.3)	9.4	7.9	10.0	5.6	4.4	5.0	2.1	1.7	1.5	0.8	1.1	1.1	31.1	28.3	18.1	925	25.2	5.2
Cement		Neutral	668,250	14,456					(8.0)	20.7	(17.7)	10.4	8.6	10.5	6.0	4.6	5.1	2.1	1.7	1.5	2.0	1.8	2.0	20.0	20.0	14.5			
Consumer products																													
Asian Paints	1,676	ADD	160,752	3,478	96	38.6	66.8	75.6	(1.7)	73.0	13.3	43.4	25.1	22.2	25.9	15.5	13.4	14.1	11.6	9.7	1.0	2.2	2.4	36.6	52.9	49.6	1,840	9.8	1.6
Colgate-Palmolive (India)	688	REDUCE	93,543	2,024	136	21.6	29.9	33.4	26.3	38.3	12.0	31.9	23.0	20.6	26.4	19.1	15.8	43.2	38.9	34.9	2.2	3.5	3.9	155.1	177.6	178.5	700	1.8	2.1
GlaxoSmithkline Consumer (a)	1,369	ADD	57,589	1,246	42	44.8	61.6	72.3	15.8	37.6	17.3	30.6	22.2	18.9	17.8	13.3	11.4	7.5	6.3	5.4	1.1	1.7	2.4	26.8	31.0	31.0	1,300	(5.1)	0.7
Godrej Consumer Products	282	ADD	72,786	1,575	258	6.7	10.9	12.6	(5.3)	63.0	15.6	42.2	25.9	22.4	29.2	18.2	14.5	12.7	7.4	6.1	1.4	1.4	1.4	46.9	36.4	30.0	270	(4.3)	0.9
Hindustan Unilever	274 256	BUY	597,827 963.257	12,933 20,838	2,179 3.769	9.5 8.7	10.6 10.8	12.2 12.8	19.0 2.8	11.1 24.4	15.0 18.6	28.8 29.5	25.9	22.6	22.1 18.1	19.4 14.7	16.8 12.5	29.0 6.6	26.0 5.7	23.2	3.2 1.4	3.5 1.6	4.0	112.4 25.3	105.9 27.3	108.9 27.6	320 290	16.7 13.5	19.5 27.6
Jyothy Laboratories	155	ADD	11,281	20,636	73	5.5	10.4	12.8	(12.9)	88.4	22.7	29.5	1/1 0	12.2	18.9	9.6	7.4	3.1	2.7	2.3	1.4	1.9	2.3	10.6	17.3	19.7	170	9.4	27.0
Nestle India (a)	2,620	ADD	252,609	5,465	96	58.6	77.2	93.1	31.0	31.8	20.6	44.7	33.9	28.1	28.5	22.6	19.1	53.4	43.1	35.0	1.6	2.1	2.5	126.7	140.5	137.3	2,700	3.1	1.6
Tata Tea	894	BUY	55,307	1,196	62	53.7	64.8	70.9	14.7	20.7	9.4	16.7	13.8	12.6	10.1	9.1	7.7	1.2	1.1	1.0	2.0	2.4	2.6	9.4	10.7	10.9	1,000	11.8	5.9
Consumer products		Attractive	2,264,950	48,997					10.4	25.7	16.7	31.0	24.7	21.2	20.3	16.3	13.9	9.1	7.9	6.8	1.9	2.3	2.6	29.3	31.9	32.3			
Constructions																													
IVRCL	401	BUY	54,304	1,175	135	16.7	19.7	23.6	7.4	18.1	19.7	24.0	20.3	17.0	16.2	12.2	10.0	3.0	2.6	2.3	0.2	0.2	0.2	13.2	13.8	14.4	410	2.2	22.7
Nagarjuna Construction Co.	169	BUY	43,260	936	257	6.7	7.8	10.0	(6.3)	15.8	28.7	25.1	21.7	16.8	14.5	11.2	9.8	2.6	2.0	1.8	0.6	0.9	1.2	9.4	10.3	11.1	180	6.8	7.6
Punj Lloyd	217	REDUCE	73,419	1,588	339	(7.2)	13.7	16.6	(172.4)	(289.7)	20.9	(30.0)	15.8	13.1	22.9	9.3	7.6	3.0	2.0	1.8	0.1	0.3	0.3	(8.6)	15.3	14.6	240	10.8	39.1
Sadbhav Engineering	960	BUY	12,000	260	13	51.1	55.3	77.4	26.2	8.0	40.0	18.8	17.4	12.4	12.8	9.9	8.0	3.4	2.9	2.4	0.4	0.5	0.6	18.0	16.6	19.1	1,025	6.8	0.3
Construction		#N/A	182,983	3,958					(70.6)	356.6	23.4	83.5	18.3	14.8	17.7	10.4	8.6	2.9	2.2	1.9	0.3	0.4	0.5	3.5	12.1	13.1			

India Daily Summary - November 17, 2009

