

# **INDIA DAILY**

June 18, 2010

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#### **EQUITY MARKETS**

		Cha	nge 🤄	%						
India	17-Jun	1-day	1-mo	3-mo						
Sensex	17,617	0.9	0.9 4.4							
Nifty	5,275	0.8	4.1	0.6						
Global/Regional in	dices									
Dow Jones	10,434	0.2	(0.7)	(3.2)						
Nasdaq Composite	2,307	0.1	(0.4)	(3.5)						
FTSE	5,254	0.3	(1.0)	(6.9)						
Nikkie	9,997	(0.0)	(2.4)	(7.0)						
Hang Seng	20,199	0.3	1.3	(5.3)						
KOSPI	1,705	(0.2)	3.7	1.8						
Value traded – Ind	ia									
Cash (NSE+BSE)	187		166	175						
Derivatives (NSE)	1,062	-	1,141	983						
Deri. open interest	1,498	1	,390	1,277						

#### Forex/money market

		hange,	basis po	oints
	17-Jun	1-mo	3-mo	
Rs/US\$	46.3	(24)	68	95
10yr govt bond, %	7.6	(3)	12	(37)
Net investment (USS	imn)			•
	16-Jun		MTD	CYTD
FIIs	185		588	5,188
MFs	(32)		161	(282)

#### Top movers -3mo basis

17-Jun	1-day	1-mo	3-mo
448.8	(1.3)	(7.7)	36.2
139.5	5.2	(8.9)	33.0
176.0	0.7	24.3	24.6
2290.1	0.2	4.9	24.5
189.5	1.9	10.1	22.0
			•
730.8	3.1	(5.7)	(40.6)
1781.0	(0.6)	(32.7)	(38.7)
520.1	(1.5)	(9.5)	(32.2)
126.2	0.2	(11.3)	(26.8)
265.2	1.3	(6.6)	(26.0)
	139.5 176.0 2290.1 189.5 730.8 1781.0 520.1 126.2	139.5 5.2 176.0 0.7 2290.1 0.2 189.5 1.9 730.8 3.1 1781.0 (0.6) 520.1 (1.5) 126.2 0.2	139.5 5.2 (8.9) 176.0 0.7 24.3 2290.1 0.2 4.9 189.5 1.9 10.1 730.8 3.1 (5.7) 1781.0 (0.6) (32.7) 520.1 (1.5) (9.5) 126.2 0.2 (11.3)

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# Aban Offshore (Aban)

#### Others

Management meeting allaying some concerns. Our meeting with the management has allayed concerns on the issues related to payment of insurance claims arising from the sinking of Aban Pearl in May 2010. Other updates from the meeting include (1) likely finalization of contract for Aban Abraham, (2) extension of contract for Aban VII and (3) continuing negotiations with banks for debt-related issues. We maintain our ADD rating given potential upside of 23% to our target price of Rs900. Key downside risks stem from debt-repayment capability.

#### Company data and valuation summary Aban Offshore Stock data 52-week range (Rs) (high,low) 1,682-631 Market Cap. (Rs bn) 31.8 Shareholding pattern (%) **Promoters** 52 9 FIIs 9.6 MFs 11 8 Price performance (%) 12M 1M 3M Absolute (7.8)(41.0)(22.2)Rel. to BSE-30 (35.9)(11.9)(41.4)

Forecasts/Valuations	2010	2011E	2012E
EPS (Rs)	94.5	172.3	103.6
EPS growth (%)	(2.5)	82.3	(39.8)
P/E (X)	7.7	4.2	7.1
Sales (Rs bn)	33.6	39.4	36.9
Net profits (Rs bn)	4.1	7.8	4.6
EBITDA (Rs bn)	21.0	23.7	20.7
EV/EBITDA (X)	8.1	6.0	6.5
ROE (%)	21.7	20.8	11.1
Div. Yield (%)	0.5	0.5	0.5

#### Insurance claim amount could be recieved soon

The management indicated that it does not see risks on account of its insurance claim of US\$235 mn for Aban Pearl. It highlighted that the nature of the incident does not fall within the purview of the specific exclusions laid out in the insurance cover. The insurance claim has to be addressed within a month from the filing of the claim and the company is entitled to interest on delayed payment beyond that. Thus, we expect the insurance money to be received in 1QFY11/2QFY11.

#### Likely replacement of Aban Pearl through a chartered vessel

The management highlighted that it is not under an obligation to replace Aban Pearl as the existing contract is terminated on the sinking of the vessel. However, the company is planning to charter a vessel and replace Aban Pearl. The company plans to finalize the contract within a month. We note that neither of the existing idle vessels (Aban Abraham and Deep Venture) can be deployed to replace Aban Pearl due to different technical capabilities of the rigs.

#### Aban Abraham to be deployed soon, extension of contract for Aban VII

The management highlighted that it was undertaking the marketing of Aban Abraham and will likely finalize the contract within a period of 15-30 days. The contract for Aban VII has also been extended till December 2010. The earlier contract was for a period of six weeks starting April 1, 2010. The extension is on the same terms as the previous contract.

#### Valuations are inexpensive

We maintain our ADD rating on the stock with a DCF-based target price of Rs900. We have retained our ADD rating given (1) inexpensive valuations, (2) sharp correction by 28% since the sinking of Aban Pearl and (3) significant potential upside of 23% to our target price. We note that the valuations look attractive with the stock currently trading at 4.2X FY2011E EPS and 7.1X FY2012E EPS.

#### **ADD**

#### JUNE 18, 2010

#### **UPDATE**

Coverage view: Cautious

Price (Rs): 731

Target price (Rs): 900

BSE-30: 17,617

#### **QUICK NUMBERS**

- Insurance claim amount likely to be received soon
- EBITDA to interest coverage ratio at 2.7X and 2.6X in FY2011E and FY2012E
- 23% upside to our fair value

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#### Key risk stems from ability to repay debt

We note that a key risk to the stock stems from the ability of the company to refinance its debt. We highlight that Aban's net debt/EBITDA ratio stands at 4.8X and 5X in FY2011E and FY2012E and EBITDA to interest coverage ratio is at 2.7X and 2.6X in FY2011E and FY2012E. However, the management was confident of meeting its debt obligations and stated that it was in discussions with the lenders for the same. The company intends to raise US\$924 mn through issue of FCCB/ADR/GDR (US\$400 mn) and equity (Rs25 bn).

#### Deployment of idle rigs will ensure steady cash flow generation

We note that Aban's entire fleet, except Aban Abraham and Deep Venture, is either deployed or contracted. This should allay concerns with respect to the fleet being idle. Exhibit 1 details the existing and new contracts entered into in the past six months along with the contract amounts and tenure. The deployment of most of the fleet should provide some comfort to our earnings estimates for FY2011E and FY2012E. We note that we are building a sharp decline in dayrates (up to 35%) for jack-up rigs to reflect the demand-supply imbalance in the jack-up rig market. We note that the company has received US\$32 mn in May 2010 for termination of the contract for Deep Venture which represents their 50% share in the venture.

#### Majority of the fleet has been deployed Summary of existing and new contracts

		Contract	period	Day rates				
Name	Location	Start date	End date	Currency	Amount			
Fleet- Aban Offshore Ltd								
Aban-II	East coast	26-May-07	25-Sep-10	INR	3,782,466			
Aban-III	Mumbai High	1-Mar-08	30-Apr-11	USD	156,600			
Aban-IV	Mumbai High	30-Dec-07	31-Jan-11	USD	156,600			
Aban-V	Mumbai High	1-Mar-08	31-May-11	USD	156,600			
Aban-VI	Persian Gulf	1-Jan-08	31-Dec-13	EUR	62,450			
FPU Tahara	East coast	1-Jan-10	31-Jan-11	USD	49,000			
Aban Ice	Mumbai High	1-Jul-09	30-Sep-12	INR	6,185,700			
Fleet- Aban Singapore Pte Ltd	d							
Aban-VII	Qatar	1-Apr-10	31-Dec-10	USD	59,524			
Aban-VIII	Middle East	1-Jun-08	30-Jun-12	USD	170,000			
Aban Abraham								
Aban Pearl	Venezuela	1-Oct-09	13-May-10	USD	357,500			
Fleet- Sinvest								
Deep Driller 1	India	15-Jul-10	14-Jul-11	USD	117,143			
Deep Driller 2	Middle East	1-Nov-09	31-Oct-12	USD	176,667			
Deep Driller 3	Malaysia	15-Oct-08	30-Oct-12	USD	165,000			
Deep Driller 4	Middle East	1-Nov-09	31-Oct-12	USD	176,667			
Deep Driller 5	Middle East	1-Sep-09	30-Sep-12	USD	176,667			
Deep Driller 6	Middle East	21-May-10	20-May-14	USD	133,571			
Deep Driller 7	Mexico	1-Nov-09	31-Dec-11	USD	106,000			
Deep Driller 8	Brunei	1-Sep-10	31-Aug-14	USD	113,571			
Deep Venture								

