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### Daily Alerts

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- ▶ Risk from potential cut in transmission tariffs not factored as yet
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#### Sector

**Cement:** Cement demand—favorable base or potential signs of revival?

- ▶ Spurt in November dispatches likely on account of pent-up demand and lower base
- ▶ Demand slump could be prolonged, demand indicators not encouraging
- ▶ Valuations not reflecting underlying risk, maintain our cautious stance

### EQUITY MARKETS

India	Change %			
	7-Dec	1-day	1-mo	3-mo
Sensex	16,877	0.4	(3.9)	0.1
Nifty	5,063	0.5	(4.2)	(0.0)
<b>Global/Regional indices</b>				
Dow Jones	12,196	0.4	1.1	6.8
Nasdaq Composite	2,649	(0.0)	(1.7)	3.9
FTSE	5,547	(0.4)	0.7	4.3
Nikkie	8,631	(1.1)	(0.3)	(1.8)
Hang Seng	19,004	(1.2)	(3.4)	(4.6)
KOSPI	1,905	(0.7)	0.1	3.2
<b>Value traded – India</b>				
Cash (NSE+BSE)	136		125	128
Derivatives (NSE)	1,116		934	959
Deri. open interest	1,218		1,224	1,262

#### Forex/money market

	Change, basis points			
	7-Dec	1-day	1-mo	3-mo
Rs/US\$	51.7	40	261	554
10yr govt bond, %	8.6	-	(20)	28
<b>Net investment (US\$m)</b>				
	5-Dec		MTD	CYTD
FIs	41		355	(145)
MFs	31		(16)	(282)

#### Top movers -3mo basis

Best performers	Change, %			
	7-Dec	1-day	1-mo	3-mo
HUVR IN Equity	396.8	0.4	4.2	22.2
TTMT IN Equity	191.4	(0.1)	0.9	21.0
WPRO IN Equity	404.1	3.6	9.4	19.5
INFO IN Equity	2759.0	2.1	(2.9)	18.0
POWF IN Equity	173.0	(2.5)	1.5	15.8
<b>Worst performers</b>				
WLCO IN Equity	69.6	(0.8)	(34.1)	(46.6)
SUEL IN Equity	23.8	0.2	(36.1)	(43.5)
HDIL IN Equity	66.2	1.0	(33.8)	(39.9)
ADE IN Equity	341.0	(0.8)	(26.2)	(39.3)
IBREL IN Equity	56.5	(10.1)	(24.3)	(35.3)

**Not out of the woods, as yet.** Our recent interaction with Dabur confirms our view that its goal of growth along with good profitability continues to be elusive. The company maintains that achieving the historical volume growth rates of ~15% is challenging and that ~10% is the new norm—we agree. We like Dabur's re-jigged distribution which reduces the number of direct distributors while achieving an increase in outlets covered (similar to HUL's and GSK's strategy). We expect distribution gains to start accruing from FY2013E. We now have a neutral view with a negative bias—upgrade to REDUCE (SELL earlier) after the stock's 16% correction and 8% underperformance versus the BSE-30 index over the past six months.

### Company data and valuation summary

Dabur India

#### Stock data

52-week range (Rs) (high,low) 123-87

Market Cap. (Rs bn) 167.8

#### Shareholding pattern (%)

Promoters 68.7

FIs 19.1

MFs 0.5

#### Price performance (%)

Absolute (3.3) (11.1) (0.9)

Rel. to BSE-30 0.6 (11.2) 17.4

Forecasts/Valuations	2011	2012E	2013E
EPS (Rs)	3.3	3.6	4.4
EPS growth (%)	12.8	11.3	19.9
P/E (X)	29.5	26.5	22.1
Sales (Rs bn)	40.8	50.1	57.0
Net profits (Rs bn)	5.7	6.3	7.6
EBITDA (Rs bn)	7.8	9.4	10.8
EV/EBITDA (X)	22.5	18.5	15.7
ROE (%)	51.2	42.9	40.3
Div. Yield (%)	1.2	1.3	1.6

### Distribution expansion is a key positive

Takeaways from our interaction with Dabur management and our views:

- ▶ Medium-term volume growth outlook muted. Achieving the historical volume growth rates of ~15% is challenging and ~10% is the new norm.
- ▶ South India has seen better adoption of newer niches in value-added hair oil like anti-hairfall oil, cooling oil etc. Marico is addressing this market opportunity successfully with its strong presence in the South, whereas Dabur's relatively weak presence in this region limits its opportunities, in our view.
- ▶ Dabur intends to launch some of the products from Dabur International in the modern retail channel in India (essentially haircare and shampoo, in our view).
- ▶ Dabur is currently implementing a distribution re-organization, essentially targeted at reducing the number of direct distributor touch points while achieving an increase in the number of outlets covered (lesser number of distributors covering more number of retail outlets).

It has reduced the number of distributors to ~3,300 from ~4,600 and has reorganized its businesses into three segments—health, personal care and food and beverages (the pure ethical generic business continues to have a separate distribution). The company is piloting the new rural distribution strategy in Uttar Pradesh and intends to roll it out nationally in 4QFY12E. The new distribution model has helped it reach villages with populations as low as 3,000 (in Uttar Pradesh) as the number of sub-stockists has increased to ~4,300 from 1,600. Dabur sees an opportunity to double its direct rural reach over the next few years. For example, it intends to cover villages/towns with population of <10,000 in north India, <25,000 in Maharashtra and <50,000 in Karnataka.

We see a parallel in distribution strategy adopted by GSK and HUL during 2007-09.

## REDUCE

DECEMBER 07, 2011

CHANGE IN RECO.

Coverage view: **Attractive**

Price (Rs): **96**

Target price (Rs): **105**

BSE-30: **16,877**

### QUICK NUMBERS

- **Muted medium-term volume outlook**
- **Dabur is targeting doubling its direct rural reach**
- **Dabur distribution re-organization could result in fewer distributors covering more retail outlets (similar to HUL's strategy)**

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- ▶ Adspends in 2HFY12E is likely to increase (likely closer to upper end of the band of 12-15% of sales). Moderation in adspends over the past few quarters has likely impacted volume growth.
- ▶ The key challenge in servicing rural markets is the difficulty in recovering gross margins when faced with input cost inflation (as the proportion of price-pointed packs are high).
- ▶ **Category update:** It intends to follow niche-based strategy in skincare and shampoo—essentially seeing virtues of trying to not competing with HUL and P&G based on benefit-based product communication (which is relatively high involvement).
  - **Skincare:** The pecking order in skincare would be Gulabari (rose water), Fem (bleaching products) and Uveda (premium cosmetic range). It intends to relaunch Uveda in FY2013E.
  - **Shampoo:** The outlook is improving and the company expects it to grow in 2HFY12E (partially aided by low base, in our view).
  - **Juice:** Star category with good growth >25% expected to sustain. The challenge is to upgrade the consumer to fruit juice from fruit drinks (which has lower fruit content). Dabur's 'Real' brand in smaller tetrapack has seen good growth due to fruit drinks like Maaza and Frooti vacating the Rs10 price point in many markets. 'Real' has a competitive advantage over multinational competition (Pepsi and Coke) as their distribution is based on a returnable glass bottle model and not typical FMCG distribution.
  - **Homecare:** It is not a focus area for Dabur. It will not invest disproportionately in this category. Dabur finds limited opportunities for homecare in the medium-to-long term as this category is prone to price-based competition from private labels and not having adequate scale to address the rural markets.

### Upgrade to REDUCE (SELL previously)

We tweak estimates marginally and upgrade Dabur stock to REDUCE (SELL previously). We have cut the FY2012E and FY2013E EPS estimates by ~2% to Rs3.6 and Rs4.4, respectively. Our new target price on the stock is Rs105 (Rs110 previously)—valued at 24X FY2013E P/E. Key worries remain (1) slowdown in rural sales growth, (2) limited pricing power of the company, which makes it vulnerable to input cost inflation, (2) Dabur is not a market leader in many categories, (3) any prolonged unrest in its key international markets could impact operations (sales as well as margins). Key risk to our rating is any steep correction in input cost which would lead to margin expansion.

## Profit model, balance sheet, cash model of Dabur India, March fiscal year-ends, 2008-2014E

	2008	2009	2010	2011	2012E	2013E	2014E
<b>Profit model</b>							
Net revenues	23,611	28,054	33,905	40,774	50,127	56,996	64,655
<b>EBITDA</b>	<b>4,037</b>	<b>4,661</b>	<b>6,232</b>	<b>7,355</b>	<b>8,667</b>	<b>10,066</b>	<b>11,612</b>
Other income	339	468	403	448	686	707	824
Interest (expense)/income	(167)	(232)	(123)	(100)	(439)	(226)	(156)
Depreciation	(364)	(449)	(503)	(624)	(1,014)	(1,069)	(1,132)
<b>Pretax profits</b>	<b>3,844</b>	<b>4,448</b>	<b>6,009</b>	<b>7,079</b>	<b>7,901</b>	<b>9,477</b>	<b>11,148</b>
Tax	(507)	(540)	(1,005)	(1,390)	(1,575)	(1,889)	(2,222)
<b>Net income</b>	<b>3,338</b>	<b>3,908</b>	<b>5,005</b>	<b>5,689</b>	<b>6,326</b>	<b>7,588</b>	<b>8,926</b>
Earnings per share (Rs)	1.9	2.3	2.9	3.3	3.6	4.4	5.1
<b>Balance sheet</b>							
Total shareholder's equity	6,036	8,102	9,327	12,901	16,619	21,079	26,325
Total borrowings	992	2,300	1,793	10,510	8,210	4,210	1,210
Deferred tax liability	33	70	107	189	200	213	218
Minority interest	48	46	38	41	41	41	41
<b>Total liabilities and equity</b>	<b>7,108</b>	<b>10,517</b>	<b>11,264</b>	<b>23,641</b>	<b>25,070</b>	<b>25,543</b>	<b>27,794</b>
Net fixed assets	4,653	5,592	6,767	15,417	15,414	15,555	15,738
Investments	2,037	3,470	2,641	4,274	4,270	4,270	4,270
Cash	766	1,484	1,923	2,724	2,528	2,836	4,821
Net current assets	(347)	(29)	(68)	1,225	2,858	2,882	2,966
<b>Total assets</b>	<b>7,108</b>	<b>10,517</b>	<b>11,264</b>	<b>23,641</b>	<b>25,070</b>	<b>25,543</b>	<b>27,794</b>
<b>Key assumptions</b>							
<b>Revenue growth</b>	15.6	18.8	20.9	20.3	22.9	13.7	13.4
EBITDA margin	17.1	16.6	18.4	18.0	17.3	17.7	18.0
EPS growth	17.6	17.0	28.1	12.8	11.3	19.9	17.6

Source: Company, Kotak Institutional Equities estimates

DECEMBER 07, 2011

**CHANGE IN RECO.**

 Coverage view: **Attractive**

 Price (Rs): **90**

 Target price (Rs): **93**

 BSE-30: **16,877**

**Not there as yet.** We upgrade our rating on GSPL to REDUCE from SELL given the sharp correction of 20% over the past three months. However, we are constrained from taking a more positive view on the stock given (1) weak operational environment given continued disappointment from domestic gas supply and (2) overhang of regulatory risk from potential cut in transmission tariffs. We do not rule out further decline in transmission volumes for GSPL given the decline in gas production from RIL's KG D-6 field. We maintain our 12-month DCF-based target price of ₹93.