Source: Company, Bloomberg, Kotak Institutional Equities estimates

					O/S													_									Target		ADVT-
Company	16-Nov-09 Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)	EPS (Rs) 2009 2010E 2011E		2009	growth (9 2010E		PER (X) 2009 2010E 2011E			EV/EBITDA (X) 2009 2010E 2011E				2010E			nd yield 2010E		RoE (%) 2009 2010E 2011E			(Rs)		3mo (US\$ mn)	
Energy			(,	(====	(,																						(,	(,-,	
Bharat Petroleum	523	BUY	171,483	3,710	328	20.6	75.0	64.3	(50.1)	264.1	(14.3)	25.4	7.0	8.1	5.3	3.8	3.9	1.3	1.1	1.0	1.5	6.3	5.4	5.3	17.7	13.7	675	29.0	9.0
Cairn india	280	REDUCE	531,636	11,501	1,897	6.4	21.8	29.0	50	240	32.8	44	13	9.7	26.9	8.5	6.8	1.5	1.5	1.5	-	7.1	8.9	3.6	12.0	15.9	225	(19.7)	20.1
Castrol India (a)	530	ADD	65,511	1,417	124	21.3	33.2	36.5	20.8	55.7	10.1	24.9	16.0	14.5	14.3	9.6	8.6	14.6	12.9	11.4	2.8	4.5	4.9	61.2	85.8	83.3	550	3.8	1.7
GAIL (India) GSPL	385 92	ADD REDUCE	488,936 51,889	10,577 1,123	1,268 563	22.2	21.0	22.3	8.7 21.7	(5.0) 190.8	6.1 84.6	17.4 42.0	18.3 14.5	17.3 7.8	9.4	10.6 7.0	10.8	3.0	2.8	2.5	1.8	2.1	2.1	17.5 9.6	14.8	14.4 42.0	365 95	(5.3)	17.0 10.1
Hindustan Petroleum	348	BUY	117,874	2,550	339	17.0	64.0	61.1	(49.3)	277.1	(4.5)	20.5	5.4	5.7	3.1	7.0	2.1	1.0	0.9	0.8	1.5	7.5	7.1	4.4	15.6	13.5	525	51.0	11.0
Indian Oil Corporation	296	BUY	701.546	15,176	2,372	9.8	47.6	38.2	(67.9)	383.2	(19.6)	30.0	6.2	7.7	8.2	4.2	3.8	1.5	1.3	1.2	1.3	6.7	5.4	4.8	21.2	15.3	400	35.2	9.5
Oil India	1,201	BUY	272,800	5,901	227	101.1	108.5	123.3	_	7.3	13.6	11.9	11.1	9.7	5.5	3.8	3.0	2.7	1.9	1.7	2.4	3.6	4.3	20.1	16.0	17.3	1,275	6.2	_
Oil & Natural Gas Corporation	1,200	BUY	2,565,809	55,505	2,139	89.6	103.0	127.8	(3.4)	15.0	24.2	13.4	11.7	9.4	4.8	4.1	3.2	2.2	2.0	1.8	2.7	3.0	3.7	16.6	16.9	18.8	1,325	10.5	37.0
Petronet LNG	71	REDUCE	53,213	1,151	750	6.9	6.7	8.0	_	(3.6)	20.7	10.3	10.6	8.8	7.4	7.1	6.0	2.4	2.0	1.7	2.5	2.8	3.2	23.9	19.2	19.6	64	(9.8)	5.4
Reliance Industries	2,154	SELL	3,137,795	67,879	1,457	101.2	96.6	137.5	(3.7)	(4.5)	42.4	21.3	22.3	15.7	14.0	10.8	8.0	2.3	2.0	1.8	0.6	0.6	0.8	13.6	10.9	13.8	1,750	(18.7)	215.9
Energy		Cautious	8,158,490	176,490					(9.8)	44.5	18.2	18.2	12.6	10.6	8.2	6.1	5.0	2.1	1.9	1.7	1.5	2.8	3.1	11.5	14.8	15.8			
Industrials	77.4	DEDUICE	454.443	2.550	242	25.0	24.6	20.4	44.5	(4.5.5)	44.5	70.0	25.0	25.4	47.0	20.2				- 1	0.7	0.4	0.4	20.2	40.0	22.2	550	(4.4.0)	- 62
ABB	774 498	REDUCE ADD	164,113 35.824	3,550 775	212 72	25.8 16.0	21.6	30.4 32.9	11.3 32.2	(16.6)	41.3 35.5	30.0 31.0	35.9 20.5	25.4 15.1	17.8 17.6	20.2	14.4	7.7 6.4	6.6 5.1	5.4	0.3	0.4	0.4	29.2 22.3	19.8 27.6	23.3	660 530	(14.8)	6.2 3.5