Source: Company, Kotak Institutional Equities estimates

Aban Offshore Others

Our DCF-based valuation for Aban is Rs900 per share Aban Offshore, DCF-based valuation, March fiscal year-ends (Rs mn)

													Terminal
	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	value
EBITDA	21,003	23,726	20,707	20,345	20,090	20,670	21,000	22,086	22,253	22,481	22,481	22,481	
Tax expense	(4,697)	(4,725)	(3,711)	(3,910)	(3,795)	(3,921)	(4,024)	(4,335)	(4,367)	(4,438)			
Income from joint venture	1,250	1,248	100	100	100	100	100	100	100	100			
Changes in working capital	(5,943)	6,047	841	(529)	81	(377)	55	(580)	(34)	(54)			
Cash flow from operations	11,614	26,296	17,937	16,007	16,476	16,472	17,131	17,271	17,951	18,089			
Capital expenditure	10,964	(825)	(880)	(808)	(950)	(891)	(1,033)	(787)	(754)	(757)			
Cash flow from insurance of Aban Pearl		10,800											
Free cash flow to the firm	22,578	36,270	17,057	15,198	15,526	15,581	16,098	16,484	17,198	17,331	17,331	17,331	138,651
Dicounted cash flow-now	22,982	32,817	13,718	10,865	9,867	8,801	8,083	7,357	6,823	6,112			
Discounted cash flow-1 year forward		36,920	15,433	12,223	11,100	9,901	9,093	8,277	7,676	6,876	6,112		
Discounted cash flow-2 year forward			17,362	13,751	12,487	11,139	10,230	9,311	8,635	7,735	6,876	6,112	
Discount rate	12.5%												
Growth from 2019 to perpetuity	0.0%												
Fiscal Year end	March-10	March-11	March-12	March-13	March-14	March-15	March-16	March-17	March-18	March-19			
Today	25-May-10												
Days left	(55)	310	675	1,040	1,405	1,770	2,135	2,500	2,865	3,230			
Years left	(0.2)	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8			
Discount factor at WACC	1.02	0.90	0.80	0.71	0.64	0.56	0.50	0.45	0.40	0.35			

	Now		+ 1-year					
Total PV of free cash flow (a)	123,610	72%	103,639	68%				
PV of terminal value (b)	48,894	28%	48,894	32%				
EV (a) + (b)	172,504		152,533					
Net debt	142,541		113,376					
Equity value	29,963		39,157					
No. of shares	43.5		43.5					
Implied share price (Rs)	689		900					
Exit EV/EBITDA multiple (X)	6.2							
Exit FCF multiple (X)	8.0							

	Sensitivity of	f share price	to WACC an	d growth ra	ite (Rs)
		1	NACC		
_	11.5%	12.0%	12.5%	13.0%	13.5%
-1.5%	1,004	880	765	658	558
-1.0%	1,056	926	806	695	592
-0.5%	1,113	977	852	736	628
0.0%	1,174	1,031	900	779	667
0.5%	1,241	1,091	953	826	709
1.0%	1,315	1,155	1,010	877	754
1.5%	1,395	1,226	1,073	932	804

Source: Kotak Institutional Equities estimates

Profit model, balance sheet, cash model (consolidated) for Aban Offshore, March fiscal year-ends, 2008-2012E (Rs mn)

	2008	2009	2010E	2011E	2012E
Profit model					
Total income	20,211	30,501	33,587	39,361	36,914
EBITDA	12,691	17,638	21,003	23,726	20,707
Interest (expense)/income	(6,533)	(8,725)	(9,768)	(8,632)	(8,076)
Depreciation	(2,549)	(4,414)	(4,616)	(5,570)	(5,611)
Other income	733	224	219	309	296
Pretax profits	4,342	4,722	6,838	9,832	7,317
Extra ordinary items	(2,536)	2,080	(2,408)	10,800	<u> </u>
Reported PBT	1,807	6,802	4,430	20,632	7,317
Tax	(1,514)	(2,646)	(2,651)	(3,331)	(2,806)
Deferred taxation	84	138	80	23	
Profit after tax	377	4,294	1,860	17,324	4,511
Joint venture/ minority	853	1,113	1,250	1,248	100
Reported consolidated net profit	1,230	5,407	3,110	18,572	4,611
Adjusted net profit	2,954	3,951	4,121	7,772	4,611
Diluted earnings per share (Rs)	70.8	96.9	88.3	172.3	103.6
Balance sheet					
Total equity	5,063	14,188	18,546	36,999	40,978
Preference capital	3,060	3,260	3,260	3,260	1,250
Deferred taxation liability	654	516	436	412	412
Total borrowings	130,434	166,355	141,641	122,512	111,102
Current liabilities	7,517	14,090	9,342	13,206	13,137
Total liabilities and equity	146,727	198,408	173,224	176,389	166,879
Cash	6,453	5,948	2,360	12,395	8,010
Other current assets	7,637	11,106	12,269	10,088	9,363
Goodwill	44,289	55,991	49,612	49,667	49,998
Tangible fixed assets	81,958	119,612	104,033	99,288	94,558
Investments	6,391	5,751	4,951	4,951	4,951
Total assets	146,727	198,408	173,225	176,389	166,879
Ratios (%)					
EBITDA margin	62.8	57.8	62.5	60.3	56.1
Debt/equity	2,335	1,154	763	336	271.4
Net debt/equity	2,143	1,113	751	303	252.1
RoAE	51.7	26.9	21.7	20.8	11.1
RoACE	3.4	5.9	4.7	9.2	6.1

Source: Company, Kotak Institutional Equities estimates



## Mindtree (MTCL)

#### Technology

**UID project win – a big boost.** Mindtree has won the application development contract for the prestigious UID project. Mindtree has won this contract against stiff competition from Indian and global majors and it reaffirms the deep technical and solution capabilities of the firm. As highlighted in earlier notes, we like Mindtree's positioning in the services business and believe that it can deliver ahead-of-industry growth rates. However, the solid services story is diluted by high-risk product diversification. Maintain REDUCE rating.

#### Company data and valuation summary Mindtree Stock data 52-week range (Rs) (high,low) 747-407 Market Cap. (Rs bn) 23.5 Shareholding pattern (%) **Promoters** 32.5 FIIs 15.8 MES 11.6 Price performance (%) 1M 3M 12M Absolute 09 0.4 38.4 Rel. to BSE-30 14.1 (3.6)(0.4)

Forecasts/Valuations	2010	2011E	2012E
EPS (Rs)	52.2	38.9	51.6
EPS growth (%)	294.3	(25.5)	32.6
P/E (X)	10.9	14.7	11.0
Sales (Rs bn)	13.0	15.4	18.7
Net profits (Rs bn)	2.1	1.6	2.1
EBITDA (Rs bn)	2.5	2.4	3.3
EV/EBITDA (X)	9.4	9.0	6.4
ROE (%)	35.2	21.4	23.1
Div. Yield (%)	0.4	0.7	0.9

#### Application development contract for the UID project – a big opportunity

Mindtree has secured the application development contract for the UID project. Mindtree will be responsible for delivering services across the entire application lifecycle, i.e. from design, develop and test to support. The UID project win is the single largest software development project for Mindtree. The development cycle of the project would be approximately one year, after which the contract will move to the maintenance phase. The company has started work on this project in April and is ramping-up the project significantly to deliver the first set of UID numbers by July 2010. The company indicated that this project would lead to further downstream opportunities.

#### UID project demonstrates Mindtree's deep technical expertise

This project elicited strong interest with more than 20 global and India majors participating in the RFP. Newspaper reports indicate that three companies were shortlisted on the basis of technical evaluation, with IBM being one of the finalists. Commercial bids were invited after the technical evaluation. Mindtree's win against the strong competitive sets highlights its deep technical skills and solutions capabilities.

#### Project win emphasizes strength of core business, product investments drive REDUCE rating

We continue to like the services business where Mindtree is well-positioned and we expect a 20%+ revenue growth (US\$ terms) in FY2011E for the core business led by rebound in discretionary spending and growth from high quality accounts won in FY2010. We also believe that the company may manage margins. However, we are concerned on product diversification, which drives our REDUCE rating.

We assume US\$10-12 mn as recurring product expenses in our valuation model and do not build any revenue against this investment. Our FY2011E EPS stands as Rs38.9 and FY2012E EPS at Rs51.6. Our DCF-based target price is based on 20% discount to fair value noting uncertainty around the quantum of investment (losses) in the product business.