**Company data and valuation summary**

GSPL				Forecasts/Valuations								
Stock data				2011	2012E	2013E						
52-week range (Rs) (high,low)				122-77	8.9	9.1	8.6					
Market Cap. (Rs bn)				50.4	21.7	2.1	(5.2)					
Shareholding pattern (%)					10.1	9.9	10.4					
Promoters				37.7	Sales (Rs bn)		10.4	11.2	10.7			
FII				7.5	Net profits (Rs bn)		5.0	5.1	4.8			
MF				15.0	EBITDA (Rs bn)		9.9	10.7	10.3			
Price performance (%)					1M	3M	12M	EV/EBITDA (X)		6.3	5.8	5.8
Absolute				(12.1)	(15.6)	(21.9)	ROE (%)		25.2	20.4	16.6	
Rel. to BSE-30				(8.5)	(15.7)	(7.5)	Div. Yield (%)		1.1	2.0	2.9	

**Floundering domestic gas supply does not auger well for GSPL, rise in LNG may not benefit as well**

We see downside risks to GSPL's transmission volumes in light of persistent decline in gas production from RIL's KG D-6 field; the current production stands at 41.1 mcm/d (for the week-ended November 14, 2011) versus 45.3 mcm/d in 2QFY12. This does not auger well for GSPL given its high dependency on domestic gas supply from RIL's KG D-6 block. We note that GSPL has not been a beneficiary of the sharp increase in imported LNG at Dahej which has increased to 135 tn BTU in 2QFY12 versus 95 tn BTU in 1QFY11. GSPL's transmission volumes have declined by 1.1 mcm/d over the same period. Exhibit 1 gives the details of gas volumes for GSPL, PLNG and RIL.

**Risk from potential cut in transmission tariffs not factored as yet**

We highlight that the current stock price does not factor potential downside risks from any cut in transmission tariffs. We find the current tariff too high since it translates into an estimated pre-tax ROCE of 23.3% based on 1HFY12 data versus 18% allowed returns. It is possible that the regulator may allow higher-than-expected tariffs (note the case of IGL and GAIL's HVJ system) but we do not want to rely on regulatory oversight as an investment thesis. Exhibit 2 gives the fair valuation of the company at different levels of CROCI and tariff assumptions.

**Investment in new pipelines may not be judicious given lack of clarity on gas supply**

We have long highlighted our concerns on viability of GSPL's new pipelines—(1) Mallavaram-Vijapur-Bhilwara pipeline and (2) Mehsana-Bhatinda pipeline given lack of clarity on gas supply over the next 3-4 years. Exhibit 3 gives our estimate of gas supply in India over the next five years. We estimate domestic gas supply to increase to 143 mcm/d by FY2013E versus 135 mcm/d in FY2012E and 142 mcm/d in FY2011. This is contingent on (1) commencement of gas supply from GSPC's Deen Dayal block and (2) higher gas production from ONGC's marginal fields. We see a sharp ramp-up in imported LNG given commissioning of new LNG terminals at Kochi and Dabhol but GSPL will not benefit from the same as it does not have pipeline network in that region.

**Revise rating to REDUCE from SELL**

We have upgraded our rating to REDUCE given the sharp 20% correction in the stock price in the last few months. We note that the stock offers a modest upside of 3% to our target price of ₹93.

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### GSPL transmission volumes have declined despite sharp rise in imported LNG

Gas volumes for GSPL, RIL and PLNG, March fiscal year-ends (mcm/d)

	1QFY11	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12
GSPL transmission volumes	36.3	35.3	35.3	35.6	36.8	35.2
Re-gasification volumes for PLNG (tn BTU)	95.1	99.8	119.7	125.8	133.4	135.1
RIL gas production from KG D-6	59.1	57.9	54.5	51.8	48.6	45.3

Source: Company, Kotak Institutional Equities

### GSPL's valuation is highly sensitive to tariff assumptions

DCF valuation, CROCI and ROCE at various levels of average tariff, 2012-22E

Average tariff (Rs/cu m)	Valuation (Rs/share)	CROCI (%)	ROCE (%)	Comments
0.82	112	17.5	23.4	1HFY12 tariffs in perpetuity
0.75	97	16.0	20.8	
0.73	93	15.6	20.0	Base case
0.70	88	15.0	19.1	
0.66	79	14.0	17.6	Likely regulated CROCI

Note:

(a) CROCI and ROCE are average for 2012-22E.

Source: Kotak Institutional Equities estimates

### We see delays in several domestic projects, which may delay domestic gas supply

Supply of natural gas in India, March fiscal year-ends, 2008-17E (mcm/d)

	2008	2009	2010	2011	2012E	2013E	2014E	2015E	2016E	2017E
Mumbai High	45	46	48	48	48	48	48	48	48	48
Gujarat	8	7	7	7	7	7	7	7	7	7
North-East	9	9	9	9	10	10	11	11	11	11
Rajasthan	1	1	1	1	1	1	1	1	1	1
TN/AP	7	8	7	7	7	7	7	7	7	7
<b>Eastern offshore</b>										
KG-D6 (RIL-Niko)	—	—	39	56	45	40	40	45	50	65
KG-D3 (RIL-Hardy)	—	—	—	—	—	—	—	—	—	—
KG-D9 (RIL-Hardy)	—	—	—	—	—	—	—	—	—	—
NEC-25 (RIL-Niko)	—	—	—	—	—	—	—	—	—	6
Deen Dayal (GSPC)	—	—	—	—	—	—	3	5	6	6
ONGC	—	—	—	—	2	3	5	5	5	5
PY-3	0	0	0	0	0	0	0	0	0	0
Rawra	2	2	1	2	1	1	1	1	1	1
<b>Western offshore</b>										
Lakshmi	1	1	1	1	1	0	0	—	—	—
Panna-Mukta	6	5	5	4	6	5	5	5	4	4
Tapti	9	12	8	7	7	7	6	6	6	5
<b>LNG and CBM</b>										
Petronet LNG - Dahej	24	24	30	33	40	40	39	47	48	48
Petronet LNG - Kochi	—	—	—	—	—	3	10	16	18	18
RGPL - Dabhol	—	—	—	—	1	2	6	8	15	18
Shell Total LNG - Hazira	8	6	3	4	8	11	14	14	14	14
CBM gas	—	—	—	—	1	2	3	3	3	3
<b>Domestic gas supply</b>	<b>88</b>	<b>89</b>	<b>128</b>	<b>142</b>	<b>135</b>	<b>132</b>	<b>137</b>	<b>143</b>	<b>148</b>	<b>168</b>
<b>Imported LNG supply</b>	<b>32</b>	<b>30</b>	<b>32</b>	<b>36</b>	<b>48</b>	<b>56</b>	<b>69</b>	<b>84</b>	<b>95</b>	<b>98</b>
<b>Total gas supply</b>	<b>120</b>	<b>119</b>	<b>160</b>	<b>178</b>	<b>183</b>	<b>188</b>	<b>205</b>	<b>227</b>	<b>243</b>	<b>266</b>

Source: Kotak Institutional Equities estimates

### Earnings assumptions

Exhibit 4 gives our DCF valuation of GSPL. We estimate FY2012E, FY2013E and FY2014E EPS at Rs9.1, Rs8.6 and Rs10. Our key earnings assumptions are given below:

- ▶ **Gas transportation volumes.** We model FY2012E, FY2013E and FY2014E gas transmission volumes at 36 mcm/d, 38 mcm/d and 42 mcm/d versus 35.6 mcm/d in FY2011 and 35.2 mcm/d in 2QFY12.
- ▶ **Gas transportation charges.** We model FY2012E, FY2013E and FY2014E gas transportation tariffs at ₹0.82/cu m, ₹0.74/cu m and ₹0.73/cu m. We note that our assumptions result in a healthy 15.4% CROCI in FY2012-14E.