BGR Energy Systems Bharat Electronics	1.595	ADD	127.604	2,760	80	103.8	117.7	126.2	1.8	13.4	7.2	15.4	13.5	12.6	7.7	6.3	5.5	3.3	2.7	2.4	1.2	1.6	1.6	20.7	27.0	20.1	1.625	1.9	2.6
Bharat Heavy Electricals	2.273	ADD	1.112.875	24.075	490	63.9	92.5	113.1	9.4	44.8	22.2	35.6	24.6	20.1	19.4	13.7	11.0	8.6	6.8	5.4	0.7	0.9	1.0	26.4	30.9	30.1	2,425	6.7	45.9
Crompton Greaves	396	BUY	145.082	3,139	367	15.3	20.7	23.7	37.3	35.2	14.1	25.8	19.1	16.7	13.7	10.5	9.0	7.9	5.9	4.5	0.5	0.7	0.8	35.9	35.3	30.5	400	1.1	7.2
Larsen & Toubro	1,653	ADD	993,401	21,490	601	50.1	57.1	74.0	32.1	13.9	29.6	33.0	29.0	22.3	21.0	16.0	12.9	6.5	4.5	3.7	0.6	0.7	0.7	21.7	18.4	18.4	1,725	4.4	76.0
Maharashtra Seamless	325	BUY	22,954	497	71	35.9	36.9	39.6	22.2	2.8	7.4	9.1	8.8	8.2	5.0	4.4	3.9	1.7	1.5	1.3	1.7	1.7	2.2	20.3	17.8	16.5	335	2.9	1.0
Siemens	571	ADD	192,383	4,162	337	14.2	22.8	22.7	(22.2)	61.0	(0.5)	40.3	25.0	25.1	19.4	14.6	14.8	8.5	7.0	5.8	0.5	1.3	0.8	23.3	30.8	25.2	515	(9.7)	6.5
Suzlon Energy	72	ADD	121,173	2,621	1,679	7.2	(2.4)	2.6	9.9	(133.1)	(210.5)	10.0	(30.2)	27.3	7.4	12.5	8.1	1.1	1.0	1.0	_	_	0.3	11.5	(3.6)	3.8	90	24.7	96.6
Industrials		Attractive	2,973,006	64,314					13.5	10.8	30.0	29.3	26.5	20.4	16.2	13.6	11.0	5.8	4.5	3.8	0.6	0.8	0.9	19.7	17.1	18.8			
Infrastructure																													
GMR Infrastructure	69	ADD	127,166	2,751	1,834	0.8	0.5	0.4	(33.5)	(38.3)	(6.8)	90.4	146.4	157.0	19.7	14.2	10.6	1.5	1.3	1.2	_	_	_	4.4	2.6	2.4	68	(1.9)	11.1
GVK Power & Infrastructure IRB Infrastructure	50 274	ADD ADD	79,671 91.018	1,724	1,579 332	0.8 5.3	0.8	1.0	(20.6) 54.3	2.5	34.2 27.0	66.2 51.8	64.6 25.7	48.1 20.3	57.6 25.3	20.3 12.8	18.3	3.4 5.0	2.5 4.0	3.3	0.4	_	0.6	4.8 10.1	4.5 17.3	5.1 18.0	50 200	(0.9)	16.9 11.2
Infrastructure Infrastructure	2/4	Attractive	297,855	6,443	332	5.3	10.6	13.5	54.3 22.5	15.7	19.3	51.8	45.8	20.3 38.3	25.3 25.5	14.9	12.2	2.4	4.0 1.9	1.8	0.4		0.2	4.5	4.2	4.6	200	(27.0)	11.2
Media		Attractive	257,033	0,443					22.3	13.7	15.5	33.0	43.0	36.3	23.3	14.5	12.2	2.4	1.5	1.0	0.1		0.2	4.5	4.2	4.0			
DishTV	40	REDUCE	37,666	815	946	(6.6)	(1.8)	0.0	n/a	(72.2)	(101.9)	(6.1)	(21.8)	#####	(35.2)	27.4	11.8	(6.0)	100.2	92.0	_	_	_	83.9	59.0	NA	37	(7.0)	9.1
HT Media	144	ADD	33,840	732	235	0.8	5.4	7.1	(80.5)	540.7	31.9	170.6	26.6	20.2	38.5	13.1	10.6	3.9	3.6	3.2	0.2	0.7	1.4	2.3	14.0	16.7	135	(6.3)	0.6
Jagran Prakashan	120	ADD	36,110	781	301	3.0	5.9	6.8	(6.6)	93.7	15.9	39.4	20.3	17.6	22.4	12.1	10.2	6.4	5.9	5.3	1.7	2.9	3.1	16.7	30.3	31.7	130	8.4	0.9
Sun TV Network	312	REDUCE	122,874	2,658	394	9.1	12.1	14.6	9.5	32.7	20.8	34.3	25.9	21.4	18.2	14.8	11.9	7.0	6.0	5.2	0.8	1.3	1.9	22.5	25.3	26.3	295	(5.4)	1.9