## **REDUCE**

JUNE 17, 2010

**UPDATE** 

Coverage view: Attractive

Price (Rs): 570

Target price (Rs): 550

BSE-30: 17,617

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Exhibit 1: MindTree Limited, Condensed consolidated financials, 2008-2012E, March fiscal year ends (Rs mn)

	2008	2009	2010	2011E	2012E
Profit model					
Revenues	7,398	12,375	12,960	15,360	18,699
EBITDA	1,254	3,309	2,456	2,445	3,292
Interest (expense)/income	(59)	(162)	(27)	-	-
Depreciation	(356)	(570)	(652)	(683)	(781)
Other income	279	(1,974)	770	146	209
Pretax profits	1,118	604	2,547	1,908	2,721
Tax	(85)	(67)	(398)	(306)	(597)
Profit after tax	1,033	537	2,148	1,601	2,124
Diluted earnings per share (Rs)	26.1	13.2	52.2	38.9	51.6
Balance sheet					
Total equity	5,331	5,513	6,706	8,246	10,121
Deferred taxation liability	(90)	(190)	(214)	(214)	(214)
Total borrowings	919	1,394	31	_	
Minority interest	_	328	_	_	
Current liabilities	1,392	3,082	2,604	3,077	3,723
Total liabilities and equity	7,553	10,126	9,127	11,109	13,632
Cash	553	488	523	1,360	2,392
Other current assets	2,765	4,203	4,318	5,179	6,379
Goodwill	214	1,460	154	154	154
Tangible fixed assets	2,625	2,962	2,859	3,144	3,433
Investments	1,395	1,013	1,272	1,272	1,272
Total assets	7,553	10,126	9,127	11,109	13,631
Free cash flow					
Operating cash flow, excl. working capital	1,398	1,889	2,638	2,445	3,292
Tax paid	(188)	(287)	(685)	(306)	(597)
Working capital changes	(408)	251	(593)	(387)	(554)
Capital expenditure	(2,176)	(369)	(473)	(968)	(1,070)
Investment changes/acquisition	491	(2,538)	(552)	_	
Free cash flow	(883)	(1,053)	335	784	1,072
Ratios (%)					
EBITDA margin	16.9	26.7	18.9	15.9	17.6
EBIT margin	12.1	22.1	13.9	11.5	13.4
Debt/equity	0.2	_	_	_	_
Net debt/equity	(0.2)	(0.0)	(0.3)	(0.3)	(0.4)
RoAE	21.3	5.5	35.2	21.4	23.1
RoACE	16.5	32.2	25.8	23.5	27.4