#### DCF valuation of GSPL (₹ mn)

	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E
EBITDA	10,292	9,797	10,648	11,658	12,193	12,350	12,375	12,338	12,297	12,252	12,203	12,203	12,203
Adjusted tax expense	(2,012)	(2,021)	(2,451)	(2,923)	(3,249)	(3,426)	(3,537)	(3,612)	(3,659)	(3,704)	(3,762)		
Change in working capital	(995)	(1,691)	455	227	(136)	130	77	44	37	28	17		
<b>Operating cash flow</b>	<b>7,285</b>	<b>6,085</b>	<b>8,652</b>	<b>8,962</b>	<b>8,808</b>	<b>9,054</b>	<b>8,915</b>	<b>8,770</b>	<b>8,675</b>	<b>8,576</b>	<b>8,458</b>		
Capital expenditure	(4,455)	(1,500)	(1,500)	(1,000)	(250)	(250)	(250)	(250)	(250)	(250)	(2,110)		
<b>Free cash flow</b>	<b>2,830</b>	<b>4,585</b>	<b>7,152</b>	<b>7,962</b>	<b>8,558</b>	<b>8,804</b>	<b>8,665</b>	<b>8,520</b>	<b>8,425</b>	<b>8,326</b>	<b>6,348</b>	<b>6,348</b>	<b>6,348</b>
<b>Discounted cash flow</b>	<b>2,711</b>	<b>3,922</b>	<b>5,462</b>	<b>5,430</b>	<b>5,209</b>	<b>4,785</b>	<b>4,205</b>	<b>3,691</b>	<b>3,258</b>	<b>2,875</b>	<b>1,957</b>		
Discounted cash flow-1 year forward		4,393	6,118	6,081	5,836	5,359	4,709	4,134	3,650	3,220	2,192	1,957	
Discounted cash flow-2 year forward			6,852	6,811	6,536	6,004	5,274	4,630	4,088	3,607	2,455	2,192	1,957
	<b>Now</b>	<b>+ 1-year</b>	<b>+ 2-years</b>										
Discount rate (%)	12.0	12.0	12.0										
Total PV of free cash flow	43,505	47,649	50,406										
<b>Terminal value assumption</b>													
Growth to perpetuity (%)	—	—	—										
FCF in 2022E	6,348	6,348	6,348										
Exit FCF multiple (X)	8.3	8.3	8.3										
Exit EV/EBITDA multiple (X)	4.3	4.3	4.3										
Terminal value	52,900	52,900	52,900										
PV of terminal value	16,308	16,308	16,308										
<b>Total company value</b>	<b>59,813</b>	<b>63,956</b>	<b>66,714</b>										
Net debt	12,445	11,485	9,015										
Equity value	47,368	52,471	57,699										
Shares outstanding (mn)	562	563	563										
<b>Estimated share price using DCF</b>	<b>84</b>	<b>93</b>	<b>103</b>										

Source: Kotak Institutional Equities estimates

GSPL: Profit model, balance sheet, cash model, March fiscal year-ends, 2007-14E (₹ mn)

	2007	2008	2009	2010	2011	2012E	2013E	2014E
<b>Profit model (Rs mn)</b>								
Net sales	3,176	4,179	4,875	9,920	10,391	11,160	10,721	11,647
<b>EBITDA</b>	<b>2,677</b>	<b>3,645</b>	<b>4,249</b>	<b>9,297</b>	<b>9,616</b>	<b>10,292</b>	<b>9,797</b>	<b>10,648</b>
Other income	175	294	243	247	291	447	484	477
Interest	(457)	(815)	(870)	(938)	(961)	(1,328)	(1,169)	(875)
Depreciation	(1,026)	(1,632)	(1,705)	(2,365)	(1,533)	(1,845)	(1,938)	(1,914)
Pretax profits	1,369	1,491	1,918	6,242	7,413	7,566	7,174	8,335
Tax	(70)	(389)	(536)	(1,878)	(1,180)	(1,712)	(1,738)	(2,218)
Deferred taxation	(409)	(82)	(145)	(261)	(1,235)	(743)	(590)	(487)
<b>Adjusted net profits</b>	<b>891</b>	<b>1,015</b>	<b>1,236</b>	<b>4,113</b>	<b>5,008</b>	<b>5,111</b>	<b>4,846</b>	<b>5,631</b>
<b>Earnings per share (Rs)</b>	<b>1.6</b>	<b>1.8</b>	<b>2.2</b>	<b>7.3</b>	<b>8.9</b>	<b>9.1</b>	<b>8.6</b>	<b>10.0</b>
<b>Balance sheet (Rs mn)</b>								
Total equity	9,659	11,410	12,152	15,638	20,066	23,989	27,145	30,159
Deferred tax liability	917	999	1,144	1,405	2,641	3,384	3,973	4,460
Total borrowings	8,638	9,660	11,509	12,595	14,835	15,282	12,782	8,282
Current liabilities	1,845	5,106	5,331	8,334	7,586	6,692	4,969	5,490
<b>Total liabilities and equity</b>	<b>21,059</b>	<b>27,175</b>	<b>30,137</b>	<b>37,973</b>	<b>45,128</b>	<b>49,346</b>	<b>48,870</b>	<b>48,391</b>
Cash	1,811	2,569	975	1,742	2,390	3,797	3,767	3,615
Current assets	2,126	2,928	4,641	5,808	6,607	6,707	6,676	6,742
Total fixed assets	17,029	21,259	24,132	29,755	35,363	38,073	37,659	37,265
Investments	—	356	356	666	766	766	766	766
Deferred expenditure	93	63	33	3	2	2	2	2
<b>Total assets</b>	<b>21,059</b>	<b>27,175</b>	<b>30,137</b>	<b>37,973</b>	<b>45,128</b>	<b>49,345</b>	<b>48,869</b>	<b>48,390</b>
<b>Free cash flow (Rs mn)</b>								
Operating cash flow, excl. working capital	2,212	2,743	2,918	6,367	6,808	7,150	6,867	7,535
Working capital changes	(1,058)	2,460	(1,752)	1,420	(2,122)	(995)	(1,691)	455
Capital expenditure	(4,404)	(5,863)	(4,579)	(7,777)	(5,693)	(4,455)	(1,500)	(1,500)
Investments	—	(356)	—	—	(100)	—	—	—
Other income	146	—	297	157	170	447	484	477
<b>Free cash flow</b>	<b>(3,103)</b>	<b>(659)</b>	<b>(3,116)</b>	<b>167</b>	<b>(837)</b>	<b>2,148</b>	<b>4,159</b>	<b>6,966</b>
<b>Ratios (%)</b>								
Debt/equity	81.7	77.9	86.6	73.9	65.3	55.8	41.1	23.9
Net debt/equity	45.0	43.8	46.4	42.5	39.5	35.8	29.1	19.3
RoAE	8.8	8.8	9.6	27.1	25.2	20.4	16.6	17.1
<b>RoACE</b>	<b>10.0</b>	<b>8.2</b>	<b>8.6</b>	<b>18.5</b>	<b>21.0</b>	<b>17.2</b>	<b>14.6</b>	<b>15.6</b>
<b>CROCI</b>	<b>13.5</b>	<b>16.9</b>	<b>14.8</b>	<b>23.2</b>	<b>20.2</b>	<b>16.5</b>	<b>14.6</b>	<b>15.1</b>
<b>Key assumptions</b>								
Volumes-old pipelines (mcm/d)	12.6	12.7	11.1	13.8	13.8	14.0	14.0	14.0
Volumes-new pipelines (mcm/d)	1.7	4.1	3.8	18.2	21.9	22.0	24.0	28.0
<b>Volumes (mcm/d)</b>	<b>14.3</b>	<b>16.8</b>	<b>14.9</b>	<b>32.0</b>	<b>35.6</b>	<b>36.0</b>	<b>38.0</b>	<b>42.0</b>
<b>Average tariff (Rs/cu m)</b>	<b>0.61</b>	<b>0.67</b>	<b>0.83</b>	<b>0.86</b>	<b>0.79</b>	<b>0.82</b>	<b>0.74</b>	<b>0.73</b>

Source: Kotak Institutional Equities estimates



DECEMBER 07, 2011

UPDATE

BSE-30: 16,877

**Cement demand—favorable base or potential signs of revival?** The headline dispatch numbers of select cement companies have raised questions on potential revival of demand in the cement sector. We note that November 2011 had a substantially favorable base effect reflecting in improved dispatch numbers for select companies, even as key indicators of demand activity suggest a prolonged sluggishness. We maintain our cautious stance and recommend reducing positions in ACC and Ambuja.

**Exhibit 1: Most of the cement stocks have outperformed the benchmark BSE 30 index**  
Absolute and relative performance of cement companies under coverage (%)

	Change (%)					Relative change (%)			
	1-mo	3-mo	6-mo	1-year	CYTD	1-mo	3-mo	6-mo	1-year
Ambuja Cements	0.0	9.4	13.5	16.0	12.6	4.1	9.3	23.9	37.4
ACC	(0.4)	14.3	18.3	23.2	14.1	3.7	14.2	29.1	45.8
Grasim Industries	(3.8)	9.6	6.0	3.1	3.5	0.1	9.5	15.7	22.1
UltraTech Cement	6.1	9.2	19.7	8.6	12.5	10.4	9.1	30.6	28.6
India Cements	(5.7)	4.5	(11.5)	(30.5)	(30.0)	(1.9)	4.4	(3.4)	(17.7)
Shree Cement	5.5	26.4	18.1	3.7	3.9	9.8	26.3	28.9	22.8
<b>Cement</b>	<b>1.1</b>	<b>11.2</b>	<b>14.2</b>	<b>(22.6)</b>	<b>9.0</b>	<b>5.2</b>	<b>11.1</b>	<b>24.7</b>	<b>(8.4)</b>

Source: Bloomberg, Kotak Institutional Equities

### Spurt in November dispatches likely on account of pent-up demand and lower base

Sharp spurt in dispatch growth reported by cement companies in the month of November could likely be on account of impact of post-monsoon pent-up demand magnified further by lower base in November 2010. We note that a similar spurt was witnessed in the month of October in CY2010 which was followed by a significant slowing down in the subsequent month thus contributing to the lower base in November 2011 (see Exhibit 1). We, therefore, remain watchful of the demand environment (discussed in the subsequent section) and do not construe this as a structural shift in the demand pattern.

### Demand slump could be prolonged, demand indicators not encouraging

Cement consumption has grown at 2.8% YTD with key indicators such as housing launch activity and order booking by construction companies not showing signs of recovery. Consensus seems to be emerging over a broader slowdown in FY2013E—KIE's Economic Research team has lowered its GDP growth forecast for FY2012E and FY2013E to 7.1% and 6.9%, respectively. We note that utilization rates have plummeted to a decade low of 71% in 1HFY1 and absence of a sustained demand growth could imply a sub-75% utilization level even in FY2013E.

### Valuations not reflecting underlying risk, maintain our cautious stance

Cement stocks have outperformed the benchmark BSE Sensex by 11% in the past three months. In our view, the current multiples do not factor the potential earnings pitfalls from (1) prolonged slump in demand which could hurt the pricing discipline and (2) impending hike in diesel prices and a depreciating currency. We remain cautious on ACC and Ambuja that are trading at their peak-cycle multiples. ACC is trading at 9.5X CY2012E EBITDA and US\$173/ton on CY2012E production while Ambuja Cement is trading at 8.8X CY2012E EBITDA and US\$203/ton on CY2012E production.