Zee Entertainment Enterprises	270	NR	117,137	2,534	434	8.4	10.2	12.5	(4.8)	21.0	22.3	31.9	26.4	21.6	22.1	19.3	15.4	3.4	3.1	2.8	0.7	0.9	1.1	11.8	12.5	14.0	NA		9.4
Zee News	58	NR	13,968	302	240	1.9	2.4	3.2	20.4	28.9	34.0	31.3	24.3	18.1	15.3	11.9	9.4	5.7	4.8	3.9	0.7	0.7	1.2	20.1	21.9	24.4	NA		2.5
Media		Neutral	361,595	7,822					(21.0)	161.6	41.7	85.4	32.6	23.0	26.3	16.2	12.3	5.7	4.7	4.2	0.7	1.1	1.5	6.7	14.3	18.2			
Metals																													
Hindalco Industries National Aluminium Co.	134 391	SELL	235,551 251.925	5,096 5.450	1,753 644	2.8	4.5 8.3	13.1 27.1	(77.9) (22.0)	(57.9)	193.3 226.9	48.5 19.8	30.1 47.1	10.3	13.9	9.4 19.6	7.0 6.8	1.3	0.8	2.0	1.3	0.5	0.5	9.6 12.8	5.9	8.0 15.1	135 310	(20.7)	35.3 2.3
Jindal Steel and Power	709	SELL	657,753	14,229	928	196.9	41.1	49.0	138.0	(79.1)	19.2	3.6	17.2	14.4	14.1	11.3	9.1	8.5	5.7	4.1	0.2	0.5	0.5	50.9	39.7	33.0	530	(25.2)	80.1
JSW Steel	925	SELL	172,973	3.742	187	13.1	80.2	88.1	(84.7)	510.1	9.8	70.3	11.5	10.5	11.3	6.7	6.9	1.9	1.5	1.2	0.2	0.1	0.1	11.7	14 7	12.5	670	(27.5)	40.8
Hindustan Zinc	959	BUY	405,102	8,763	423	64.6	79.7	93.9	(38.0)	23.4	17.8	14.9	12.0	10.2	11.3	8.0	5.8	2.7	2.2	1.8	0.4	0.5	0.5	20.2	20.4	19.8	1.100	14.7	7.9
Sesa Goa	358	REDUCE	293.949	6,359	821	24.7	22.2	29.1	30.2	(10.0)	30.9	14.5	16.1	12.3	10.7	10.6	7.6	6.4	4.4	3.4	0.7	1.0	1.0	52.4	32.4	30.9	265	(26.0)	73.9
Sterlite Industries	867	ADD	728,666	15,763	840	46.8	37.7	45.3	(25.8)	(19.4)	20.1	18.5	23.0	19.2	13.8	11.2	8.4	2.7	2.0	1.8	_	_	_	14.0	9.9	9.8	780	(10.0)	57.6
Tata Steel	537	BUY	476,135	10,300	887	110.1	43.0	76.6	45.3	(60.9)	78.2	4.9	12.5	7.0	5.6	7.7	5.9	1.6	1.5	1.2	2.7	1.5	1.5	24.0	12.2	19.1	525	(2.2)	124.6
Metals		Cautious	3,222,056	69,702					(1.3)	(17.8)	44.5	14.1	17.1	11.8	9.5	9.3	7.1	2.6	2.0	1.7	0.7	0.5	0.5	18.8	12.0	14.7			
Pharmaceutical																													
Biocon	273	BUY	54,510	1,179	200	4.7	14.1	17.3	(79.9)	200.5	23.1	58.1	19.3	15.7	23.2	11.0	9.3	3.5	3.1	2.7	_	_	0.0	6.2	17.5	18.8	285	4.6	6.1
Cipla	304	ADD	244,128	5,281	803	9.9	12.6	15.1	10.0	26.5	20.7	30.7	24.2	20.1	23.3	16.5	14.0	5.6	4.2	3.6	0.6	8.0	0.8	19.0	19.9	19.3	285	(6.3)	12.9
Dishman Pharma & chemicals Divi's Laboratories	217 576	BUY	17,670 37 158	382 804	81 65	18.0	18.6	22.4 30.0	22.1 19.7	(40.4)	20.7 57.8	12.1	11.7	9.7	9.2	8.5	6.9	2.5 6.1	2.1 5.2	1.7	_	0.0	0.0	22.7	19.3	19.5	265 550	22.0	2.7 5.7
Dr Reddy's Laboratories	1,102	BUY	186,734	4,040	169	32.4	54.4	60.8	24.3	67.8	11.8	34.0	20.3	18.1	14.4	11.6	9.8	5.3	4.3	3.6	0.6	0.6	0.7	13.6	23.3	21.5	990	(10.2)	13.6
GlaxoSmithkline Pharmaceuticals (a)	1,665	REDUCE	141,052	3,051	85	54.6	60.1	66.1	13.8	10.0	10.0	30.5	27.7	25.2	17.3	15.7	13.9	9.0	7.6	6.5	_	_	_	31.3	29.7	27.9	1,450	(12.9)	1.2