Source: Company, Kotak Institutional Equities estimates

				O/S				EVERTRA (V)																Target					
	17-Jun-10 Mkt cap.				shares		EPS (Rs)			S growth (9			PER (X)			/EBITDA			Price/BV (			end yield			RoE (%)		price L		DVT-3mo
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	(Rs)	(%) (L	JS\$ mn)
Automobiles		400	02.442	4.700	4 220	2.0	2.0	F.0	04.5	27.5	20.7	22.0	45.0	42.2	13.1	10.1	8.5	2.1	1.9	1.8	2.4	1.6	1.6	11.1	12.7	15.0	60	(3.1)	9.9
Ashok Leyland	62	ADD	82,412	1,780	1,330	2.8	3.9	5.0	84.5	37.5	29.7	22.0	16.0	12.3	12.3	9.8	8.9	10.5	6.6	4.7	0.9	0.9	0.9	66.6	54.8	39.8	2,330	1.7	11.7
Bajaj Auto	2,290	ADD	331,340	7,155	145	117.5	159.9	173.2	159.8	36.1	8.3	19.5	14.3	13.2	11.5	10.8	9.2	11.0	7.5	5.6	1.5	1.6	1.8	59.1	56.6	43.8	1.800	(9.3)	23.6
Hero Honda	1,984	SELL	396,155 367.110	8,554	200 578	111.8 34.9	121.5 39.0	135.7	74.1 132.5	8.7 11.7	11.7	17.8 18.2	16.3	14.6 14.5	12.0	10.6	9.4	4.6	3.7	3.0	1.5	1.5	1.5	30.0	24.9	22.8	630	(0.7)	28.0
Mahindra & Mahindra Maruti Suzuki	635 1,380	ADD	398,748	7,927 8,610	289	34.9 86.4	94.1	104.2	132.5	8.9	10.8	16.0	14.7	13.2	8.7	8.0	6.9	3.3	2.8	2.3	0.4	0.5	0.5	23.3	20.6	18.9	1.400	1.5	19.1
Tata Motors	802	ADD		10,327	596	23.9		35.5	138.9	13.5	30.6	33.5	29.5	22.6	13.1	13.1	11.6	2.3	2.0	1.8	0.4	0.7	0.7	8.1	7.5	8.6	900	12.2	99.7
Automobiles	802	Cautious	478,255 <b>2,054,020</b>	44,354	290	23.9	27.2	30.0	118.1	16.4	14.3	20.2	17.3	15.2	11.6	10.5	9.3	4.0	3.3	2.8	1.0	1.0	1.1	19.9	19.1	18.2	500	12.2	33.7
Banks/Financial Institutions		Cautious	2,034,020	44,334					110.1	10.4	14.3	20.2	17.3	13.2	11.0	10.5	5.5	4.0	3.3	2.0	1.0	1.0		15.5	15.1	10.2			
Andhra Bank	134	BUY	64,796	1,399	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	19.8	6.0
Axis Bank	1,215	ADD	492,328	10,631	405	62.1	77.4	98.5	22.7	24.7	27.3	19.6	15.7	12.3	_	_	_	3.1	2.7	2.3	1.0	1.2	1.6	18.9	18.1	19.9	1,360	11.9	52.0
Bank of Baroda	714	BUY	261,078	5,638	366	83.7	89.8	111.0	37.3	7.3	23.6	8.5	8.0	6.4	_	_	_	1.9	1.6	1.3	2.1	2.3	2.8	24.4	21.8	22.6	825	15.5	10.8
Bank of India	326	REDUCE	171,501	3,703	526	33.1	42.7	56.7	(42.1)	28.9	32.8	9.9	7.6	5.8	_	_	_	1.3	1.2	1.0	2.1	2.8	3.7	14.2	16.4	19.1	360	10.4	5.9
Canara Bank	420	ADD	172,282	3,720	410	73.7	77.0	93.6	45.8	4.5	21.4	5.7	5.5	4.5	_	_	_	1.4	1.1	0.9	1.9	2.4	2.9	23.0	19.6	20.1	500	19.0	6.7
Corporation Bank	547	BUY	78,518	1,695	143	81.6	86.7	100.3	31.1	6.3	15.7	6.7	6.3	5.5	_	_	_	1.4	1.2	1.0	3.0	3.2	3.7	21.9	19.9	19.8	650	18.7	1.1
Federal Bank	323	BUY	55,252	1,193	171	27.2	38.7	48.0	(7.2)	42.3	24.2	11.9	8.4	6.7	_	_	_	1.2	1.1	0.9	1.5	2.2	2.7	10.3	13.4	14.8	360	11.4	5.3
HDFC	2,933	ADD	842,022	18,182	287	98.4	118.2	143.7	22.7	20.1	21.5	29.8	24.8	20.4	_	_	_	5.5	4.9	4.3	1.2	1.4	1.7	20.0	21.0	22.4	3,200	9.1	41.2
HDFC Bank	1,996	BUY	913,701	19,730	458	64.4	84.1	110.4	22.1	30.6	31.2	31.0	23.7	18.1	_	_	-	4.2	3.7	3.2	0.6	0.8	1.0	16.1	16.7	19.1	2,200	10.2	32.9
ICICI Bank	884	REDUCE	985.396	21,278	1.115	36.1	46.5	58.0	6.9	28.9	24.7	24.5	19.0	15.7	_	_	_	1.9	1.8	1.7	1.4	1.7	2.2	8.1	9.8	11.5	980	10.9	96.4
IDFC	164	ADD	213,819	4,617	1,301	8.2	9.2	11.2	41.1	12.9	21.9	20.1	17.8	14.6	_	_	_	3.1	2.7	2.3	0.9	1.0	1.2	16.1	16.0	17.1	180	9.5	18.5
India Infoline	97	BUY	30,276	654	312	8.1	8.9	10.0	59.2	9.8	12.5	11.9	10.9	9.7		_	_	1.9	1.6	1.3	3.3	2.0	2.4	16.4	15.9	16.1	140	44.2	3.6
Indian Bank	226	BUY	96,935	2,093	430	35.1	35.5	43.8	25.5	1.1	23.6	6.4	6.4	5.1	_	_	_	1.5	1.2	1.0	2.7	2.7	3.4	24.0	20.3	21.2	280	24.1	4.2
Indian Overseas Bank	102	BUY	55,488	1,198	545	13.0	15.4	26.4	(46.7)	18.9	71.3	7.8	6.6	3.9	_	_	_	0.9	0.8	0.7	4.0	4.4	4.9	9.6	10.6	16.3	120	17.8	3.5
J&K Bank	789	BUY	38,266	826	48	105.7	112.3	140.6	25.1	6.3	25.2	7.5	7.0	5.6	_	_	_	1.3	1.2	1.0	2.8	3.0	3.7	17.3	16.9	18.5	850	7.7	0.5
LIC Housing Finance	999	ADD	94,909	2,049	95	69.7	93.2	104.2	11.4	33.8	11.7	14.3	10.7	9.6	_	_	_	2.9	2.5	2.1	1.5	2.0	2.2	23.6	23.8	22.4	1,050	5.1	21.7
Mahindra & Mahindra Financial	472	BUY	45,317	979	96	35.7	42.6	49.8	59.3	19.3	16.8	13.2	11.1	9.5	_	_	_	2.7	2.3	1.9	1.6	1.9	2.2	21.4	21.7	21.6	500	5.9	1.1
Oriental Bank of Commerce	333	ADD	83.442	1.802	251	45.3	52.8	58.6	25.3	16.5	11.0	7.4	6.3	5.7	_	_	_	1.2	1.0	0.9	2.7	3.2	3.6	14.1	15.4	15.3	400	20.1	4.7
PFC	292	SELL	334,805	7,230	1,148	20.5	22.5	25.9	53.5	9.9	15.1	14.2	13.0	11.3	_	_	_	2.6	2.3	2.0	1.8	1.9	2.2	18.8	18.0	18.2	240	(17.7)	2.5
Punjab National Bank	1,034	BUY	325,975	7,039	315	123.8	128.0	156.5	26.3	3.4	22.2	8.3	8.1	6.6	_	_	_	2.0	1.7	1.4	2.1	2.5	3.0	26.4	22.7	23.3	1,150	11.2	7.7
Reliance Capital	764	ADD	188,128	4,062	246	13.8	16.1	14.1	(64.9)	17.0	(12.4)	55.4	47.3	54.0	_	_	_	2.7	2.7	2.6	0.8	0.8	0.7	5.0	5.7	4.8	875	14.5	32.5