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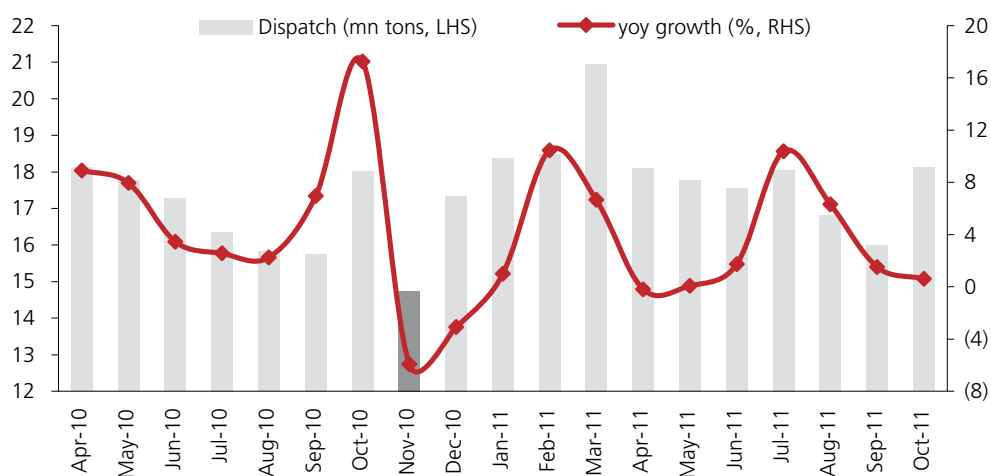
**Exhibit 1: Spurt in November likely on account of lower base and impact of pent-up demand**  
Volume growth in October and November, 2010-11 (%)

	Oct-10	Nov-10	Oct-11	Nov-11
ACC	13.6	4.8	2.6	5.2
Ambuja	19.7	(8.6)	1.7	29.3
UltraTech	22.1	(8.5)	(6.3)	17.0
Jaiprakash	70.5	4.9	24.2	58.9

Source: Company, Kotak Institutional Equities

**Exhibit 2: Demand dips post some uptick in July and August**

Monthly dispatch and growth (Industry), March fiscal year-ends, 2011-12 (mn tons, %)



Source: CMA, Kotak Institutional Equities

### Demand environment remains weak, downside risks to our volume assumptions

Industry continues to be plagued by a weak demand environment with consumption growing at a modest 2.8% YTD. Demand weakness has been driven by South India with a negative growth of 7.5% in 1HFY12 (especially Andhra Pradesh with 20% yoy decline in consumption) and utilization rates at 61%. We note that West India remains the most robust market with 12.3% yoy growth followed by North India at 7.2%.

Exhibits 4 and 5 show the slowdown in the capex cycle over the past 12 months and absence of incremental orders, which are not encouraging in terms of the capex cycle over the next 12 months. Exhibit 6 shows the declining launch activity in four key cities of Mumbai, Bangalore, Noida and Gurgaon.

Exhibit 3: Utilization rates to hit decade low in FY2012E

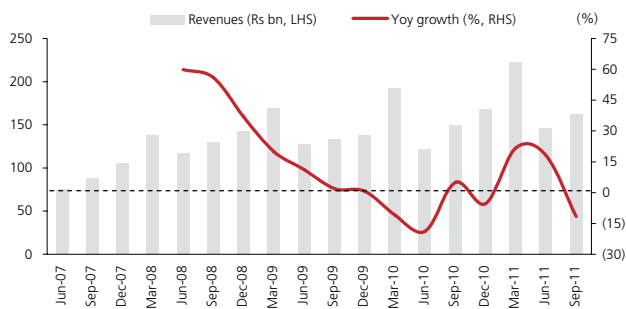
Cement demand-supply balance, March fiscal year-ends, 2009-14E (mn tons)

	2009	2010	2011E	2012E	2013E	2014E
<b>All-India</b>						
Effective capacity (mtpa)	205	234	268	296	310	325
<b>Incremental capacity (mtpa)</b>	<b>32</b>	<b>29</b>	<b>34</b>	<b>28</b>	<b>14</b>	<b>15</b>
Growth (%)		14.2	<b>14.5</b>	<b>10.5</b>	<b>4.8</b>	<b>4.7</b>
Cement consumption (mn tons)	178	196	207	216	234	254
<b>Incremental consumption (mn tons)</b>	<b>14.4</b>	<b>18.4</b>	<b>11.1</b>	<b>9.0</b>	<b>18.1</b>	<b>19.6</b>
Growth (%)		10.4	<b>5.7</b>	<b>4.3</b>	<b>8.4</b>	<b>8.4</b>
Cement production (mn tons)	181	200	209	218	236	256
<b>Incremental production (mn tons)</b>	<b>19.0</b>	<b>19.0</b>	<b>8.6</b>	<b>8.8</b>	<b>18.5</b>	<b>20.1</b>
Growth (%)		10.5	4.3	4.2	8.5	8.5
<b>Capacity utilization (%)</b>	<b>88.6</b>	<b>85.7</b>	<b>78</b>	<b>74</b>	<b>76</b>	<b>79</b>
<b>Region-wise utilization</b>						
North	86	92	82	81	85	89
Central	91	99	91	84	84	88
East	87	82	82	85	89	84
West	89	87	80	73	79	85
South	89	76	68	62	64	65
<b>All India</b>	<b>89</b>	<b>86</b>	<b>78</b>	<b>74</b>	<b>76</b>	<b>79</b>

Source: Company, Kotak Institutional Equities estimates

Exhibit 4: Construction revenues slowed down considerably over the past few quarters

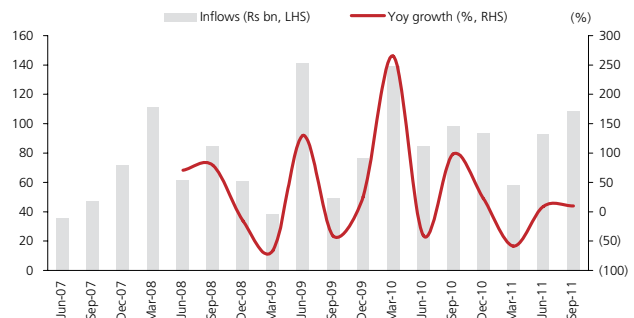
Quarterly revenues for key construction companies, 1QFY08-2QFY12



Source: Company, Kotak Institutional Equities

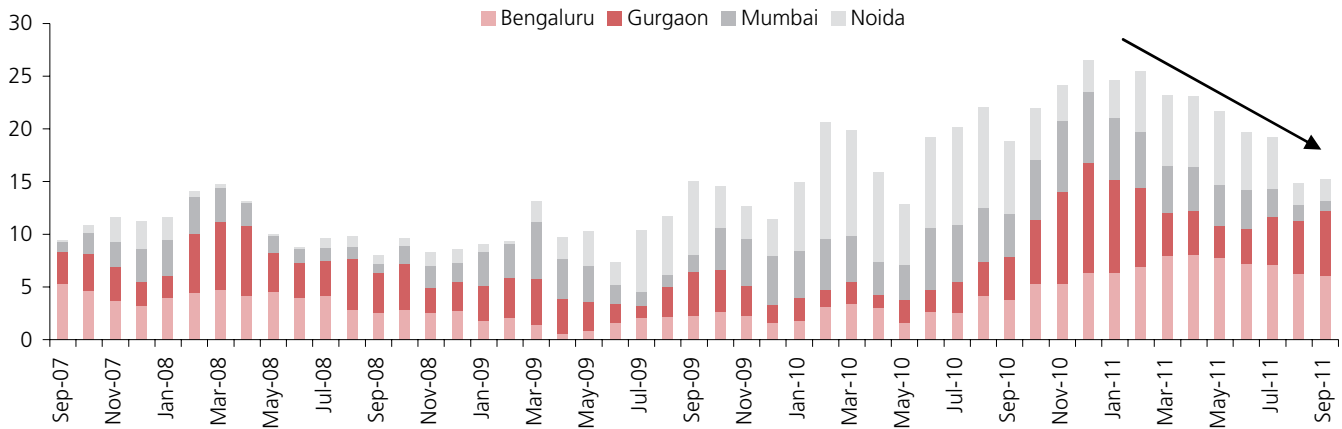
Exhibit 5: Absence of new order inflows remains disconcerting

Quarterly order booking trend for key construction companies, 1QFY08-2QFY12



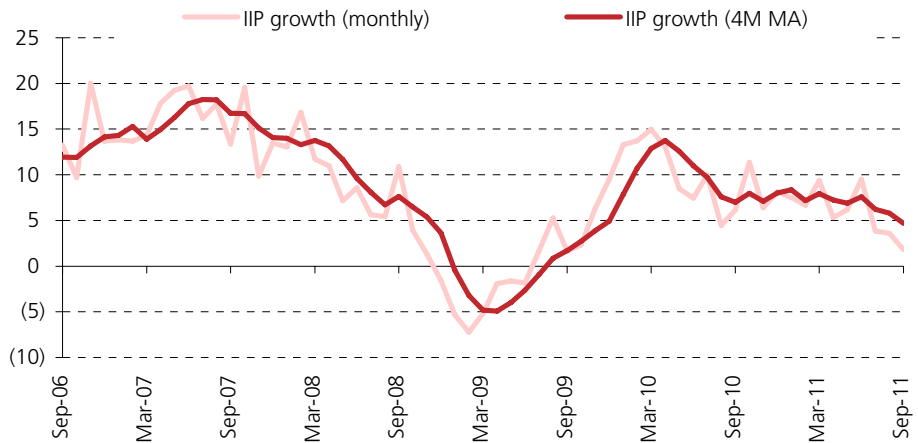
Source: Company, Kotak Institutional Equities

**Exhibit 6: There has been a slowdown in launch activity**  
 Three-month rolling residential launches in four major cities (mn sq. ft)