Glenmark Pharmaceuticals	229	NR	62,767	1,358	274	11.1	12.1	16.5	(57.0)	9.3	36.2	20.6	18.9	13.9	13.2	11.1	8.8	3.9	2.7	2.3	_	_	_	17.7	16.2	17.7	320	39.7	10.3
Jubilant Organosys	285	BUY	48,741	1,054	171	16.6	28.2	31.2	(26.1)	70.2	10.6	17.2	10.1	9.2	15.8	8.9	7.5	3.8	2.8	2.2	0.5	0.5	0.6	16.2	33.8	30.0	300	5.2	2.5
Lupin Piramal Healthcare	1,354 396	BUY	119,968 82,691	2,595 1,789	89 209	60.2 17.3	75.7 21.5	83.9 28.3	21.0 (1.9)	25.8 24.4	10.8 31.7	22.5 22.9	17.9 18.4	16.1 14.0	20.3 16.1	15.9 12.1	13.1 9.5	8.3 6.2	5.2 4.9	4.1 3.8	0.9	1.0	1.1	37.1 26.2	36.1 30.2	28.7 31.1	1,400 425	3.4 7.4	6.6 2.2
Ranbaxy Laboratories	413	REDUCE	176,745	3,823	428	(12.3)	5.3	5.6	(1.9)	(142.7)	6.8	(33.5)	18.4 NA	73.4	(78.7)	29.4	29.5	6.0	6.1	6.0	1.1	1.0	1.0	(13.6)	5.5	5 9	190	(54.0)	19.4
Sun Pharmaceuticals	1,483	ADD	307,091	6,643	207	87.8	57.7	65.2	17.6	(34.3)	13.1	16.9	25.7	22.7	13.2	18.5	15.7	4.3	3.8	3.3	0.9	0.9	0.9	30.2	15.9	15.9	1,400	(5.6)	17.9
Pharmaceuticals		Attractive	1,556,418	33,670					(18.2)	27.1	18.5	28.5	22.5	19.0	18.1	14.3	12.1	5.2	4.2	3.6	0.5	0.7	0.7	18.2	18.9	19.0			
Property																													
DLF	386	SELL	651,952	14,103	1,691	26.7	13.1	16.8	(42.0)	(50.9)	27.8	14.4	29.4	23.0	14.4	19.3	16.9	2.7	2.5	2.3	8.0	8.0	1.0	20.7	8.9	10.6	320	(17.0)	135.7
Housing Development & Infrastructure	368	ADD	127,279	2,753	345	21.3	12.3	24.0	(58.5)	(42.0)	94.9	17.3	29.9	15.3	12.8	21.5	9.1	2.9	1.9	1.6	-	8.0	1.5	18.7	9.9	15.5	350	NA 10.0	109.9
Indiabulls Real Estate Mahindra Life Space Developer	238 370	ADD BUY	95,432 15,566	2,064 337	401 42	0.8 10.4	1.6 12.5	4.0 15.8	(95.4) (38.5)	109.7 20.5	151.7 26.3	314.5 35.8	150.0 29.7	59.6 23.5	(62) 55.1	(165.1)	77.6 16.9	1.4	1.0	1.1	1.0	1.0	1.0	0.3 4.8	0.8 5.7	1.8 6.9	285 435	19.8 17.5	59.5 0.8
Phoenix Mills	189	BUY	27,325	591	145	5.0	5.8	8.3	(38.5)	15.6	42.8	35.8	32.7	23.5	44.1	26.5	17.9	1.8	1.7	1.6	0.5	0.5	0.8	4.8	5.7	7.4	230	21.9	1.3
Puravankara Projects	102	REDUCE	21,759	471	213	6.8	8.3	7.9	(39.8)	22.4	(4.8)	15.1	12.3	12.9	21.7	13.6	12.9	1.6	1.5	1.4	-	2.0	2.0	11.5	12.7	11.1	100	(1.9)	3.2
Sobha	235	ADD	22,996	497	98	15.1	13.4	14.9	(52.3)	(11.3)	11.3	15.5	17.5	15.7	15.1	12.5	12.0	2.1	1.3	1.3	1.3	1.7	1.7	10.4	9.3	8.2	245	4.5	3.5
		SELL	210,929	4,563	2,446	7.4	3.9	4.4	(28.7)	(46.5)	12.0	11.7	21.9	19.6	18.6	16.3	14.1	4 1	2.0	1.7	_	_	_	27.3	11.2	9.2	65	(24.6)	147.1
Unitech Property	86	Neutral	1,173,237	25,380	2,0				(42.4)	(39.4)	37.4	17.1	28.2	20.5	16.4	19.4	15.2	2.6	2.0	1.8	0.5	0.6	0.8	15.2	7.2	9.0			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

KOTAK INSTITUTIONAL EQUITIES RESEARCH

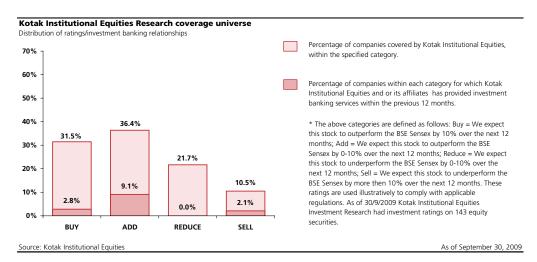
Kotak Institutional Equities: Valuation summary of key Indian companies