Rural Electrification Corp.	288	ADD	284,516	6,144	987	20.3	24.6	30.7	23.2	21.2	24.9	14.2	11.7	9.4	_	_	_	2.6	2.2	1.9	2.3	2.6	3.2	22.0	20.5	22.2	300	4.1	14.5
Shriram Transport	590	ADD	131,753	2,845	223	39.2	49.1	62.4	30.1	25.4	27.2	15.1	12.0	9.5	_	_	_	3.6	3.0	2.5	2.0	2.5	3.2	28.4	26.1	27.8	600	1.6	4.8
SREI	81	NR	9,425	204	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	_	_	4.5
State Bank of India	2,351	BUY	1,492,508	32,229	635	144.4	178.1	223.0	0.5	23.4	25.2	16.3	13.2	10.5	_	_	_	2.3	2.0	1.8	1.7	1.8	1.9	14.8	16.1	17.8	2,700	14.9	98.2
Union Bank	311	BUY	156,940	3,389	505	41.1	45.8	57.3	20.2	11.5	25.0	7.6	6.8	5.4	_	_	_	1.8	1.5	1.2	1.8	2.2	2.7	26.2	23.7	24.3	380	22.3	4.9
Banks/Financial Institutions		Attractive	7,619,377	164,530					14.4	17.4	24.2	15.3	13.0	10.5	_	_	_	2.4	2.1	1.8	1.5	1.8	2.1	15.5	16.0	17.4			
Cement																													
ACC	865	SELL	162,601	3,511	188	83.2	61.8	63.4	47.9	(25.7)	2.6	10.4	14.0	13.6	5.6	6.6	5.7	2.5	2.2	2.0	2.7	2.7	2.7	29.3	19.4	17.7	830	(4.1)	9.5
Ambuja Cements	117	SELL	178,118	3,846	1,522	8.0	7.9	8.1	11.4	(1.8)	2.6	14.6	14.9	14.5	8.2	8.5	7.7	2.6	2.3	2.0	1.6	1.8	1.8	19.3	16.7	15.3	98	(16.2)	6.4
Grasim Industries	1,781	ADD	163,300	3,526	92	301.0	240.1	282.0	26.1	(20.2)	17.5	5.9	7.4	6.3	3.8	3.8	2.9	1.3	1.1	1.0	1.9	1.9	1.9	22.9	16.4	16.7	2,150	20.7	9.8
India Cements	113	SELL	34,801	751	307	10.0	10.4	11.3	n/a	3.1	9.1	11.3	10.9	10.0	5.6	5.6	5.4	0.8	0.8	0.7	1.9	2.8	2.8	8.2	7.7	8.0	110	(3.0)	4.2
Shree Cement	2,040	BUY	71,050	1,534	35	208.0		242.5	19.0	6.3	9.7	9.8	9.2	8.4	4.8	4.7	3.7	3.9	2.8	2.1	0.5	0.5	0.5	48.0	35.0	28.1	2,550	25.0	0.9
UltraTech Cement	983	SELL	122,355	2,642	124	88.2	67.1	77.2	12.0	(23.9)	15.0	11.1	14.6	12.7	5.8	6.6	5.4	2.2	2.0	1.7	0.8	0.8	0.8	26.6	16.8	16.7	940	(4.4)	3.1
Cement		Neutral	732,225	15,811					19.3	(15.5)	10.4	9.5	11.3	10.2	5.2	5.5	4.6	2.0	1.7	1.5	1.7	1.8	1.8	20.5	15.1	14.6			
Consumer products	2.200	DLIV	227 172	4.005	0.0	71.6	02.1	98 1	05.4	14 7	10.5	22.1	20.0	24 1	20.6	17.8	14.5	14.0	11.2	9.0	1.1	1.4	1.7	51.6	44.5	42.5	2.300	(2.9)	2.7
Asian Paints Colgate-Palmolive (India)	2,368 823	REDUCE	227,172 111,956	4,905 2,418	96 136	71.6 29.7	82.1 33.0	98.1 37.6	85.4 37.6	11.1	19.5 13.9	33.1 27.7	28.8	24.1	20.6	18.1	15.4	35.0	27.4	22.0	2.4	2.7	3.1	150.2	122.2	109.9	760	(7.7)	2.7
Dabur India	190	BUY	164.206	3,546	866	5.8	6.8	8.2	28.1	17.6	20.8	32.7	27.8	23.0	24.3	19.5	16.1	15.6	12.8	10.5	1.6	1.9	2.3	54.3	51.1	50.7	200	5.5	2.1
GlaxoSmithkline Consumer (a)	1,696	ADD	71,307	1,540	42	55.4	70.0	82.9	23.6	26.5	18.4	30.6	24.2	20.5	16.8	14.2	11.6	8.0	6.6	5.5	1.1	1.3	1.6	27.9	29.6	29.2	1,800	6.2	1.0
Godrej Consumer Products	342	NR	105,416	2,276	308	8.7	9.8	11.6	29.7	13.2	18.2	39.4	34.8	29.5	27.9	24.9	21.0	9.0	7.9	7.8	1.2	1.2	1.2	30.7	24.1	27.8		_	3.5
Hindustan Unilever	253	REDUCE	551,404	11,907	2,179	9.7	10.4	11.8	1.7	7.3	14.0	26.1	24.4	21.4	17.6	16.5	13.9	21.6	18.6	16.1	3.0	3.4	3.8	91.6	82.2	80.8	230	(9.1)	14.2
пс	294	BUY	1,107,594	23,917	3,769	10.8	12.4	14.5	24.4	15.4	16.9	27.3	23.6	20.2	16.8	14.8	12.4	7.8	6.7	5.7	3.4	1.9	2.0	29.9	32.2	32.1	315	7.2	22.0
Jubilant Foodworks	307	REDUCE	19,877	429	65	5.5	7.7	9.7	340.6	39.3	25.3	55.3	39.7	31.7	29.9	20.9	14.8	16.9	11.9	8.6	_	_	_	46.6	35.1	31.5	290	(5.4)	17.3
Jyothy Laboratories	228	ADD	16,535	357	73	11.0	12.9	15.3	99.6	17.0	18.3	20.7	17.7	14.9	15.8	11.9	9.7	4.1	3.5	3.0	2.1	1.5	2.1	18.6	20.2	20.5	230	0.9	0.9
Nestle India (a)	2,916	ADD	281,172	6,072	96	74.4	87.0	105.5	27.0	17.0	21.3	39.2	33.5	27.6	25.9	23.0	19.7	48.4	38.4	30.4	1.7	2.1	2.5	136.0	127.8	122.7	3,000	2.9	2.2
Tata Tea	1,144	BUY	70,770	1,528	62	66.2	73.5	83.7	23.4	11.1	13.8	17.3	15.6	13.7	11.1	9.0	8.1	1.4	1.3	1.2	1.9	2.1	2.4	10.9	11.4	12.0	1,250	9.2	3.0
Consumer products Constructions		Attractive	2,727,409	58,895					23.4	13.8	16.9	28.7	25.2	21.6	18.5	16.3	13.7	9.8	8.4	7.3	2.6	2.1	2.4	34.0	33.4	33.8			
IVRCL	182	BUY	48,556	1,048	267	7.8	10.3	12.4	(7.7)	32.4	19.7	23.3	17.6	14.7	12.2	10.0	8.5	2.4	2.1	1.9	0.2	0.2	0.2	10.9	12.8	13.5	215	18.2	8.9
Nagarjuna Construction Co.	189	BUY	48,597	1,048	257	7.8	11.5	14.3	6.1	61.1	24.1	26.5	16.5	13.3	12.2	9.6	7.9	2.4	2.0	1.5	0.2	1.1	1 1	9.3	12.5	13.9	210	10.9	3.8
						(12.9)	9.8	12.0	79.2	(175.4)	22.4		12.9	10.6	35.9	7.0	6.4	1.4	1.3	1.1	(0.1)	0.3	0.8	(15.8)	10.3	11.4	140	11.0	13.3
	126	REDUCE	42./50																										
Punj Lloyd Sadbhav Engineering	126 1,200	BUY	42,750 14,999	923 324	339 13	43.1	65.7	94.6	(15.8)	52.5	44.1	(9.7) 27.9	18.3	12.7	13.7	9.3	7.8	3.7	3.1	2.5	0.3	0.5	0.5	13.3	16.8	19.7	1,600	33.3	0.4