Source: PropEquity, Kotak Institutional Equities

**Exhibit 7: IIP growth slowed down to 1.8% in September 2011**  
 IIP growth on a monthly and 4-month moving average basis (%)



Source: Central Statistical Organization, compiled by Kotak Institutional Equities

## Exhibit 8: Cement companies comparative valuation

Company	Market cap. (US\$ mn)	CMP (Rs) 7-Dec	Target price (Rs)	Rating	EPS (Rs)					P/E (X)				
					2009	2010	2011	2012E	2013E	2009	2010	2011	2012E	2013E
ACC	5,093	1,219	980	SELL	56	83	56	57	69	22	15	22	21	18
Ambuja Cements	5,460	161	135	SELL	7.2	8.0	7.9	7.9	9.8	22	20	20	21	16
Grasim Industries	4,946	2,425	2,900	BUY	239	301	232	254	272	10	8	10	10	9
India Cements	516	76	90	ADD	18	10	2	10	10	4	8	40	8	7
Jaiprakash Associates	3,329	70	105	BUY	2.0	1.8	6.0	6.4	6.9	35	39	12	11	10
Shree Cement	1,627	2,100	1,850	REDUCE	175	208	57	83	133	12	10	37	25	16
UltraTech Cement	7,437	1,220	1,220	ADD	79	88	45	76	90	15	14	27	16	14

Company	EV/EBITDA (X)					EV/ton of production (US\$)					EV/ton of capacity (US\$)				
	2009	2010	2011	2012E	2013E	2009	2010	2011	2012E	2013E	2009	2010	2011	2012E	2013E
ACC	13.2	8.9	13.6	11.5	9.5	229	221	218	195	173	224	208	170	161	154
Ambuja Cements	14.8	13.4	12.2	11.2	8.8	301	275	243	229	203	272	256	224	192	184
Grasim Industries	6.8	5.4	7.1	5.6	4.8	234	224	166	129	116	219	194	131	113	112
India Cements	4.5	5.7	15.0	5.2	4.7	99	92	112	111	98	90	77	85	71	68
Jaiprakash Associates	17.9	19.9	11.7	8.7	7.7	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Shree Cement	7.9	4.9	8.7	7.7	5.4	198	159	163	149	128	183	163	141	135	123
UltraTech Cement	10.2	8.0	13.3	8.6	7.1	198	166	216	186	170	188	143	157	148	145

Source: Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	7-Dec-11		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E			
<b>Automobiles</b>																													
Ashok Leyland	27	SELL	71,439	1,382	2,661	2.4	2.0	2.4	68.1	(14.0)	18.0	11.3	13.2	11.1	7.8	8.2	7.3	1.6	1.5	1.4	3.7	3.7	3.7	21.8	17.0	18.6	26	(3.2)	3.0
Bajaj Auto	1,724	SELL	499,056	9,651	289	90.4	109.2	119.0	43.9	20.8	9.0	19.1	15.8	14.5	14.5	12.3	11.3	10.1	7.4	5.6	2.3	2.3	2.3	84.9	54.1	44.2	1,665	(3.4)	15.3
Bharat Forge	269	ADD	63,715	1,232	237	12.5	16.7	19.8	1,402.1	32.8	18.7	21.4	16.1	13.6	10.1	8.2	7.0	2.8	2.4	2.1	1.3	—	—	8.2	14.3	15.2	315	17.3	1.4
Exide Industries	123	SELL	104,465	2,020	850	7.5	4.5	6.1	18.0	(39.5)	35.6	16.5	27.2	20.1	11.9	18.2	13.8	3.8	3.5	3.1	1.2	1.0	1.0	25.5	13.4	16.3	100	(18.6)	6.2
Hero Motocorp	2,058	SELL	411,003	7,948	200	99.3	120.5	135.4	(11.1)	21.3	12.4	20.7	17.1	15.2	13.7	12.3	10.4	8.8	7.6	6.3	5.1	3.4	3.4	56.5	67.0	60.0	1,900	(7.7)	26.1
Mahindra & Mahindra	758	BUY	465,259	8,997	614	41.7	43.9	49.0	22.7	5.3	11.6	18.2	17.3	15.5	13.9	13.1	11.3	4.4	3.7	3.1	1.5	1.3	1.3	27.3	23.1	21.7	845	11.5	30.6
Maruti Suzuki	999	ADD	288,524	5,580	289	79.2	60.3	90.5	(8.4)	(23.9)	50.1	12.6	16.6	11.0	7.5	10.1	6.0	2.1	1.9	1.6	0.8	0.8	0.8	17.6	11.8	15.7	1,240	24.2	17.2
Tata Motors	191	ADD	636,405	12,307	3,325	27.2	25.0	27.4	737.9	(8.1)	9.7	7.0	7.7	7.0	5.1	5.0	4.6	3.3	2.4	1.8	2.0	1.5	1.5	66.1	35.0	30.7	195	1.9	61.3
<b>Automobiles</b>		<b>Cautious</b>	<b>2,573,363</b>	<b>49,765</b>					<b>82.8</b>	<b>(2.5)</b>	<b>15.0</b>	<b>12.6</b>	<b>12.9</b>	<b>11.2</b>	<b>8.3</b>	<b>8.1</b>	<b>7.0</b>	<b>3.9</b>	<b>3.2</b>	<b>2.6</b>	<b>2.3</b>	<b>1.8</b>	<b>1.8</b>	<b>31.1</b>	<b>24.9</b>	<b>23.5</b>			
<b>Banks/Financial Institutions</b>																													
Andhra Bank	99	BUY	55,343	1,070	560	22.6	24.0	25.1	5.0	6.0	4.5	4.4	4.1	3.9	—	—	—	0.9	0.7	0.7	5.6	5.9	6.2	23.2	19.3	17.6	170	71.9	1.5
Axis Bank	1,040	BUY	441,111	8,530	424	82.5	96.1	111.8	33.0	16.4	16.3	12.6	10.8	9.3	—	—	—	2.3	2.0	1.7	1.3	1.6	1.8	19.3	19.8	19.6	1,500	44.3	51.0
Bajaj Finserv	451	ADD	65,193	1,261	145	78.2	62.7	61.4	102.3	(19.8)	(2.1)	5.8	7.2	7.3	—	—	—	1.9	1.4	1.1	2.8	2.8	2.8	37.2	21.8	16.4	650	44.3	1.7
Bank of Baroda	741	BUY	290,933	5,626	393	108.0	110.1	127.0	29.1	1.9	15.4	6.9	6.7	5.8	—	—	—	1.5	1.3	1.1	2.6	2.6	3.0	25.9	20.5	20.2	1,100	48.5	7.3
Bank of India	343	BUY	187,943	3,635	547	45.5	45.2	63.3	37.4	(0.7)	40.2	7.6	7.6	5.4	—	—	—	1.2	1.0	0.9	2.4	2.3	3.3	17.3	14.6	18.0	450	31.0	4.5