					O/S																						Target		ADVT-
	16-Nov-09		Mkt	cap.	shares		EPS (Rs)		EPS	growth (9	6)		PER (X)		EV	/EBITDA	(X)	Pr	ice/BV (K)	Divide	end yield	(%)		RoE (%))	price l	Jpside	3mo
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	(Rs)	(%) (L	US\$ mn)
Retail																													
Titan Industries	1,376	REDUCE	61,084	1,321	44	44.3	53.1	61.9	26.4	19.8	16.7	31.1	25.9		18.7	16.5	13.8	10.6	8.0	6.2	0.7	0.7	0.9	37.5	35.1	31.4	1,200	(12.8)	2.4
Retail		Neutral	61,084	1,321					26.4	19.8	16.7	31.1	25.9	22.2	18.7	16.5	13.8	10.6	8.0	6.2	0.7	0.7	0.9	34.1	30.8	27.9			
Sugar																													
Bajaj Hindustan	223	SELL	42,701	924	191	(1.0)	23.7	17.6	(92.1)	(2,471.7)	(25.6)	(223.7)	9.4	12.7	13.8	6.7	6.4	2.1	1.6	1.4	0.2	0.3	0.3	(1.2)	19.3	11.9	150	(32.8)	30.2
Balrampur Chini Mills	141	ADD	36,031	779	256	10.0	13.4	13.0	223.2	34.5	(2.9)	14.1	10.5	10.8	8.1	6.2	5.9	2.6	2.1	1.8	0.3	_	0.3	20.2	22.1	17.8	140	(0.7)	20.5
Shree Renuka Sugars	230	BUY	77,010	1,666	335	8.1	24.2	20.4	88.3	198.6	(15.9)	28.4	9.5	11.3	14.6	5.5	6.1	4.4	2.6	2.1	0.1	0.2	0.2	20.7	34.9	20.8	235	2.2	23.1
Sugar		Attractive	155,742	3,369					3,055.5	216.6	(15.9)	30.7	9.7	11.5	12.3	6.1	6.2	3.0	2.1	1.8	0.2	0.2	0.2	9.8	22.1	15.5			
Technology																													
HCL Technologies	333	REDUCE	231,192	5,001	695	17.5	16.6	22.9	14.5	(5.0)	37.9	19.0	20.0	14.5	10.6	9.7	8.7	4.0	3.6	3.1	3.6	3.6	3.6	20.9	19.5	23.0	300	(9.8)	12.4
Infosys Technologies	2,352	BUY	1,350,019	29,205	574	102.4	104.5	118.0	29.6	2.0	12.9	23.0	22.5	19.9	17.2	16.1	13.6	7.4	6.0	5.0	1.0	1.1	1.4	36.7	29.4	27.3	2,500	6.3	75.1
Mphasis BFL	760	REDUCE	158,536	3,430	208	14.2	41.5	42.2	15.7	192.6	1.8	53.7	18.3	18.0	40.9	13.5	12.1	11.0	7.2	5.4	0.5	0.6	0.7	22.8	47.7	34.2	450	(40.8)	18.1
Mindtree	618	BUY	25,442	550	41	13.2	46.8	53.6	(50.5)	253.5	14.5	46.7	13.2	11.5	8.0	9.9	7.1	4.6	3.4	2.7	0.3	_	0.9	5.5	29.7	26.0	700	13.2	4.3
Patni Computer Systems	490	REDUCE	63,027	1,363	129	26.8	36.5	41.0	(19.3)	36.1	12.4	18.3	13.4	12.0	9.6	7.2	7.1	2.5	2.0	1.9	0.4	1.5	1.7	16.2	16.0	16.7	410	(16.4)	11.4
Polaris Software Lab	169	SELL	16,700	361	99	13.2	14.5	13.9	76.6	10.5	(4.6)	12.9	11.6	12.2	5.7	6.3	6.7	2.2	1.9	1.7	1.6	1.2	1.2	18.2	17.2	14.4	125	(26.1)	8.4
TCS	666	ADD	1,303,006	28,188	1,957	26.4	32.2	36.0	3.1	21.9	11.8	25.2	20.6	18.5	17.7	15.3	13.7	8.3	6.6	5.5	1.1	1.5	2.2	36.9	35.6	32.6	650	(2.4)	43.7
Wipro	638	ADD	932.317	20.169	1.462	25.7	30.5	35.4	15.8	18.6	15.8	24.8	20.9	18.0	18.2	15.4	13.0	6.2	5.0	4.1	0.6	1.3	1.6	26.9	26.4	25.0	675	5.8	18.6
Technology		Neutral	4,092,851	88,540					15.3	16.7	13.6	24.1	20.6	18.2	16.9	14.5	12.7	6.8	5.4	4.6	1.0	1.4	1.8	28.1	26.4	25.1			