Source: Company, Bloomberg, Kotak Institutional Equities estimates

KOTAK INSTITUTIONAL EQUITIES RESEARCH

	17 10			con	O/S shares		EDC (D-)			F ava +1- "	v.)		DED (V)		E1/	/EBITDA	(X)	Price/BV (X)			Dividend viold (%)			RoE (%)			Target price Upside ADVT-3m			
Company	17-Jun-10 Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)		EPS (Rs) 2010E 2011E 2012E		2010E	S growth (9 2011E	%) 2012E	PER (X) E 2010E 2011E 2012E			2010E 2011E 2012E			2010E 2011E 2012E			Dividend yield (%) 2010E 2011E 2012E			2010E 2011E 2012E			(Rs) (%) (US\$ i			
Energy															4.0	4.0	4.5		4.2		2.5	2.2	2.5	45.0	42.2	42.2			0.5	
Bharat Petroleum Cairn india	535 307	RS	193,569 581.990	4,180 12.567	362 1.897	63.3 5.3	53.6 28.5	59.2 40.0	207.3	(15.3)	10.4	8.5	10.0	9.0	4.9	4.9 7.4	4.5 5.2	1.4	1.2	1.1	2.6	3.3	3.6	15.9	12.2	12.3	250	(18.5)	9.5	
Castrol India (a)	421	SELL REDUCE	104,117	2,248	247	15.4	19.6	20.6	44.6	433 27.0	40.5 5.3	57 27.3	21.5	7.7	16.2	13.2	12.4	22.6	21.1	19.5	3.0	3.7	3.8		101.6	99.2	365	(13.3)	1.5	
GAIL (India)	475	ADD	602.718	13.015	1.268	24.8	26.4	37.1	11.7	6.8	40.5	19.2	18.0	12.8	10.8	11.1	9.1	3.3	3.0	2.5	1.6	1.8	2.5	17.4	16.5	20.2	485	2.1	17.7	
GSPL	94	REDUCE	52,983	1,144	562	7.4	8.9	9.1	234.7	21.5	1.3	12.8	10.5	10.4	6.7	5.6	5.0	3.1	2.5	2.2	1.1	2.4	3.8	27.3	26.3	22.5	80	(15.1)	4.0	
Hindustan Petroleum	344	RS	116,602	2,518	339	54.7	44.6	56.3	222.7	(18.6)	26.4	6.3	7.7	6.1	2.4	2.8	2.2	0.9	0.8	0.7	3.5	4.1	5.1	13.9	10.1	11.7	_	_	8.1	
Indian Oil Corporation	337	RS	818,826	17,681	2,428	49.9	34.3	35.7	406.8	(31.3)	4.2	6.8	9.8	9.4	4.7	5.5	4.7	1.5	1.4	1.3	3.9	3.1	3.2	22.7	13.9	13.3			6.5	
Oil India	1,266	BUY	304,475	6,575	240	115.1	127.0	140.6	_	10.3	10.7	11.0	10.0	9.0	4.5 4.7	3.8 4.0	3.1	2.1 1.9	1.8	1.6	2.7	3.1	3.4	16.7 14.6	17.3 17.5	17.0 16.7	1,350 1,375	6.6 15.9	3.4 29.6	
Oil & Natural Gas Corporation Petronet LNG	1,186	REDUCE	2,536,827 59.175	54,779 1.278	2,139 750	91.4 5.4	121.9	129.5 7.9	1.3	33.3 14.9	6.2 28.0	13.0 14.6	9.7	9.2	9.3	7.6	6.7	2.3	2.0	1.7	2.8	2.5	3.5	15.9	15.9	17.6	82	3.9	4.1	
Reliance Industries	1,071	SELL	3,188,486	68,851	2.976	49.6	62.9	80.2	(1.8)	26.6	27.5	21.6	17.0	13.4	10.9	8.2	6.8	2.2	2.0	1.8	1.4	1.7	2.1	11.4	13.2	15.3	985	(8.1)	123.8	
Energy	.,	Cautious	8,559,769	184,836					33.5	19.3	17.1	14.3	11.9	10.2	6.9	5.9	5.0	2.0	1.8	1.6	2.1	2.4	3.1	13.8	14.9	15.7				
Industrials																														
ABB	866	REDUCE	183,417	3,961	212	16.7	23.3	37.2	(35.2)	39.2	59.8	51.7	37.1	23.2	29.7	21.9	13.5	7.6	6.5	5.2	0.2	0.4	0.4	15.6	18.8	24.7	840	(3.0)	7.4	
BGR Energy Systems	737	BUY	53,028	1,145	72	16.0	28.0	39.7	32.2	74.6	41.9	45.9	26.3	18.5	25.8	15.0	10.8	9.4	7.5	5.7	0.4	1.0	1.1	22.3	31.8	35.1	800	8.6	2.5	
Bharat Electronics	1,817	REDUCE	145,336	3,138	80	93.9		127.4	(9.6)	19.1	13.9	19.3	16.2	14.3	9.4	7.6 11.3	6.4 9.2	3.3 7.1	2.8	2.5	1.4 0.8	1.4	1.4	17.9	18.7	18.5	1,790 2.500	(1.5)	3.5 31.7	
Bharat Heavy Electricals	2,383	ADD	1,166,404	25,187	490	92.0	115.8	136.2	44.1 46.5	25.8	17.7	25.9	20.6	17.5	11.8	10.8	8.8	6.3	5.0	4.0	0.8	0.7	0.8	36.8	28.5	26.8	2,500	11.5	8.6	
Crompton Greaves Larsen & Toubro	260 1,777	BUY	166,899 1.067.953	3,604 23,061	642 601	12.8	13.3	15.8 90.4	46.5 16.0	3.2 22.4	19.0	20.3 30.6	19.6 25.0	16.5	16.4	13.8	11.3	4.8	4.0	3.4	0.7	0.7	0.8	18.6	17.5	18.7	1 900	6.9	53.0	
Maharashtra Seamless	387	BUY	27.288	589	71	40.2	43.6	49.8	12.1	8.5	14.2	9.6	8.9	7.8	5.1	4.4	3.5	1.7	1.5	1.3	1.6	2.0	2.6	19.3	17.9	17.7	450	16.3	0.7	
Siemens	731	REDUCE	246,481	5,322	337	25.0	29.6	34.3	55.2	18.6	16.0	29.3	24.7	21.3	17.3	14.2	12.0	7.2	5.9	4.9	0.7	0.8	0.9	27.3	26.3	25.1	635	(13.1)	7.3	
Suzlon Energy	57	REDUCE	91,568	1,977	1,594	(5.9)	0.3	5.3	(182.3)	(104.4)	1,931.8	(9.7)	221.5	10.9	16.9	8.7	5.6	0.8	0.8	0.8	_	_	0.3	(8.8)	0.4	7.5	70	21.8	28.8	
Thermax	710	BUY	84,638	1,828	119	21.7	29.4	37.6	(10.4)	35.4	27.7	32.7	24.1	18.9	17.5	13.5	10.6	7.8	6.4	5.2	0.5	1.2	1.5	24.9	29.1	30.5	750	5.6	0.9	
Voltas	189	REDUCE	62,443	1,348	331	10.9	11.3	12.6	57.4	3.8	12.1	17.4	16.7	14.9	10.1	9.0	7.6	5.8	4.8	3.9	1.7	1.8	2.0	38.3	31.3	28.8	200	5.9	4.0	
Industrials		Attractive	3,295,455	71,161					3.7	33.5	27.4	30.4	22.8	17.9	15.2	12.1	9.6	4.9	4.2	3.5	0.7	0.9	1.0	16.2	18.4	19.7				
Infrastructure															14.6	11.0	0.0	2.0	2.2	2.0		1.7	1.0	10.6	20.6	20.5	1.250	(1 F)	1.7	
Container Corporation GMR Infrastructure	1,268 57	REDUCE	164,867 208.286	3,560 4.498	130 3.667	61.1	74.3	85.9 0.1	0.3 (43.8)	21.7	15.6 (40.0)	20.8	17.1	14.8 429.7	14.6	11.8	9.9	3.8	3.3 1.7	2.8	1.1	1.3	1.6	19.6	20.6	20.5	1,250	(1.5)	1.7	
GVK Power & Infrastructure	45	BUY	70.591	1,524	1,579	0.4	0.2	1.4	(43.8)	33.5	32.4	54.9	258.0 41.1	31.1	18.7	17.0	17.5	2.0	2.1	2.0		0.7	0.7	4.7	5.3	6.7	54	20.8	6.1	
IRB Infrastructure	280	RS	93.012	2 008	332	9.7	12.6	12.1	83.8	29.2	(3.7)	28.8	22.3	23.1	13.5	12.0	11.1	4.0	3.1	2.5	_	0.7	0.7	15.6	15.7	11.9	J++	20.0	5.0	
Mundra Port and SEZ	714	REDUCE	288.253	6.224	403	15.1	24.1	35.7	40.8	59.5	48.4	47.3	29.7	20.0	30.5	19.6	13.9	7.9	6.1	4.6	_	_	_	18.5	23.2	26.1	725	1.5	13.9	
Infrastructure		Attractive	825,008	17.815	-105	13.1	2-1.1	33.7	12.7	29.5	24.1	41.0	31.6	25.5	20.7	15.2	13.1	3.4	2.9	2.6	_	_	0.4	8.4	9.2	10.2				
Media																														
DB Corp	249	ADD	45,245	977	181	10.6	12.9	15.7	276.4	21.0	22.3	23.5	19.4	15.9	13.0	10.7	8.5	6.5	5.2	4.4	0.8	1.6	2.4	38.2	29.6	29.9	280	12.3	10.0	
DishTV	43	ADD	46,098	995	1,063	(2.5)	(1.2)	0.6	(61.6)	(52.4)	(146.5)	(17.2)	(36.1)	77.7	66.9	21.7	11.7	11.3	16.4	13.6		_	-	248.6	(37.1)	19.1	45	3.8	3.1	