Canara Bank	452	BUY	200,325	3,874	443	90.9	80.9	101.5	23.3	(10.9)	25.4	5.0	5.6	4.5	—	—	—	1.1	1.0	0.8	2.4	2.7	2.7	23.2	16.7	18.1	550	21.6	5.9
Corporation Bank	354	BUY	52,386	1,013	148	95.4	95.9	109.2	16.3	0.6	13.9	3.7	3.7	3.2	—	—	—	0.7	0.6	0.6	5.7	5.7	6.5	21.9	18.5	18.3	600	69.7	0.6
Federal Bank	397	BUY	67,863	1,312	171	34.3	43.1	55.1	26.3	25.7	27.7	11.6	9.2	7.2	—	—	—	1.4	1.2	1.1	2.1	2.7	3.4	12.0	13.7	15.8	500	26.0	2.6
HDFC	676	REDUCE	990,964	19,164	1,467	24.1	27.8	31.6	22.4	15.4	13.7	28.0	24.3	21.4	—	—	—	5.7	5.1	3.9	1.3	1.5	1.8	21.7	22.1	21.3	725	7.3	33.5
HDFC Bank	467	ADD	1,086,535	21,012	2,326	16.9	22.0	28.1	31.0	30.2	27.8	27.7	21.3	16.6	—	—	—	4.3	3.7	3.2	0.7	0.9	1.2	16.7	18.7	20.5	560	19.9	35.4
ICICI Bank	768	BUY	884,425	17,104	1,152	44.7	52.6	57.3	23.9	17.5	9.0	17.2	14.6	13.4	—	—	—	1.6	1.5	1.4	1.8	2.1	2.2	9.7	10.6	10.8	1,100	43.3	88.4
IDFC	118	ADD	177,269	3,428	1,509	8.8	10.3	12.1	4.6	17.1	18.2	13.4	11.4	9.7	—	—	—	1.7	1.4	1.3	1.8	1.8	2.1	14.7	13.6	13.9	150	27.7	15.2
India Infoline	60	SELL	19,630	380	327	7.4	3.5	5.0	(9.3)	(52.3)	41.1	8.1	17.1	12.1	—	—	—	1.2	1.0	1.0	5.1	1.2	1.8	12.9	6.4	8.1	70	16.6	0.8
Indian Bank	202	BUY	86,620	1,675	430	38.8	40.9	48.3	10.5	5.5	18.1	5.2	4.9	4.2	—	—	—	1.1	0.9	0.8	3.7	3.8	4.5	22.3	19.9	20.1	300	48.8	1.1
Indian Overseas Bank	92	BUY	56,770	1,098	619	17.3	20.1	29.1	33.6	15.8	45.1	5.3	4.6	3.1	—	—	—	0.7	0.6	0.5	5.4	4.6	5.1	12.7	16.3	16.0	160	74.4	1.3
IndusInd Bank	263	BUY	122,759	2,374	466	12.4	15.6	18.2	45.2	26.1	16.6	21.3	16.9	14.5	—	—	—	3.4	2.9	2.6	0.8	1.0	1.1	20.8	18.1	17.8	325	23.4	3.3
J&K Bank	814	ADD	39,473	763	48	126.9	149.9	160.5	20.1	18.1	7.1	6.4	5.4	5.1	—	—	—	1.1	1.0	0.9	3.2	3.8	4.0	19.0	19.4	18.0	950	16.7	0.4
LIC Housing Finance	237	ADD	112,373	2,173	475	20.5	22.9	27.5	47.2	11.4	20.4	11.5	10.3	8.6	—	—	—	2.9	2.4	2.0	1.9	2.1	2.5	25.8	23.7	23.9	260	9.9	14.7
Mahindra & Mahindra Financial	698	BUY	71,537	1,383	102	45.2	55.7	70.7	26.1	23.2	26.9	15.4	12.5	9.9	—	—	—	2.9	2.6	2.2	1.5	1.8	2.2	22.0	21.1	22.8	825	18.2	1.3
Muthoot Finance	176	BUY	65,350	1,264	371	15.7	21.6	26.7	108.4	37.1	23.7	11.2	8.2	6.6	—	—	—	4.9	2.2	1.6	—	—	—	51.5	36.7	28.1	230	30.7	—
Oriental Bank of Commerce	278	BUY	81,241	1,571	292	51.5	48.0	59.5	13.7	(6.9)	23.9	5.4	5.8	4.7	—	—	—	1.5	1.7	0.6	3.7	3.5	4.3	15.5	12.1	13.6	430	54.4	3.3
PFC	173	BUY	228,289	4,415	1,320	22.8	19.4	28.2	11.1	(15.1)	45.8	7.6	8.9	6.1	—	—	—	1.8	1.2	1.0	2.3	2.2	3.3	18.4	14.3	17.0	225	30.1	11.9
Punjab National Bank	921	BUY	291,784	5,643	317	140.0	157.0	181.8	13.0	12.2	15.8	6.6	5.9	5.1	—	—	—	1.5	1.2	1.0	2.4	3.5	4.0	24.4	22.7	22.1	1,350	46.6	8.1
Reliance Capital	310	ADD	76,248	1,475	246	9.3	12.6	24.2	(25.3)	35.8	91.7	33.3	24.5	12.8	—	—	—	1.1	1.1	1.0	1.2	1.6	3.1	3.3	4.4	8.1	470	51.7	26.7
Rural Electrification Corp.	195	BUY	192,344	3,720	987	26.0	29.0	32.5	28.1	11.5	12.3	7.5	6.7	6.0	—	—	—	1.5	1.3	1.1	3.8	4.3	4.8	21.5	20.8	20.4	240	23.2	9.1
Shriram Transport	570	REDUCE	127,190	2,460	223	55.1	61.2	69.1	40.8	11.0	12.9	10.3	9.3	8.3	—	—	—	2.6	2.2	1.9	1.2	2.1	2.4	28.1	25.2	23.6	630	10.5	5.5
SKS Microfinance	114	RS	8,360	162	74	15.7	(89.1)	(27.5)	(41.8)	(667.7)	(69.1)	7.2	(1.3)	(4.1)	—	—	—	0.5	0.7	0.8	—	—	—	8.3	(44.7)	(19.3)	—	—	2.0
State Bank of India	1,945	BUY	1,235,327	23,890	635	130.2	174.8	251.1	(9.9)	34.3	43.7	14.9	11.1	7.7	—	—	—	1.9	1.7	1.4	1.7	1.8	1.9	12.6	16.0	19.9	2,600	33.6	145.0
Union Bank	221	BUY	116,113	2,245	524	39.5	43.0	56.1	(3.9)	9.0	30.3	5.6	5.1	4.0	—	—	—	1.0	0.9	0.8	3.6	3.9	5.1	20.9	19.0	21.2	340	53.5	4.6
Yes Bank	296	BUY	102,877	1,989	347	20.9	26.2	31.9	39.6	25.3	21.5	14.1	11.3	9.3	—	—	—	2.7	2.2	1.9	0.8	1.1	1.3	21.1	21.8	21.9	420	41.7	15.6
<b>Banks/Financial Institutions</b>		<b>Attractive</b>	<b>7,534,573</b>	<b>145,708</b>					<b>20.0</b>	<b>12.6</b>	<b>25.6</b>	<b>12.3</b>	<b>10.9</b>	<b>8.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2.0</b>	<b>1.7</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.3</b>	<b>16.0</b>	<b>15.7</b>	<b>17.0</b>			
<b>Cement</b>																													
ACC	1,219	SELL	228,988	4,428	188	55.6	57.3																						