Telecom			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,																									
Bharti Airtel	303	REDUCE	1.149.542	24,868	3.797	22.3	23.8	21.7	26.4	6.4	(8.8)	13.6	12.7	14.0	8.0	7.6	7.4	3.7	2.9	2.4	0.7	1.0	1.3	31.4	25.1	18.6	300	(0.9)	121.2
IDEA	52	REDUCE	160,314	3,468	3,104	2.9	2.0	1.2	(26.5)	(32.2)	(38.0)	17.8	26.2	42.3	7.0	7.2	7.5	1.2	1.1	1.1	_	_		10.4	4.4	2.9	45	(12.9)	16.0
MTNL	77	SELL	48,794	1,056	630	2.4	(2.4)	(3.2)	(66.3)	(199.6)	32.8	32.2	(32.4)	(24.4)	0.5	(1.0)	(0.7)	0.4	0.4	0.4	1.3	_	_	1.2	(1.3)	(1.7)	50	(35.4)	2.0
Reliance Communications	179	SELL	369,976	8,004	2,064	31.6	14.9	13.0	19.4	(52.8)	(12.9)	5.7	12.0	13.8	7.0	8.7	8.2	0.9	0.8	0.8	0.4	_	_	18.9	7.3	5.9	150	(16.3)	64.6
Tata Communications	369	REDUCE	105,293	2,278	285	13.6	14.0	15.2	24.0	3.2	8.2	27.2	26.4	24.4	11.7	10.6	9.8	1.5	1.5	1.4	1.4	1.8	2.0	5.4	5.2	5.5	400	8.3	3.7
Telecom	303	Cautious	1,833,918	39,673	203	15.0	14.0	13.2	16.6	(20.9)	(10.4)	10.9	13.8	15.4	7.7	8.0	7.7	1.7	1.5	1.4	0.6	0.7	0.9	15.8	11.2	9.1	400	0.5	3.7
Transportation		Cautious	1,033,510	33,073					10.0	(20.5)	(10.4)	10.5	15.0	15.4	7.7	0.0	7.7	1.,	1.5	1.4	0.0	0.7	0.5	15.0	11.2	3.1			
Container Corporation	1.211	ADD	157,347	3,404	130	60.9	65.7	82.4	5.5	7.8	25.5	19.9	18.4	14.7	14.4	13.0	10.0	4.2	3.6	3.0	1.2	1.2	1.6	22.8	21.0	22.4	1.250	3.3	2.2
Transportation	1,211	Cautious	157,347	3,404	150	00.5	03.7	02.4	5.5	7.8	25.5	19.9	18.4	14.7	14.4	13.0	10.0	4.2	3.6	3.0	1.2	1.2	1.6	21.0	19.5	20.7	1,230	3.3	
Utilities		Cautious	137,347	3,404					5.5	7.0	25.5	15.5	10.4	14.7	14.4	13.0	10.0	4.2	3.0	3.0	1.2	1.2	1.0	21.0	15.5	20.7			
CESC	377	ADD	47,126	1,019	125	32.3	37.9	42.0	16.2	17.4	11.0	11.7	10.0	9.0	(0.5)	(1.0)	(0.9)	0.8	0.6	0.5	7.6	11.5	13.8	11.7	11.9	11.6	375	(0.6)	2.9
Lanco Infratech	553	ADD	133.033	2.878	241	14.5	21.1	35.4	(1.9)	44.8	68.1	38.0	26.3	15.6	21.0	18.6	9.1	6.3	3.8	3.1	7.0	11.5	15.0	16.4	16.8	20.2	475	(14.1)	25.9
NTPC	215	REDUCE	1.770.301	38.296	8.245	9.8	11.1	12.4	5.3	13.2	11.4	21.9	19.3	17.3	18.1	14.6	13.2	3.0	2.8	2.5	1.7	1.9	2.2	14.3	14.9	15.2	190	(11.5)	18.5
Reliance Infrastructure	1.166	BUY	264,063	5.712	226			68.6	66.7		7.8	18.6	18.3	17.0			16.9	1.6		1.4	0.6		0.8			7.8	1.250	7.2	61.3
						62.7	63.7			1.6			61.4		23.3	21.3			1.5		0.6	0.7		4.9	6.1				
Reliance Power	151	REDUCE	362,629	7,845	2,397	1.0	2.5	3.1	-	141.5	24.4	148.3	01.4	49.4	42.0	42.5	-	2.6	2.5	2.4	_	_	_	1.8	4.2	5.0	160	5.8	12.9
Tata Power Utilities	1,331	ADD	316,120	6,839	237	50.2	72.0	80.9	57.5	43.5	12.4	26.5	18.5	16.5	12.0	12.5	12.1	3.2	2.4	2.2	0.8	0.9	1.1	12.0	14.9	13.9	1,400	5.2	17.1
		Attractive	2,893,272	62,589					16.3	18.5	14.7	21.6	18.3	15.9	15.5	14.1	12.2	2.6	2.3	2.1	1.4	1.7	1.9	11.9	12.4	13.1			