HT Media	154	NR	36,225	782	235	6.1	7.8	9.4	623.3	27.0	20.9	25.2	19.9	16.4	12.6	10.5	8.6	3.7	3.3	3.0	0.6	1.3	2.6	15.6	17.6	19.2	-	_	0.2	
Jagran Prakashan	127	ADD	38,098	823	301	5.8	6.4	7.5	91.9	9.5	16.7	21.7	19.8	16.9	13.1 17.3	11.5 12.9	9.9	6.2 8.2	5.6 6.9	5.0	2.8 1.9	2.8 1.9	3.2	30.0 28.4	29.8 33.5	31.0 35.5	130 420	2.8	0.7	
Sun TV Network Zee Entertainment Enterprises	402 301	REDUCE	158,578 130 504	3,424 2.818	394 434	13.1 10.5	17.9 12.0	22.8	44.8 24.4	36.0 14.4	27.5 22.2	30.6 28.6	22.5	17.7 20.5	21.3	16.9	13.4	3.5	3.4	3.2	0.8	1.0	1.2	13.0	14.1	16.4	265	(11.9)	9.1	
Media Theraminent Enterprises	301	Neutral	454.749	9.820	434	10.5	12.0	14.7	183.3	41.2	36.3	37.6	26.6	19.6	18.1	13.8	10.7	5.5	5.0	4.5	1.2	1.4	1.8	14.5	18.8	22.9	203	(11.5)	5.1	
Metals		recution	454,745	3,020					103.5		50.5	37.0	20.0	13.0																
Hindalco Industries	147	ADD	280,872	6,065	1,914	5.7	12.5	14.7	(64.5)	119.8	18.2	25.9	11.8	10.0	7.8	8.4	8.6	1.3	1.2	1.0	0.9	0.9	0.9	10.3	10.2	11.0	190	29.5	41.4	
Hindustan Zinc	1,011	BUY	427,222	9,225	423	95.6	117.5	133.2	48.2	22.8	13.4	10.6	8.6	7.6	6.5	4.5	3.0	2.3	1.8	1.5	0.6	0.6	0.6	24.2	23.5	21.4	1,400	38.5	4.3	
Jindal Steel and Power	666	SELL	617,528	13,335	928	38.5	48.7	50.8	17.2	26.5	4.3	17.3	13.7	13.1	10.8	8.8	8.2	5.4	3.9	3.0	0.2	0.2	0.2	37.3	33.0	25.7	575	(13.6)	32.8	
JSW Steel	1,049	REDUCE	208,461	4,501	199	80.4	100.4	136.9	447.0	32.3	28.7	13.0	9.9	7.7	8.3	7.0	5.6	1.8	1.5	1.2	0.9	0.4	0.4	15.4	16.4	17.3	1,150	9.6	55.4	
National Aluminium Co.	436	SELL	280,726	6,062	644	10.1	28.0	27.7	(49.0)	178.6	(1.2)	43.3	15.5	15.7	19.2	7.6	7.0	2.6	2.2	2.0	0.5	0.5	0.5	6.1	15.4	13.3	320	(26.6)	1.7	
Sesa Goa	360	REDUCE	320,337	6,917	890	29.6	61.4	62.4	32.2	107.6	1.8	12.2	5.9	5.8	9.9	3.6	2.9	4.1	2.5	1.8	0.8	0.8	0.8	36.7	48.0	34.1	420	16.7	78.0	
Sterlite Industries Tata Steel	695 481	ADD BUY	583,962 426,795	12,610 9.216	840 887	48.1 3.2	67.6 78.7	83.3 93.5	21.9 (97.1)	40.6 2,331.6	23.2 18.7	14.5 148.5	10.3	8.3 5.1	10.9	7.9 5.7	5.8	1.6	1.4	1.2	0.5	0.5	0.5	13.0	14.4	15.4 23.8	875 700	25.9 45.5	49.6 107.9	
Metals	461	Cautious	426,795 <b>3,145,903</b>	67,931	007	3.2	/0./	22.3	(28.9)	2,331.b 89.5	13.6	17.6	9.3	8.2	10.6	6.5	5.5	2.2	1.8	1.5	0.7	0.7	0.7	12.4	19.2	18.0	700	45.5	107.9	
Pharmaceutical			3,143,303	0,,551					(20.5)	03.3	.5.0	.,.5	5.5	0.2																
Biocon	311	BUY	62,130	1,342	200	14.7	18.3	22.4	212.6	24.8	22.7	21.2	17.0	13.8	12.1	10.1	8.2	3.5	3.0	2.5	_	_	0.1	17.9	19.3	20.3	345	11.1	4.0	
Cipla	335	REDUCE	268,698	5,802	803	13.5	12.8	15.6	35.9	(4.9)	21.9	24.8	26.1	21.4	18.4	17.3	14.5	4.5	4.0	3.5	0.7	0.7	0.7	19.9	16.3	17.4	280	(16.3)	11.7	
Cadila Healthcare	630	REDUCE	129,033	2,786	205	24.7	29.6	34.9	66.9	20.0	17.6	25.5	21.3	18.1	16.5	13.8	12.0	8.0	6.2	4.9	0.8	0.9	1.1	36.1	32.8	30.3	535	(15.1)	1.4	
Dishman Pharma & chemicals Divi's Laboratories	206 770	BUY ADD	16,722 101.750	361 2.197	81 132	14.4 25.8	17.2 34.3	28.8 43.9	(19.7) (18.3)	19.4 33.3	67.0 27.9	14.2 29.9	11.9	7.1 17.5	10.4	16.5	6.1 12.6	6.8	1.8 5.6	1.5 4.5	_	_		15.5 24.8	16.3 27.2	22.7	300 800	45.9 3.9	0.8	
Dr Reddy's Laboratories	1.423	REDUCE	241.127	5.207	169	48.1	66.7	70.8	48.3	38.8	6.1	29.9	21.3	20.1	16.4	12.4	11.5	6.4	5.1	4.2	0.5	0.6	0.6	22.2	26.3	22.6	1,150	(19.2)	14.8	
GlaxoSmithkline Pharmaceuticals (a)	2,097	REDUCE	177,597	3,835	85	59.1	69.1	79.2	8.1	17.0	14.5	35.5	30.3	26.5	20.4	17.5	14.9	9.9	8.5	7.2	_	_	-	29.8	30.2	29.5	1,800	(14.2)	1.7	
Glenmark Pharmaceuticals	272	NR	74,466	1,608	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	_	_	-	6.0	
Jubilant Organosys	349	BUY	55,365	1,196	159	26.5	33.7	39.3	49.0	27.1	16.7	13.1	10.3	8.9	9.6	8.5	7.0	2.5	2.0	1.7	0.6	0.7	0.9	26.3	22.0	21.1	400	14.7	2.6	
Lupin Piramal Healthcare	1,880 489	ADD REDUCE	166,527 102.107	3,596 2.205	89 209	76.9 23.4	104.1	122.5	27.8 35.5	35.3 (42.9)	17.6 (17.6)	24.4 20.9	18.1 36.6	15.3 44.4	20.9 15.4	15.1 5.7	11.9 3.9	7.2 6.1	5.4 1.1	4.1 0.9	0.7	0.8	0.8	36.6 32.1	34.4 141.2	30.7 16.6	1,920 490	2.1 0.3	7.0 31.3	
Ranbaxy Laboratories	489	SELL	189.653	4.095	428	7.1	28.0	11.7	(128.4)	297.1	(58.3)	62.8	15.8	44.4 37.9	15.4	9.2	18.4	4.8	3.8	3.5	1.1	0.9	0.7	6.9	24.6	9.1	220	(50.3)	11.1	
Sun Pharmaceuticals	1,699	REDUCE	351,845	7,598	207	65.2	67.7	77.6	(25.7)	3.8	14.6	26.0	25.1	21.9	19.6	17.6	14.9	4.2	3.7	3.3	0.8	0.8	0.8	17.8	16.2	16.2	1,560	(8.2)	8.9	
Pharmaceuticals		Attractive	1,937,018	41,827					44.6	26.6	6.1	26.9	21.3	20.1	16.7	13.0	12.2	5.1	3.7	3.1	0.5	0.6	0.6	19.0	17.3	15.6				
Property																														
DLF	283	ADD	483,416	10,439	1,708	9.6	16.3	25.1	(64.0)	69.4	53.8	29.4	17.3	11.3	19.1	12.1	9.1	1.8	1.7	1.5	1.0	1.0	1.7	6.4	9.9	13.8	340	20.1	57.0	
Indiabulls Real Estate Mahindra Life Space Developer	150 429	RS ADD	60,144 18,046	1,299 390	401 42	1.6 18.9	4.0 20.3	8.0 27.5	109.7 82.4	151.7 7.3	101.7 35.8	94.5 22.7	37.6 21.2	18.6 15.6	(54) 18.8	27.7 15.5	7.1 8.4	0.7 1.9	0.7	0.7 1.6	0.9	0.9	0.9	0.8 8.4	1.8 8.5	3.5 10.7	285 540	90.1 25.8	22.3	
Mahindra Life Space Developer Phoenix Mills	429 220	BUY	18,046 31,902	390 689	145	18.9	7.7	8.7	82.4 2.5	7.3 51.0	35.8 13.5	43.3	21.2	15.6 25.2	18.8	15.5 21.4	17.9	1.9 2.0	1.8	1.6	0.9	0.9	0.9	8.4 4.8	7.0	7.5	260	25.8 18.0	1.5	
Puravankara Projects	109	REDUCE	23,199	501	213	6.4	8.2	8.1	(5.2)	28.4	(2.0)	16.9	13.2	13.5	21.2	14.3	14.1	1.6	1.5	1.4	1.8	1.8	1.8	10.0	11.9	10.7	110	1.2	0.7	
Sobha	289	ADD	28,340	612	98	14.4	17.5	24.7	(4.8)	21.1	41.6	20.1	16.6	11.7	15.2	12.1	7.5	1.6	1.5	1.4	0.7	1.4	1.4	9.8	9.4	12.2	325	12.5	2.3	
Unitech	70	SELL	183,655	3,966	2,616	3.4	4.3	5.6	(54.2)	26.3	30.2	20.8	16.5	12.6	18.9	12.9	8.1	1.7	1.5	1.4	_	-	2.1	9.7	9.4	11.1	72	2.6	58.8	