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	7-Dec-11		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)	
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	(Rs)	(%)	(US\$ mn)	
<b>Consumer products</b>																														
Asian Paints	2,856	SELL	273,942	5,298	96	80.8	97.0	111.8	13.0	20.1	15.2	35.3	29.4	25.5	23.5	20.2	15.8	13.4	10.2	8.2	1.1	1.0	1.2	43.9	40.8	36.6	2,900	1.5	3.6	
Colgate-Palmolive (India)	1,016	SELL	138,203	2,673	136	29.6	32.5	39.1	(4.9)	9.9	20.3	34.3	31.2	26.0	29.9	26.8	21.2	36.0	36.6	29.2	2.2	2.8	2.7	113.4	116.1	124.9	900	(11.4)	1.6	
Dabur India	96	SELL	167,772	3,244	1,740	3.3	3.7	4.4	12.8	12.7	20.6	29.5	26.2	21.7	23.9	19.8	16.5	12.8	9.9	7.8	1.2	1.3	1.6	51.2	43.3	40.8	110	14.1	2.7	
GlaxoSmithKline Consumer (a)	2,525	ADD	106,203	2,054	42	71.3	86.6	104.1	28.8	21.5	20.1	35.4	29.1	24.3	25.6	22.5	18.8	11.4	9.6	8.1	2.0	1.5	1.8	32.2	34.8	35.2	2,900	14.8	1.3	
Godrej Consumer Products	395	ADD	127,850	2,472	324	14.9	17.6	22.5	31.3	18.6	27.6	26.5	22.4	17.5	22.7	17.3	13.1	7.4	5.4	4.4	1.3	0.8	0.8	35.9	28.6	29.1	510	29.1	1.8	
Hindustan Unilever	397	ADD	856,756	16,568	2,159	9.9	11.8	14.2	4.8	19.7	19.7	40.2	33.6	28.0	34.5	27.6	22.0	32.5	28.0	24.0	1.9	2.5	3.0	66.3	89.8	92.4	420	5.9	24.0	
ITC	205	ADD	1,574,154	30,442	7,681	6.4	7.9	9.0	20.7	22.5	14.1	32.0	26.1	22.9	21.2	17.8	15.4	9.4	8.1	7.1	2.2	1.8	2.2	33.2	34.9	34.3	230	12.2	29.9	
Jubilant Foodworks	823	SELL	53,986	1,044	66	11.2	16.1	23.6	99.6	43.8	46.5	73.5	51.1	34.9	44.9	28.1	19.5	28.2	18.2	11.9	—	—	—	46.6	43.2	41.3	750	(8.9)	26.5	
Jyothy Laboratories	152	ADD	11,812	228	78	10.3	8.5	11.2	(6.2)	(17.7)	31.3	14.7	17.9	13.6	11.2	27.4	19.7	1.8	1.7	1.6	4.0	4.0	3.1	3.8	12.3	9.8	12.1	200	31.4	0.3
Marico	148	ADD	91,018	1,760	615	3.9	5.0	6.5	(12.8)	28.1	30.2	38.1	29.8	22.9	23.5	21.0	16.1	9.7	7.6	6.0	0.4	0.5	0.6	30.3	29.2	29.7	175	18.3	1.1	
Nestle India (a)	4,205	SELL	405,447	7,841	96	86.8	106.6	125.0	16.7	22.8	17.3	48.4	39.4	33.6	32.2	26.1	21.8	47.4	33.6	25.1	1.2	1.4	1.7	116.5	99.7	85.4	3,600	(14.4)	2.1	
Tata Global Beverages	91	ADD	56,182	1,086	618	4.0	5.6	6.6	(34.6)	42.6	16.8	22.9	16.1	13.8	8.9	9.2	7.2	1.1	1.1	1.1	2.2	3.1	3.7	6.5	8.9	10.0	110	21.1	2.1	
Titan Industries	185	ADD	164,329	3,178	888	4.8	6.8	8.3	69.1	40.4	22.0	38.2	27.2	22.3	27.9	18.8	14.9	15.1	11.2	8.6	0.7	1.2	1.6	47.1	47.2	43.5	240	29.7	17.6	
United Spirits	743	ADD	93,279	1,804	126	35.3	37.5	45.2	29.5	6.2	20.4	21.0	19.8	16.4	14.5	12.1	10.8	2.2	2.0	1.8	0.3	0.3	0.5	11.2	10.7	11.6	950	27.9	8.5	
<b>Consumer products</b>		<b>Attractive</b>	<b>4,120,933</b>	<b>79,693</b>					<b>16.3</b>	<b>20.4</b>	<b>17.9</b>	<b>34.3</b>	<b>28.5</b>	<b>24.1</b>	<b>24.1</b>	<b>20.0</b>	<b>16.6</b>	<b>10.6</b>	<b>9.1</b>	<b>7.8</b>	<b>1.7</b>	<b>1.8</b>	<b>2.1</b>	<b>31.0</b>	<b>31.9</b>	<b>32.4</b>				
<b>Constructions</b>																														
IVRCL	39	BUY	10,280	199	267	5.9	4.2	5.0	(25.2)	(28.5)	18.5	6.5	9.1	7.7	5.8	6.9	6.1	0.5	0.5	0.5	1.6	1.0	1.0	8.2	5.5	6.2	59	53.2	4.6	
Nagarjuna Construction Co.	42	BUY	10,802	209	257	6.4	4.1	5.5	(29.7)	(35.5)	32.7	6.6	10.2	7.7	7.0	7.4	6.6	0.5	0.4	0.4	2.5	4.8	4.8	7.1	4.4	5.7	85	101.9	1.0	
Punj Lloyd	51	REDUCE	17,302	335	340	(1.5)	3.4	6.5	(56.6)	(328.7)	90.7	(34.3)	15.0	7.9	12.3	6.8	5.8	0.6	0.6	0.5	(0.1)	0.6	1.1	(1.7)	3.8	6.9	60	17.8	4.2	
Sadbhav Engineering	115	BUY	17,236	333	150	7.8	10.8	11.9	51.0	38.9	10.6	14.8	10.7	9.6	9.0	7.3	6.6	2.7	2.2	1.8	0.5	0.5	0.5	18.1	20.4	18.6	180	56.5	0.2	
<b>Constructions</b>		<b>Attractive</b>	<b>55,620</b>	<b>1,076</b>					<b>(1.1)</b>	<b>27.8</b>	<b>35.7</b>	<b>14.4</b>	<b>11.2</b>	<b>8.3</b>	<b>8.2</b>	<b>7.0</b>	<b>6.2</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.9</b>	<b>1.5</b>	<b>1.6</b>	<b>4.8</b>	<b>5.9</b>	<b>7.5</b>				
<b>Energy</b>																														
Aban Offshore	369	BUY	16,073	311	44	134.2	96.5	115.8	25.9	(28.1)	19.9	2.8	3.8	3.2	6.4	7.1	6.4	0.7	0.8	0.7	1.0	1.1	1.2	33.3	24.4	22.7	635	71.9	7.2	
Bharat Petroleum	550	RS	198,666	3,842	362	38.9	33.0	49.5	(32.5)	(15.2)	49.9	14.1	16.7	11.1	9.6	9.3	7.3	1.3	1.3	1.2	2.5	2.0	2.9	9.2	7.3	10.4	—	—	5.6	
Cairn india	322	REDUCE	612,441	11,844	1,903	33.3	41.8	50.6	50.1	25.4	21.2	9.7	7.7	6.4	7.1	5.6	4.3	1.5	1.3	1.2	—	1.6	4.7	16.9	18.3	20.0	315	(2.1)	14.9	
Castrol India (a)	412	SELL	101,756	1,968	247	19.8	19.7	21.6	28.5	(0.6)	9.9	20.8	20.9	19.0	13.2	14.1	12.6	19.7	18.4	17.1	3.6	3.8	4.1	100.2	91.0	93.0	410	(0.4)	0.7	
GAIL (India)	402	BUY	510,246	9,867	1,268	28.2	31.8	33.8	13.8	12.8	6.5	14.3	12.7	11.9	9.0	9.1	8.1	2.4	2.1	1.8	1.9	2.1	2.4	17.5	17.1	15.8	535	33.0	8.8	
GSPL	90	SELL	50,407	975	563	8.9	9.1	8.6	21.7	2.1	(5.2)	10.1	9.9	10.4	6.5	6.0	6.1	2.2	1.8	1.6	1.1	2.0	2.9	25.2	20.4	16.6	93	3.8	2.3	
Hindustan Petroleum	293	RS	99,194	1,918	339	40.8	14.0	28.7	(20.8)	(65.8)	105.7	7.2	21.0	10.2	3.2	4.7	3.4	0.6	0.6	0.6	4.8	1.5	3.0	9.0	2.8	5.6	—	—	5.9	
Indian Oil Corporation	268	RS	649,477	12,560	2,428	32.4	14.7	33.0	(34.0)	(54.8)	125.1	8.3	18.3	8.1	8.1	8.9	6.0	1.1	1.1	1.0	3.6	1.8	3.7	13.3	5.6	11.9	—	—	3.5	
Oil India	1,188	BUY	285,727	5,526	240	120.0	156.3	186.6	4.2	30.3	19.4	9.9	7.6	6.4	4.7	2.7	2.1	1.7	1.5	1.3	3.2	4.0	4.8	16.2	18.5	19.2	1,720	44.7	1.9	
Oil & Natural Gas Corporation	273	BUY	2,338,223	45,218	8,556	24.7	34.4	37.9	7.4	39.5	10.2	11.1	7.9	7.2	4.2	3.4	2.7	1.6	1.4	1.2	3.2	4.0	4.4	14.3	17.6	17.1	355	29.9	20.3	
Petronet LNG	160	SELL	119,888	2,318	750	8.1	13.3	12.8	50.3	64.1	(3.5)	19.7	12.0	12.5	11.4	8.2	8.6	4.0	3.2	2.6	1.3	1.9	1.9	20.9	28.1	21.9	135	(15.5)	7.8	
Reliance Industries	810	BUY	2,414,014	46,684	2,981	62.0	69.6	74.0	24.8	12.3	6.2	13.1	11.6	10.9	7.1	6.0	5.5	1.5	1.3	1.2	1.0	1.1	1.2	13.0	13.2	12.5	1,000	23.5	84.3	
<b>Energy</b>		<b>Attractive</b>	<b>7,396,111</b>	<b>143,031</b>					<b>11.6</b>	<b>12.8</b>	<b>16.7</b>	<b>11.0</b>	<b>9.8</b>	<b>8.4</b>	<b>6.1</b>	<b>5.3</b>	<b>4.3</b>	<b>1.5</b>	<b>1.4</b>	<b>1.2</b>	<b>2.1</b>	<b>2.4</b>	<b>3.1</b>	<b>13.8</b>	<b>13.9</b>	<b>14.6</b>				
<b>Industrials</b>																														
ABB	642	SELL	136,035	2,631	212	3.0	11.7	22.7	(82.2)	291.5	94.5	215.1	54.9	28.2	155.2	36.4	18.3	5.6	5.3	4.6	0.3	0.5	0.5	2.6	9.9	17.3	515	(19.8)	1.8	
BGR Energy Systems	269	REDUCE	19,416	375	72	44.8	34.8	27.8	60.0	(22.2)	(20.2)	6.0	7.7	9.7	4.2	5.1	4.7	2.0	1.7	1.5	3.7	2.6	2.1	39.0	24.0	16.4	300	11.5	4.6	
Bharat Electronics	1,527	ADD	122,160	2,362	80	107.3	127.2	134.5	11.6	18.6	5.7	14.2	12.0	11.4	6.3	5.8	4.5	2.4	2.1	1.8	1.4	1.6	1.6	18.2	18.3	16.9	1,850	21.2	0.8	
Bharat Heavy Electricals	289	REDUCE	707,846	13,689	2,448	24.6	25.0	25.4	39.7	1.9	1.4	11.8	11.6	11.4	7.7	7.7	7.3	3.5	2.9	2.4	2.2	1.8	1.9	33.3	27.3	22.9	310	7.2	21.9	
Crompton Greaves																														