Others	222	DEDUICE	40.744	440			42.2	19.5	(04)		60.1		25.4	46.5	40.4		7.5	2.2	2.7	2.4		0.0	0.0	4.5	42.0	20.5	240	(247)	4.0
Havells India	322	REDUCE ADD	19,344	418	60	5.1	12.2		(81)	NA 404.5		NA 78.4	26.4	16.5	10.1 28.5	9.0	14.9	3.2 5.0	3.7	3.1	0.8	0.8	0.8	4.6	13.0	20.5 17.3	210	(34.7)	1.9
Jaiprakash Associates	235		330,123	7,141	1,406	3.0	6.0	11.1	(39)	101.5	84.2		38.9	21.1		17.7				3.4	-	_	-	7.3	11.4		250		90.5
Jindal Saw	806	ADD	44,217	957	55	85.9	71.7	79.1	39	(16.6)	10.3	9.4	11.2	10.2	6.1	6.5	5.5	1.2	1.1	1.0	0.6	0.5	0.5	13.4	9.9	10.3	690	(14.4)	15.6
PSL	146	BUY	7,779	168	53	22.2	29.3	24.7	5	32.0	(15.9)	6.6	5.0	5.9	4.8	3.5	3.0	1.2	0.8	0.8	2.7	4.5	4.5	11.9	12.3	11.1	175	20.3	2.3
Sintex	221	BUY	30,172	653	136	24.0	25.0	27.9	23	4.0	11.7	9.2	8.9	7.9	8.1	6.9	5.6	1.6	1.4	1.2	0.5	0.5	0.5	17.6	15.5	14.7	280	26.7	3.8
Tata Chemicals	282	ADD	68,708	1,486	243	26.6	22.2	27.8	(33)	(16.5)	25.1	10.6	12.7	10.1	6.7	6.0	5.0	1.4	1.4	1.2	3.1	3.1	3.1	17.9	13.1	14.7	300	6.3	3.5
Welspun Gujarat Stahl Rohren	288	REDUCE	54,273	1,174	189	17.3	24.2	20.2	(16)	39.7	(16.4)	16.6	11.9	14.2	8.8	6.6	7.2	3.0	2.3	2.0	0.7	0.6	0.6	17.7	21.7	14.8	210	(27.0)	20.5
United Phosphorus	149	BUY	68,802	1,488	463	10.1	11.0	14.4	20	9.5	31.1	14.8	13.5	10.3	9.2	7.9	6.4	2.6	2.0	1.7	1.0	1.0	1.3	19.3	16.2	17.6	180	21.0	6.3
Others			672,326	14,544					(6.4)	23.0	31.9	21.1	17.2	13.0	12.4	10.2	9.1	2.8	2.3	2.0	0.6	0.6	0.7	13.1	13.5	15.3			
KS universe (b)			39,090,962	845,644					1.7	16.6	16.2	19	16.3	14.0	11.9	9.8	8.4	2.9	2.5	2.2	1.1	1.5	1.7	15.4	15.2	15.6			
KS universe (b) ex-Energy			30,932,472	669,154					5.5	8.9	15.5	19.3	17.7	15.3	13.8	12.0	10.4	3.3	2.7	2.4	1.0	1.2	1.4	17.0	15.4	15.6			
KS universe (d) ex-Energy & ex-Con	nmodities		27,042,166	584,996					7.5	12.9	13.5	20.6	18.3	16.1	15.7	13.4	11.7	3.4	2.9	2.5	1.1	1.3	1.5	16.5	15.7	15.7			

Note:
(1) For banks we have used adjusted book values.
(2) 2009 means calendar year 2008, similarly for 2010 and 2011 for these particular companies.
(3) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector.

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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Corporate Office

Kotak Securities Ltd. Bakhtawar, 1st Floor 229, Nariman Point Mumbai 400 021, India Tel: +91-22-6634-1100

Overseas Offices

Kotak Mahindra (UK) Ltd 6th Floor, Portsoken House 155-157 The Minories London EC 3N 1 LS Tel: +44-20-7977-6900 / 6940

50 Main Street, Suite No.310 Westchester Financial Centre White Plains, New York 10606

Tel:+1-914-997-6120

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