India Daily Summary - June 18, 2010

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of key Indian companies

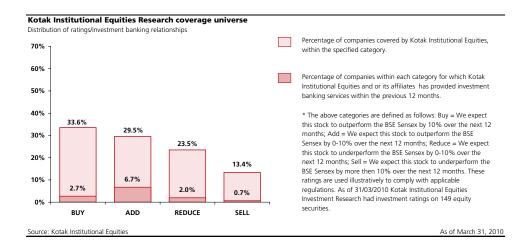
	17-Jun-10		Mkt cap.		O/S																				Target				
					shares	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)				rice/BV (		Dividend yield (%)			RoE (%)			price Upside ADVT-3mo		
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	(Rs)	(%) (U	JS\$ mn)
Retail																													
Titan Industries	2,201	ADD	97,681	2,109	44	62.7	76.1	96.2	41.5	21.3	26.5	35.1	28.9	22.9	24.9	19.5	15.2	12.4	9.3	7.0	0.5	0.5	0.6	40.7	36.6	34.8	2,400	9.1	4.0
Retail		Neutral	97,681	2,109					41.5	21.3	26.5	35.1	28.9	22.9	24.9	19.5	15.2	12.4	9.3	7.0	0.5	0.5	0.6	35.2	32.0	30.5			
Sugar											()																	44.4	
Bajaj Hindustan	116	SELL	22,178	479	191	9.7	9.9	8.9	_	2.2	(10.4)	11.9	11.7	13.0	7.0	5.8	5.4	0.9	0.8	0.8	0.6	0.6	0.6	8.1	7.5	6.3	99	(14.6)	8.0
Balrampur Chini Mills	80	ADD	20,592	445	257	3.7	10.4	7.0	_	183.7	(32.7)	21.8	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	14.7	7.6
Shree Renuka Sugars	66	BUY	44,039	951	670	9.9	7.6	7.8	196.4	(23.2)	3.1	6.6	8.6	8.4	4.6	5.1	4.4	1.7	1.4	1.2	0.6	0.5	0.5	32.0	18.1	15.7	76	15.6	17.9
Sugar		Cautious	86,809	1,875					96.1	2.5	(9.4)	9.2	9.0	9.9	6.1	5.4	5.0	1.4	1.2	1.1	0.6	0.6	0.6	14.9	13.3	10.8			
Technology																													
HCL Technologies	386	REDUCE	266,099	5,746	690	17.8	25.1	28.5	2.0	40.6	13.6	21.6	15.4	13.5	11.0	9.4	7.8	4.2	3.5	2.9	1.0	1.0	1.6	20.8	24.9	23.3	370	(4.1)	8.6
Hexaware Technologies	77	REDUCE	11,047	239	144	9.3	5.1	9.4	127.7	(45.4)	84.0	8.2	15.1	8.2	4.1	8.3	4.5	1.3	1.2	1.1	1.3	1.3	1.3	17.8	8.4	14.0	72	(6.4)	2.8
Infosys Technologies	2,765	BUY	1,587,024	34,270	574	108.3	125.2	150.5	5.7	15.6	20.2	25.5	22.1	18.4	18.6	15.2	12.4	6.9	5.7	4.7	0.9	1.3	1.5	30.1	28.2	28.0	3,100	12.1	70.8
Mphasis BFL	603	REDUCE	125,646	2,713	208	43.6	49.0	45.6	207.5	12.5	(7.0)	13.8	12.3	13.2	11.0	9.8	8.9	5.4	3.8	3.1	0.6	0.7	0.7	48.1	36.4	25.8	550	(8.7)	9.9
Mindtree	570	REDUCE	23,465	507	41	52.2	38.9	51.6	294.3	(25.5)	32.6	10.9	14.7	11.0	9.4	9.0	6.4	3.5	2.8	2.3	0.4	0.7	0.9	35.2	21.4	23.1	550	(3.5)	2.7
Patni Computer Systems	563	REDUCE	74,952	1,618	133	36.6	42.3	38.6	36.4	15.6	(8.7)	15.4	13.3	14.6	8.3	7.4	6.5	2.1	2.0	1.8	1.3	1.5	1.4	18.2	15.8	12.8	450	(20.0)	5.7
Polaris Software Lab	181	SELL	18,051	390	100	15.4	19.1	18.6	16.9	24.3	(2.7)	11.8	9.5	9.7	5.9	7.5	6.4	2.1	1.8	1.6	1.9	2.0	2.2	18.6	20.1	17.0	180	(0.6)	3.5
TCS	775	BUY	1,517,417	32,767	1,957	35.1	41.1	46.3	32.8	16.9	12.8	22.1	18.9	16.7	17.0	13.8	11.4	7.2	6.0	5.0	2.6	2.1	2.4	37.6	34.8	32.8	900	16.1	34.0
Wipro	413	ADD	1,011,452	21,841	2,447	18.9	21.9	25.0	22.1	16.2	14.4	21.9	18.9	16.5	16.6	13.6	11.3	5.2	4.2	3.5	0.9	1.1	1.3	26.5	24.6	23.2	465	12.5	16.0
Technology		Attractive	4,635,152	100,090					22.9	16.7	14.2	22.2	19.0	16.6	16.1	13.4	11.1	5.9	4.9	4.1	1.5	1.5	1.7	26.7	25.8	24.6			
Telecom			,,,,,,,,	,																									
Bharti Airtel	267	REDUCE	1,014,339	21,903	3,798	24.0	21.4	24.2	7.5	(10.8)	13.2	11.1	12.5	11.0	6.3	5.9	5.0	2.3	2.0	1.7	1.1	1.5	1.9	24.1	17.0	16.5	290	8.6	47.0
IDEA	55	REDUCE	180.499	3,898	3,300	2.7	1.3	2.3	(5.8)	(51.7)	71.9	20.0	41.4	24.1	7.3	7.2	5.9	1.6	1.5	1.4	_	_	_	7.2	3.8	6.3	50	(8.6)	9.8
MTNL	64	SELL	40,541	875	630	(15.6)	(10.4)	(9.1)	(750.8)	(33.7)	(11.9)	(4.1)	(6.2)	(7.0)	(0.4)	(0.5)	(0.7)	0.4	0.4	0.4	_	_	_	(8.5)	(6.1)	(5.7)	50	(22.3)	2.4
Reliance Communications	192	SELL	408,804	8,828	2,133	22.1	14.1	18.2	(30.2)	(36.2)	29.1	8.7	13.6	10.6	7.7	8.6	6.5	1.1	1.0	0.9	0.4	_	_	11.7	7.4	8.9	140	(27.0)	30.5
Tata Communications	260	REDUCE	74,100	1,600	2,133	14.0	15.2	15.7	3.2	8.2	3.5	18.6	17.2	16.6	7.6	7.0	6.7	1.0	1.0	1.0	2.5	2.9	3.3	5.2	5.5	5.5	225	(13.5)	1.4
Telecom	200	Cautious	1,718,283	37,104	203	14.0	13.2	13.7	(15.1)	(19.8)	20.7	12.0	15.0	12.4	7.1	7.0	5.7	1.5	1.4	1.3	0.9	1.0	1.2	12.7	9.3	10.2	223	(13.3)	1.44
Utilities		Cautious	1,710,203	37,104					(15.1)	(19.6)	20.7	12.0	15.0	12.4	7.1	7.0	5.7	1.5	1.4	1.3	0.9	1.0	1.2	12.7	9.3	10.2			
Adani Power	123	ADD	268,140	5,790	2,180	0.8	4.9	16.4	_	524.1	235.3	157.0	25.2	7.5	122.6	16.9	6.1	4.9	4.1	2.7				4.4	17.8	43.0	130	5.7	10.0
CESC	387	ADD	48,344	1,044	125	34.1	43.3	46.7	5.6	27.0	7.9	11.4	8.9	8.3	6.5	6.3	7.0	1.2	1.0	0.9	11	1.4	1.5	10.7	12.1	11.7	455	17.6	2.0
	68	BUY	163,540	3,531	2,405			4.5	35.1	82.2	26.4		19.0	15.0	20.4		8.5	4.8	3.8	3.1	1.1	1.44	1.3	15.8	20.6	21.0	70	2.9	10.0
Lanco Infratech NTPC						2.0	3.6	14.7	7.8			34.6				8.7					2.0	-				16.6			
	200	REDUCE	1,647,032	35,565	8,245	10.6	12.4			16.8	18.9	18.9	16.2	13.6	14.7	12.4	10.4	2.6	2.4	2.2		2.3	2.8	14.2	15.3		200	0.1	12.2
Reliance Infrastructure	1,198	ADD	294,866	6,367	246	61.8	62.7	80.3	(1.5)	1.6	28.0	19.4	19.1	14.9	20.7	19.8	13.5	1.5	1.4	1.3	0.7	0.8	0.9	6.3	7.3	10.1	1,100	(8.2)	43.0
Reliance Power	176	SELL	421,829	9,109	2,397	2.5	3.1	5.1	_	24.4	66.1	71.4	57.4	34.6		_	_	2.9	2.8	2.6	_		_	4.2	5.0	7.8	128	(27.3)	15.8
Tata Power	1,261	BUY	311,283	6,722	247	60.2	76.1	95.3	20.1	26.4	25.2	20.9	16.6	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	18.9	10.4
Utilities		Attractive	3,155,033	68,129					15.1	25.4	36.3	23.6	18.8	13.8	19.3	14.7	11.0	2.6	2.3	2.1	1.2	1.4	1.7	10.8	12.4	15.0			
Others		400	24 75-			04-	470.5	402.5	(2.5)	02.2	(20.0)			7.4	0.4				0.0	0.7	0.5	0.5	0.5	24.7	20.0		005	22.2	45.7
Aban Offshore	731	ADD	31,789	686	43	94.5	172.3	103.6	(2.5)	82.3	(39.8)	7.7	4.2	7.1	8.1	6.0	6.5	1.4	0.8	0.7	0.5	0.5	0.5	21.7	20.8	11.1	900	23.2	45.7
Havells India	627	SELL	37,726	815	60	5.3	31.6	45.0	3.7	497.9	42.6	118.7	19.9	13.9	16.5	10.2	8.3	10.4	6.8	4.6	0.4	0.4	0.4	6.6	41.6	39.7	480	(23.4)	10.5
Jaiprakash Associates	130	BUY	277,386	5,990	2,129	1.5	8.0	10.8	(27.2)	447.1	35.7	89.5	16.4	12.0	22.2	13.4	9.5	3.2	2.8	2.3	_	_	_	4.1	18.3	20.8	183	40.4	36.6
Jindal Saw	202	ADD	59,358	1,282	294	27.5	19.3	17.9	121.9	(29.8)	(7.2)	7.3	10.5	11.3	5.3	6.0	5.8	1.6	1.3	1.2	0.5	0.4	0.4	20.5	12.9	11.1	243	20.4	7.3
PSL	128	BUY	6,819	147	53	22.9	25.4	28.2	3.3	10.6	11.0	5.6	5.0	4.5	3.2	2.6	2.8	0.7	0.7	0.6	5.1	5.1	5.5	12.6	11.7	12.0	175	37.2	0.6
Sintex	295	BUY	40,253	869	136	24.1	29.8	34.3	0.5	23.5	15.1	12.2	9.9	8.6	9.0	6.8	5.7	1.8	1.5	1.3	0.4	0.4	0.4	15.1	15.6	15.2	380	28.9	4.0
Tata Chemicals	312	ADD	75,806	1,637	243	28.6	30.1	35.9	7.4	5.1	19.3	10.9	10.4	8.7	6.3	5.7	4.8	1.6	1.4	1.2	2.8	2.9	2.9	17.2	17.3	17.9	340	9.1	3.2
Welspun Gujarat Stahl Rohren	244	REDUCE	50,124	1,082	205	25.1	23.0	24.4	44.9	(8.1)	5.8	9.7	10.6	10.0	5.4	5.5	4.9	1.7	1.5	1.3	0.8	0.8	0.9	20.6	14.8	13.5	245	0.4	10.4
United Phosphorus	190	BUY	87,679	1,893	463	11.9	15.6	19.0	18.8	30.2	22.1	15.9	12.2	10.0	9.1	7.6	6.1	2.6	2.2	1.8	0.8	1.1	1.1	17.7	19.0	19.5	250	31.9	7.7
Others			666,941	14,402					21.0	54.0	13.2	18.1	11.7	10.4	10.6	8.4	7.1	2.3	1.9	1.6	0.7	0.7	0.7	12.7	15.9	15.6			
KS universe (b)			42,694,436	921,927					13.2	23.0	19.6	18.3	14.9	12.5	11.2	9.2	7.7	2.7	2.4	2.1	1.4	1.5	1.8	14.9	16.0	16.7			
KS universe (b) ex-Energy			34,134,668	737,091					7.5	24.3	20.4	19.8	15.9	13.2	13.6	10.9	9.0	3.0	2.6	2.3	1.2	1.3	1.5	15.3	16.4	17.1			
KS universe (d) ex-Energy & ex-C	Commodities		30,256,540	653,348					14.0	18.4	22.1	20.6	17.4	14.2	15.1	12.6	10.3	3.2	2.8	2.4	1.3	1.3	1.6	15.5	16.0	17.0			

KOTAK INSTITUTIONAL EQUITIES RESEARCH

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\$)=
46.31

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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