**Kotak Institutional Equities: Valuation summary of KIE Universe stocks**

Company	7-Dec-11		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price	Upside	ADVT-3mo
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mm)	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	(Rs)	(%)	(US\$ mn)
<b>Media</b>																													
DB Corp	204	BUY	37,389	723	183	14.1	11.6	14.2	32.7	(18.0)	22.9	14.5	17.6	14.3	9.4	10.3	8.5	4.5	4.1	3.7	2.0	2.9	3.9	35.0	24.4	27.2	320	56.9	0.1
DishTV	67	BUY	71,540	1,383	1,063	(1.8)	(0.2)	1.1	(27.7)	(89.8)	(733.5)	(37.7)	(371.1)	58.6	33.1	13.9	10.4	114.0	164.6	43.2	—	—	—	(81.9)	(36.3)	116.8	90	33.7	5.2
Eros International	228	REDUCE	22,107	428	97	11.8	15.6	19.6	19.0	32.7	25.6	19.3	14.6	11.6	13.5	10.3	7.4	3.3	2.7	2.1	—	—	—	24.9	20.1	20.3	270	18.4	2.6
Hindustan Media Ventures	133	BUY	9,779	189	73	7.3	10.1	12.2	198.0	39.0	20.6	18.2	13.1	10.9	8.7	7.4	5.6	2.6	2.2	1.9	0.8	0.8	1.5	23.3	17.9	18.4	220	65.1	0.1
HT Media	128	ADD	30,045	581	235	7.6	8.5	10.4	24.8	11.7	22.2	16.8	15.0	12.3	7.6	6.5	5.1	2.1	2.0	1.9	1.6	3.1	4.7	14.9	13.8	15.9	190	48.6	0.2
Jagran Prakashan	102	BUY	32,099	621	316	6.8	6.7	8.0	16.7	(1.4)	18.7	14.9	15.1	12.7	8.9	8.7	7.3	4.6	4.1	3.8	3.4	3.4	4.9	32.8	28.5	30.8	160	57.6	0.2
Sun TV Network	293	BUY	115,367	2,231	394	19.5	20.0	23.8	48.1	2.5	18.9	15.0	14.6	12.3	9.0	8.6	7.3	4.8	4.2	3.8	3.0	3.4	4.8	36.5	32.1	33.8	400	36.6	6.5
Zee Entertainment Enterprises	129	BUY	126,111	2,439	978	5.8	6.2	7.7	10.0	6.4	23.3	22.1	20.7	16.8	14.9	13.7	10.9	3.0	2.9	2.7	1.0	1.0	1.2	14.2	14.3	16.9	160	24.1	3.1
<b>Media</b>		<b>Neutral</b>	<b>444,438</b>	<b>8,595</b>					<b>50.8</b>	<b>13.0</b>	<b>27.8</b>	<b>22.5</b>	<b>19.9</b>	<b>15.6</b>	<b>12.0</b>	<b>10.4</b>	<b>8.4</b>	<b>4.2</b>	<b>3.8</b>	<b>3.5</b>	<b>1.6</b>	<b>1.9</b>	<b>2.6</b>	<b>18.4</b>	<b>19.1</b>	<b>22.2</b>			
<b>Metals &amp; Mining</b>																													
Coal India	324	ADD	2,044,291	39,534	6,316	17.3	22.9	27.4	13.6	32.1	20.0	18.7	14.2	11.8	10.8	8.2	6.9	5.9	4.6	3.7	1.2	2.1	2.5	35.1	36.5	34.9	380	17.4	31.8
Hindalco Industries	138	ADD	263,873	5,103	1,915	12.8	15.4	16.0	(36.0)	20.6	4.1	10.8	8.9	8.6	6.0	6.9	6.4	0.9	0.8	0.8	1.1	1.1	1.1	9.7	9.7	9.3	150	8.9	25.7
Hindustan Zinc	125	ADD	530,026	10,250	4,225	11.6	12.8	14.2	21.8	9.5	11.3	10.8	9.8	8.8	6.9	5.8	4.3	2.4	2.0	1.7	0.8	2.0	2.0	24.3	22.0	20.7	145	15.6	1.8
Jindal Steel and Power	535	REDUCE	499,710	9,664	934	40.2	41.5	47.9	5.1	3.3	15.5	13.3	12.9	11.2	9.9	9.2	8.4	3.5	2.8	2.3	0.3	0.3	0.3	30.9	24.5	22.6	565	5.6	22.4
JSW Steel	621	SELL	140,267	2,713	226	78.6	25.4	104.3	(2.2)	(67.7)	310.5	7.9	24.4	6.0	6.2	6.7	5.8	0.8	0.8	0.7	1.9	1.6	1.6	13.6	10.3	13.2	600	(3.3)	31.5
National Aluminium Co.	54	SELL	139,815	2,704	2,577	4.2	3.5	3.9	36.4	(16.7)	13.1	13.1	15.7	13.9	5.6	6.7	5.5	1.3	1.2	1.1	2.8	2.8	2.8	9.9	7.8	8.5	55	1.4	0.3
Sesa Goa	189	REDUCE	168,651	3,261	895	47.0	39.3	39.4	59.8	(16.4)	0.2	4.0	4.8	4.8	3.3	3.9	3.1	1.3	1.1	0.8	2.1	2.1	2.2	36.8	19.5	17.6	215	14.1	13.3
Sterilite Industries	110	BUY	368,219	7,121	3,361	15.2	13.2	15.2	26.2	(12.9)	15.2	7.2	8.3	7.2	4.5	3.8	3.0	0.9	0.8	0.7	1.0	1.2	1.2	13.0	10.2	10.7	155	41.5	15.8
Tata Steel	418	BUY	405,612	7,844	971	75.3	47.5	68.1	(2,258.1)	(36.9)	43.2	5.5	8.8	6.1	5.6	6.8	5.3	1.1	1.0	0.9	2.8	2.8	2.8	24.7	10.4	15.0	590	41.3	47.7
<b>Metals &amp; Mining</b>		<b>Cautious</b>	<b>4,560,466</b>	<b>88,193</b>					<b>39.1</b>	<b>1.2</b>	<b>18.1</b>	<b>11.0</b>	<b>10.9</b>	<b>9.2</b>	<b>7.0</b>	<b>6.7</b>	<b>5.6</b>	<b>2.1</b>	<b>1.8</b>	<b>1.6</b>	<b>1.3</b>	<b>1.8</b>	<b>2.0</b>	<b>19.0</b>	<b>16.7</b>	<b>17.0</b>			
<b>Pharmaceutical</b>																													
Apollo Hospitals	668	ADD	92,769	1,794	139	13.2	17.1	21.2	21.0	29.3	24.0	50.4	39.0	31.5	22.8	17.1	14.7	4.8	3.7	3.2	—	—	—	9.8	10.3	10.5	650	(2.7)	2.2
Biocon	326	BUY	65,270	1,262	200	18.4	17.6	20.2	23.9	(4.1)	14.3	17.8	18.5	16.2	10.2	10.4	9.0	3.2	2.9	2.6	—	—	—	19.4	16.4	16.7	445	36.4	1.5
Cipla	325	REDUCE	260,990	5,047	803	12.3	14.8	17.1	(10.0)	20.4	15.0	26.4	21.9	19.1	22.8	16.1	13.0	3.9	3.5	3.0	0.9	0.9	1.1	15.4	16.4	17.0	310	(4.6)	8.8
Cadila Healthcare	705	REDUCE	144,358	2,792	205	34.7	38.2	45.1	40.6	9.9	18.2	20.3	18.5	15.6	17.7	15.1	11.8	6.6	5.2	4.3	0.9	1.0	1.2	37.5	31.7	29.0	860	22.0	1.3
Dishman Pharma & chemicals	43	REDUCE	3,461	67	81	9.8	6.3	8.7	(31.8)	(36.1)	38.3	4.3	6.8	4.9	7.2	6.5	5.5	0.4	0.4	0.4	—	—	—	9.6	5.7	7.5	55	29.3	0.1
Divi's Laboratories	753	ADD	99,886	1,932	133	32.4	36.5	45.3	25.7	12.9	23.9	23.3	20.6	16.6	19.2	15.1	11.9	5.6	4.8	4.1	—	—	—	25.9	24.9	26.4	845	12.2	1.9
Dr Reddy's Laboratories	1,555	REDUCE	264,262	5,110	170	64.9	82.8	98.9	932.5	27.5	19.4	23.9	18.8	15.7	16.9	12.6	10.5	5.7	4.6	3.7	0.7	0.8	0.9	24.8	27.1	25.8	1,660	6.8	10.2
GlaxoSmithKline Pharmaceuticals (a)	1,910	SELL	161,770	3,128	85	68.3	75.5	83.3	15.5	10.6	10.3	28.0	25.3	22.9	18.3	17.5	15.2	8.3	8.5	7.9	2.1	2.6	3.0	30.9	33.2	35.7	1,930	1.1	1.0
Glenmark Pharmaceuticals	312	ADD	84,329	1,631	270	17.0	24.7	23.3	33.6	45.8	(5.6)	18.4	12.6	13.4	20.5	14.9	11.2	4.1	3.2	2.6	—	—	—	20.6	28.4	21.3	395	26.7	3.7
Jubilant Life Sciences	177	REDUCE	28,220	546	159	14.4	19.3	26.4	(45.6)	34.0	36.8	12.3	9.2	6.7	10.4	7.0	6.7	1.3	1.1	1.0	1.1	1.1	1.7	12.3	17.7	16.0	210	18.5	0.7
Lupin	451	ADD	201,911	3,905	448	19.2	21.0	26.2	25.6	9.2	24.8	23.4	21.4	17.2	19.6	17.7	12.9	6.1	4.9	4.0	0.7	0.8	1.0	29.5	25.7	26.1	530	17.6	7.2
Ranbaxy Laboratories	437	SELL	184,942	3,577	423	40.6	11.5	20.6	474.9	(71.8)	80.2	10.8	38.2	21.2	13.2	24.7	18.1	3.3	3.1	2.7	—	—	—	34.5	8.5	13.9	435	(0.5)	8.1
Sun Pharmaceuticals	511	ADD	529,606	10,242	1,036	17.5	20.8	26.7	34.4	18.7	28.1	29.2	24.6	19.2	24.9	18.2	14.3	5.1	4.3	3.6	0.7	0.8	1.0	21.0	20.8	22.4	590	15.4	9.7
<b>Pharmaceuticals</b>		<b>Neutral</b>	<b>2,121,773</b>	<b>41,032</b>					<b>43.1</b>	<b>4.7</b>	<b>22.0</b>	<b>22.2</b>	<b>21.2</b>	<b>17.4</b>	<b>17.9</b>	<b>14.7</b>	<b>11.7</b>	<b>3.5</b>	<b>3.1</b>	<b>2.6</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>16.0</b>	<b>14.5</b>	<b>15.2</b>			
<b>Property</b>																													
DLF	225	ADD	386,122	7,467	1,715	9.1	11.9	15.7	(14.5)	31.3	31.8	24.8	18.9	14.3	16.3	12.9	9.8	1.5	1.4	1.3	0.9	1.1	1.3	5.4	7.5	9.2	270	19.9	30.0
Housing Development & Infrastructure	66	BUY	29,194	565	441	19.8	24.8	32.7	24.2	25.0	32.1	3.3	2.7	2.0	4.3	5.4	3.6	0.3	0.3	0.2	—	1.5	2.3	10.0	10.7	12.4	150	126.6	17.4
Indiabulls Real Estate	57	RS	22,727	440	402	4.0	8.5	15.4	(1,095.5)	114.1	81.5	14.2	6.6	3.7	11.1	8.7	3.8	0.2	0.2	0.2	1—	0.9	1.2	1.4	2.9	5.0	—	—	8.1
Mahindra Life Space Developer	269	BUY	10,976	212	41	24.9	30.8	37.5	30.2	23.7	21.6	10.8	8.7	7.2	8.1	5.8	4.2	1.1	1.0	0.9	1.9	1.7	1.9	10.4	11.6	12.7	450	67.3	0.0
Oberoi Realty	223	BUY	73,567	1,423	330	15.7	17.2	27.4	14.8	9.7	59.3	14.2	13.0	8.1	10.3	9.0	4.8	2.2	1.9	1.6	0.4	0.7	1.1	19.9	15.8	21.4	310	38.9	0.2
Phoenix Mills	190	BUY	27,470	531	145	6.3	7.4	10.7	53.0	17.2	44.1	30.0	25.6	17.8	22.2	18.5	13.9	1.7	1.6	1.5	0.9	1.1	1.1	5.8	6.6	8.9	300	58.2	0.1
Puravankara Projects	67	REDUCE	14,235	275	213	5.5	9.0	10.9	(18.9)	62																			

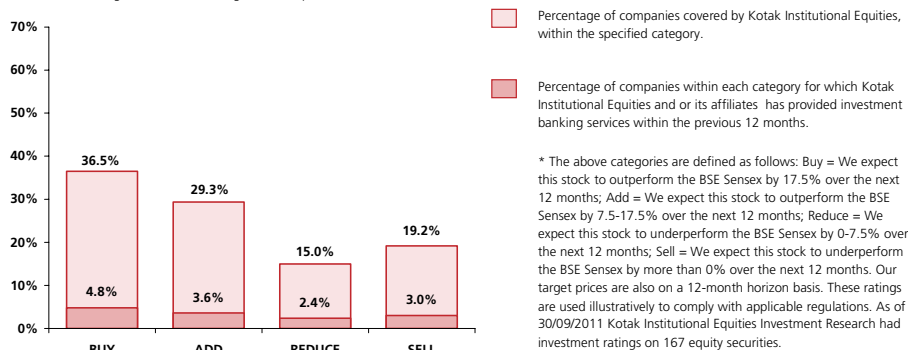




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As of September 30, 2011

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**ADD.** We expect this stock to deliver 7.5-17.5% returns over the next 12 months.

**REDUCE.** We expect this stock to deliver 0-7.5% returns over the next 12 months.

**SELL.** We expect this stock to deliver less than 0% returns over the next 12 months.

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